

Quarterly Results Dec. 2010

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WORKING RESULTS – QUARTER / NINE MONTHS ENDED DECEMBER 2010

Major Highlights

- ✓ Bank's Global Business reached a level of ₹ 320442 crore from ₹257619 Crs. registering a YoY growth of 24.39%.
- ✓ Operating profit for the quarter Q3-11 grew by 37.96% to ₹ 1261 crs as against ₹ 914 crs in the corresponding quarter of the previous year. Operating profit for 9M FY11 has increased from ₹ 2511 crs. to ₹ 3435 crs. an increase of 36.80%. Operating Profit has grown at CAGR of 26.67% in the last 3 years.
- ✓ The Bank registered Net Profit of Rs.579 crs for Q3-11 as against ₹ 534 crs in the Q3-10 reflecting a growth of 8.43%. Net Profit has been protected despite substantial increase in NPA provision of ₹ 361 crs as against ₹ 43 crs in the corresponding period of the previous year. In spite of higher provisions, Net Profit for 9M FY11 has increased to ₹ 1484 crs from ₹ 1481 crs in corresponding period of the previous year a nominal increase of 0.20%.
- ✓ Gross NPAs of the Bank reached ₹ 3581 crs as of 31st Dec 10 as against ₹ 3524 crs as of Sept.10 and Net NPAs reached ₹ 1597 crs as against ₹ 1462 crs as of Sept. 10. Accordingly, the Gross NPAs reached 2.68% of gross advances and Net NPAs 1.21% of net advances as against 2.79% and 1.18% respectively as on 30.09.2010. Gross NPAs % has started declining after peaking at 2.79% in Sep. 10 to 2.68% in Dec. 2010.

- ✓ Net Interest Income for Q3-11 has increased from ₹ 1089 crs. in Q3 10 to ₹ 1615 crs. a growth of 48.30%. For 9M-FY11, NII has increased from ₹ 2796 crs. to ₹ 4499 Crs., a YoY growth of 60.91%.
- ✓ NIM of the Bank increased to 3.44% for Q3-11 from 2.77% in the corresponding period of the previous year. For 9M-FY11, NIM has increased to 3.29% from 2.46% in the 9M-FY 10
- ✓ Operating expenses were at ₹ 848 crs for the quarter ended Dec'10 as against ₹ 615 crs in the corresponding period of the previous year, an increase of 37.93%. Operating expenses has increased mainly due to provisions for pension liability towards 2nd option given to staff and towards Gratuity liability on account of changes in laws amounting to ₹ 183 crs for the quarter.
- ✓ Bank's CASA deposits grew by an impressive 27.11% to Rs 62106 crs. CASA share in deposits improved by 93 bps to 33.27% as of Dec'10. from 32.34% in Dec 09. Within CASA, Savings deposits grew by 33.43% to ₹ 46416 crs as of 31st Dec.'10 as against ₹ 34788 crs in the previous year.

Working Results Overview - Quarter / Nine Months ended December 2010

Sr. No.		Q3 to Q3			9M to 9M		
		Dec.09	Dec.10	Growth %	Dec.09	Dec.10	Growth %
1.0	Total Income	3758	4693	24.88	11223	13275	18.28
1.1	Interest Income	3318	4199	26.55	9741	11837	21.52
1.1.1	-on advances	2452	3065	25.00	7146	8574	19.98
1.1.2	-on investments	838	1073	28.04	2517	2969	17.96
1.1.3	-on others	28	61	117.86	78	294	276.92
1.2	Non-Interest Income	440	494	12.27	1482	1438	-2.97
2.0	Total Expenses	2844	3432	20.68	8712	9840	12.95
2.1	Interest Expenses	2229	2584	15.93	6945	7338	5.66
2.1.1.	-Deposits	2089	2380	13.93	6498	6823	5.00
2.1.2	-Others	140	204	45.71	447	515	15.21
2.2	Other Expenses	615	848	37.93	1767	2502	41.60
2.2.1	-Establishment	325	520	60.00	931	1547	66.17
2.2.2	-Others	290	328	13.10	836	955	14.23
3.0	Interest Spread	1089	1615	48.30	2796	4499	60.91
4.0	Operating Profit	914	1261	37.96	2511	3435	36.80
5.0	Provisions	380	682	79.47	1030	1951	89.42
6.0	Net Profit	534	579	8.43	1481	1484	0.20

Performance in Brief

Business:

- ✓ Global business-mix reached a level of ₹ 320442 cr. as on 31st Dec'10.
- ✓ The Bank achieved a domestic business-mix of ₹ 314788 cr. as on 31st Dec'10, as against ₹ 254988 crs in the previous year, registering a growth of 23.45%.
- ✓ The Bank's domestic deposits as on 31st Dec'10 reached a level of ₹ 186224 crs from ₹ 150764 crs as on 31st Dec'09, an increase of 23.52%. The Bank's CASA deposits grew by 27.11% to ₹ 62106 crs as on 31st Dec 10 from ₹ 48861 crs in the previous year.
- ✓ Gross domestic advances of the Bank reached a level of ₹ 128564 crs as on 31st Dec 10, registering an increase of 23.35% over the previous year.
- ✓ MSME advances grew by 14.90% to ₹ 23705 crs as on 31st Dec 10 from ₹ 20630 crs in the previous year. Bank's Retail advances grew by 28.51% YoY to ₹ 15219 crs from ₹ 11843 crs in the previous year. Retail loan book forms 11.37% of gross advances.

Capital & Net Worth:

- ✓ The Bank's Capital Adequacy Ratio (CRAR) is at 11.88% as on 31st Dec'10 as per Basel II.
- ✓ The Bank's Net Worth increased by 22.55% and stood at ₹ 10359 crore as on 31st Dec'10 as compared to ₹ 8453 crore in the previous year.

Financial Performance (Quarterly):

- ✓ The Net Interest Margin of the Bank stood at 3.44% for the quarter ended 31st Dec'10 as against 2.77% in the corresponding period of the previous year.
- ✓ The Bank's Net Interest Income increased from ₹ 1089 crs for the quarter ended 31st Dec'09 to ₹ 1615 crs for Dec'10, a growth of 48.30% YoY.
- ✓ Operating expenses were at ₹ 848 crs for the quarter ended Dec'10 as against ₹ 615 crs in the corresponding period of the previous year an increase of 37.93%.

- ✓ **Cost to Income Ratio is at 40.21% as of 31st Dec'10 from 40.23% in the corresponding period of the previous year.**
- ✓ **The Cost of Funds decreased to 5.16% from 5.39% in the previous year. Cost of deposits also decreased to 5.49% from 5.77% in the previous year. While the Yield on advances increased to 10.04% from 10.00% in the previous year, Yield on funds increased to 8.39% from 8.02%.**
- ✓ **EPS and Book value is at ₹ 45.85 and ₹ 205.09 as on 31st Dec 10 against ₹ 42.30 and ₹ 167.34 respectively in the previous year.**

Financial Performance (Nine Months):

- ✓ **The Net Interest Margin of the Bank stood at 3.29% for the nine months ended 31st Dec'10 as against 2.46% in the corresponding period of the previous year.**
- ✓ **The Bank's Net Interest Income increased from ₹ 2796 crs for the nine months ended 31st Dec.10 to ₹ 4499 crs, a growth of 60.91% YoY.**
- ✓ **Operating expenses were at ₹ 2502 crs for the nine months ended Dec 10 as against ₹ 1767 crs in the corresponding period of the previous year.**
- ✓ **Cost to Income Ratio is at 42.14% as of 31st Dec'10 compared to 41.29% in the corresponding period of the previous year.**
- ✓ **The Cost of Funds decreased to 5.06% from 5.73 % in the previous year. Cost of deposits also decreased to 5.39% from 6.17% in the previous year. While the Yield on advances decreased to 9.63% from 10.15% in the previous year, Yield on funds increased to 8.16% from 8.04%.**
- ✓ **EPS and Book value are at ₹ 39.18 and ₹ 205.09 as on 31st Dec 10 against ₹ 39.10 and ₹ 167.34 respectively in the previous year.**

Asset Quality:

- **Gross NPAs** increased to ₹ 3581 crore as on 31st Dec.2010 from ₹ 2092 crore as on 31st Dec. 2009.
- During the Nine months upgradation of NPAs increased from ₹ 119 cr. In the previous year to ₹ 234 cr. as of Dec'10, while during the same period, Cash Recovery improved from ₹ 266 cr. to ₹ 508 cr.
- The ratio of the Bank's **gross NPAs** to Gross Advances is at 2.68% as on 31st Dec.2010 as compared to 1.96% as on 31st Dec 2009.It has come down from 2.79% as of Sept.10
- **Net NPAs** increased to ₹ 1597 crore as on Dec.10 from Rs. 613 crore in the previous year.
- Provision made for NPAs increased from ₹ 43 cr to ₹ 361 cr.
- The ratio of **Net NPAs** to Net Advances is at 1.21% as on 31st Dec. 2010 as against 0.58% as on 31st Dec. 2009.
- The provision cover for NPAs as on 31st Dec. 2010 was at 70.20%.

EMPLOYEE PRODUCTIVITY

- ✓ **Business per Employee** increased to ₹ 1139 lacs as of 31st Dec. 2010 from ₹ 923 lacs in the previous year.
- ✓ **Gross Profit per Employee** increased to ₹ 16.28 lacs as of 31st Dec.10 from ₹ 12.00 lacs in the previous year.

FUTURE GUIDANCE

- The Bank aims for a deposits growth of approx. 20% and advances growth of 25% for 2010-11.
- Bank targets CASA Ratio of 35% by 31st March 2012.
- Return on Equity to be 22.00% and Return on Average Assets to be 1.17% by 31st March 2011.
- Transaction through electronic mode to reach 50% of total transactions by 31st March 2011.
- Bank will endeavour to reign in Gross NPAs below 2.40% by 31st March 2011.