

इंडियन बैंक  Indian Bank

अलहाबाद ALLAHABAD

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



117 YEARS OF DEDICATED SERVICE TO THE NATION

18TH ANNUAL GENERAL MEETING

Speech Delivered by
Shri S L Jain
Managing Director & CEO

Held on June 15, 2024



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to place before you the Bank's performance during the financial year 2023-24. Before I proceed towards the highlights of the Bank's performance, let us take a look at the global and domestic economic scenario.

Global Economy:

The outlook for the global economy is improving, following moderation in inflation, steady growth and improved economic activity in some economies. However, the pace of progress is likely to be low due to geopolitical tensions and lingering economic headwinds. As per the IMF, the global economy is projected to grow by 3.2% each in 2024 as well as in 2025, the same pace as in the preceding year.

Tight financial conditions, extreme weather events and other factors like Russia-Ukraine war and evolving conflict in the Middle East pose increasing risks to global trade and industrial production.

Indian Economy:

Indian economy has maintained resilience during 2023-24 amid uneven global growth and uncertainties over geo-political risks. The real gross domestic product (GDP) grew by 8.15% in FY24, backed by government capital spending and stable consumer demand. Manufacturing activity continues to gain steam driven by robust domestic demand. There is a recovery in private consumption with steady discretionary spending in urban areas. Further, the south-west monsoon is expected to be above-normal, which augurs well for agriculture and rural demand. In view of these factors, RBI's MPC in its Jun'24 meeting, revised its GDP projections upwards from 7% to 7.2% for FY25.

On inflation front, India's retail inflation, based on the Consumer Price Index (CPI) moderated to 4.75% YoY in May'24, which is within RBI's target band of 4% with (+/-)2%. The core inflation was recorded at 3.12% - the lowest in the CPI series. While inflation has softened slightly, concerns over volatile food prices continue to pose challenges. To ensure that inflation progressively aligns to target, RBI decided to keep rates unchanged for eighth straight time in its Jun'24 meeting. The Central Bank kept inflation projections unchanged at 4.5% for FY25.

Banking Sector

The resilience of the worldwide financial system is undergoing a rigorous test amid global economic uncertainty, persistent inflation and geopolitical tensions. But, the health of the Indian financial system is buoyant on the back of robust business growth, high earnings, strong capital base and low level of stressed assets.

Bank's Performance - FY24

Bank's business improved in conjunction with the growth in domestic economy. Against this backdrop, I would like to present the overview of the Bank's performance during the fiscal year 2024.

Business Figure:

- Bank achieved a gross business of ₹12.22 lakh Cr, registering a YoY growth of 12%. This increase was driven by a 13% growth in gross advances and an 11% growth in deposits.
- The Bank's CASA deposits saw YoY increase of 8% and reached ₹2.80 lakh Cr in FY24. Although confronted with challenges in liability, the Bank maintained its Domestic CASA above 42% in FY24 also.
- The Bank has a well-diversified credit portfolio, with Retail, Agriculture and MSME advances collectively comprising 62.21% of the total Domestic advances. Notably, Retail, Agriculture and MSME advances grew by 15%, 19%, and 6% YoY, respectively.
- Bank's corporate loan book witnessed a growth of 10% YoY, reaching ₹1.88 lakh Cr in FY24.
- The Bank could maintain RAM to total Domestic Advances above 62% in FY24 as against 61.43% in FY23.
- Priority Sector Advances stood at 43.82% of Adjusted Net Bank Credit (ANBC) in FY24, against the RBI's mandatory target of 40.00%. Agriculture Credit (excluding PSLC) stood at 20.52% of ANBC, against the mandatory target of 18.00%.
- The outstanding loan amount to Self-Help Groups (SHGs) surged by 37% YoY to ₹19,243 Cr, benefiting 4.21 lakh SHGs and 55.25 lakh women beneficiaries as of March 31, 2024.

Earnings and Profitability:

- The Bank has excelled, surpassing all previous figure with a Net Profit of ₹8,063 Cr in FY24 from ₹5,282 Cr in FY23 registering a growth of 53% YoY. The increase in Bank's net interest income by 15% and non-interest income by 10% have played a significant role in driving the profitability. Through disciplined lending practices, effective asset-liability management, prudent financial management and strategic decision-making, we have been able to generate healthy returns on the loan portfolio while effectively managing the Bank's interest rate risk.
- In FY24, the Bank saw a 10% YoY growth in Operating Profit, reaching ₹16,840 Cr compared to ₹15,271 Cr in FY23.
- Return on Assets (RoA) improved to 1.07% from 0.77% in the previous year.

- Return on Average Net worth (RoE) increased to 19.24% from 14.73%.
- During the year, the Yield on Advances (YoA) increased by 96 bps from 7.76% in FY23 to 8.72% in FY24 and Yield on Investments (YoI) rose to 6.80% from 6.45% in FY23, whereas cost of deposit increased by 79 bps to reach at 4.88% in FY24.
- Domestic Net Interest Margin (NIM) improved to 3.54% from 3.41% YoY. The Bank's improved Net Interest Margin reflects the ability to efficiently deploy resources and maximize the spread between interest-earning assets and interest-bearing liabilities. This has allowed the Bank to enhance its profitability and strengthen its financial position.
- Earnings-per-Share (EPS) improved to ₹63.23 in FY24 from ₹42.41 in FY23.
- Board of Directors of the Bank have recommended a dividend of ₹12 per Equity Share in FY24 as against ₹8.60 in FY23.

Asset Quality:

The Bank with its continued focus on improving asset quality, reported a significant reduction in both Gross and Net Non-Performing Assets (GNPA and NNPA) consistently.

- In FY24, Gross Non-Performing Assets (GNPA) decreased by 200 basis points from 5.95% in FY23 to 3.95% in FY24 and stood at ₹21,106 Cr.
- Net NPA also saw a decline of 47 basis points to 0.43%, stood at ₹2,223 Cr as of March 31st, 2024, from 0.90% in FY23.
- Total recovery in NPA account during the FY24 was ₹8,799 Cr as against ₹8503 Cr in FY23. The slippage came down from ₹7042 Cr in FY23 to ₹6769 Cr in FY24. With this, the Bank continued its trend of maintaining recovery more than the slippage.

Sound Capital Structure:

Capital Adequacy Ratio (CRAR) of the Bank computed as per Basel III guidelines stood at 16.44% in Mar'24, reflecting the Bank's strong capital position and adherence to Basel III guidelines. The Tier-I CRAR of the Bank improved from 13.48% in FY23 to 14.03% in FY24.

With the raising of equity through QIP amounting to ₹4000 Cr during FY24, the share of Govt in the Bank has reduced from 79.86% to 73.84% as on 31st Mar'24.

Bank's Footprint:

Bank opened 79 Branches in FY24 and reached to 5847 domestic branches. The Bank also has 3 overseas branches and 1 IFSC Banking Unit (IBU) along with an extensive network of 4937 ATMs and 11,297 Business Correspondents (BCs).

Awards & Recognition:

- The Bank has been recognised with various awards for outstanding performance and services during the FY24. Some of them includes:
 - Winner of the BFSI Award for Use of Emerging Technology in Banking Industry for Project "PARADISE," acknowledging its adoption of Cloud Computing for AIX Environment.
 - Acknowledged with a 'Best Technology Bank -Special Mention' award, at the IBA 19th Annual Banking Technology Conference, Expo & Citations
 - Most Preferred Workplace in the BFSI sector for FY24 by the Marksmen Daily.
 - Among all PSBs, the Bank topped the campaign for MD & CEOs and EDs, earning the Exemplary Award of Par Excellence APY Leadership Pinnacle.
 - The Chief Technology Officer of the Bank was honoured with the BFSI Award for Best Digital Transformation Leader, CTO for the year 2023.

Financial Inclusion Initiatives:

- The Bank commits to serve all segments of society by contributing to financial inclusion initiatives such as PMJDY accounts, and micro-pension and micro-insurance schemes.
- Bank currently holds 224 lakh PMJDY accounts as on March 2024, with an outstanding balance of ₹11,106 Cr registering a 19% growth in PMJDY account balances over previous year.
- Average balance per PMJDY account stands at ₹4,953, surpassing the industry average of ₹4,422. Additionally, the Bank's market share in PMJDY accounts has increased by 10 basis points.
- The Bank currently serves 64.35 lakh and 157.39 lakh account holders under the PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana) and PMSBY (Pradhan Mantri Suraksha Bima Yojana) schemes, representing a YoY growth of 47% and 55% in Mar'24 respectively.
- In the micro pension scheme APY, with the objective of securing income at the later part of life, the Bank has enrolled 6.61 lakh new subscribers, with an Average Account Per Branch (AAPB) of 112 as of March 31, 2024.
- Bank has disbursed ₹747 Cr to 5.77 lakh street vendors under the PMSVANIDHI Scheme during FY24.
- Bank has launched a new Digital FI solution called "IB-SAATHI" to enhance its services to the last mile through Business Correspondents (BCs).

Leveraging Technology:

Digital banking has transformed banking by enhancing customer convenience, increasing operational efficiencies and by reducing cost. The Bank is proud to report that a significant portion of the Bank's transactions are now carried out through digital channels.

- 87% of the Bank's transactions were carried out digitally during FY24 as against 82% in FY23.
- Business through Digital Channels has reached to ₹81,250 Cr. A bouquet of 78 Digital Journeys, Utilities and Processes have been launched so far.
- Mobile Banking users increased by 45% YoY and reached to 1.67 Crore. Also YoY growth of 37% is seen in both UPI users and Net Banking Users reaching 1.75 Crores and 1.06 Crores respectively.
- A bouquet of customized Fintech Solutions viz., Fund Management solution, Payment Gateway, API integration, Dynamic UPI QR Code, Bulk Payment Management System, Web based salary solutions etc. have been offered to customers.

HRM Initiatives:

With an aim of employee development, the Bank has implemented various HR initiatives, capacity building programs and the launch of Enterprise Learning Management.

- Bank has Created 09 (Nine) Centres of Excellences linked to 11 (Eleven) Job Families to conduct Flagship training programs and encompassing leadership development for Senior Management Grade Executives.
- Bank has conducted 3069 training programmes through which 29750 unique employees have been trained through classroom / online mode during FY24.
- Specialised training has been provided to enhance operational efficiencies of the employees.
- ELM (Enterprise Learning Management) was launched for seamless learning experience of employees with focus on role based targeted individual learning plans.

Ongoing Initiatives:

The Bank is continuously upgrading its technology infrastructure and introducing new digital platforms to enhance the Bank's operational efficiencies and customer experience.

The Bank is currently working on several projects ranging from establishing specific product segments, digitisation of processes, operational transformation, HR transformation etc.

Way Forward:

Bank is planning to introduce

- Digital journey for various loan variants, including Education Loans, Home Loans, MSME Loans, and KCC (Kisan Credit Card) variants.
- The Omnichannel Retail & Corporate Mobile App for meeting diverse range of banking requirements like regular banking transactions, UPI transfers, wealth management, insurance, online shopping, travel bookings, DEMAT & trading services, NRI services, and bill payments.
- Digital Co-Lending Pool Buyout platform partnering with NBFs (non-banking finance companies) to boost priority / non-priority sector lending.
- Leveraging AI / Gen AI for various uses e.g. grievance redressal system, chatbot solution for quick & efficient access to relevant information and support, knowledge engine for resolving employee queries etc.

The Bank's emphasis will continue to be on inclusive, profitable and sustainable business growth. Bank is committed to leverage technology with increased accessibility and enhanced security.

The Bank is further committed to make products and services more customer friendly for better customer experience and make Indian Bank their most preferred bank.

Details of business growth, accomplishments, initiatives taken etc are provided in the Annual Report of the Bank for FY24 for your reference.

Acknowledgement:

I take this opportunity to express my appreciation for all the members of the Indian Bank family for their hard work, dedication and commitment. I extend my gratitude to our esteemed customers and shareholders for their persistent patronage and support. The Bank is also grateful to the Government of India, RBI, other government regulatory authorities and various stakeholders for their guidance and cooperation.

We look forward to your continued support in achieving future goals.

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.

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