Indian Bank PAT rises 10%

FE BUREAU
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INDIAN BANK ON Friday posted a 10% rise in its net profit to ₹3,273 crore for the quarter ended June owing to higher net interest income and a strong loan growth. However, the net profit was a bit lower than the Bloomberg estimate of ₹3,466 crore.

Net interest income rose 17% on year (YoY) to ₹7,435 crore. Net interest margin (NIM) improved to 3.29% from 3.23% a quarter ago. Other incomes grew 8% to ₹2,633 crore. The operating expenditure rose 12% YoY to ₹4,511 crore.

The balance sheet saw a robust growth, with advances rising 13.9% YoY to ₹6.85 lakh crore and deposits growing 13.5% to ₹8.44 lakh crore. Within advances, the RAM (retail, agriculture and the MSME) book was up 14.8% at ₹4.17 lakh crore. The corporate loan book grew 11.5% to ₹2.15 lakh crore.

The current account and savings account (CASA) deposits rose 15.30% to 3.2 lakh crore while term deposits grew 12.4% to ₹5.25 lakh crore. The credit-deposit (CD) ratio stood at 81.06% as of June. The bank aims to maintain the CD ratio at around 80%, it said in the investor presentation. The lender has also given a loan growth guidance of 11-13% and deposit growth guidance of 9-11% for FY27.

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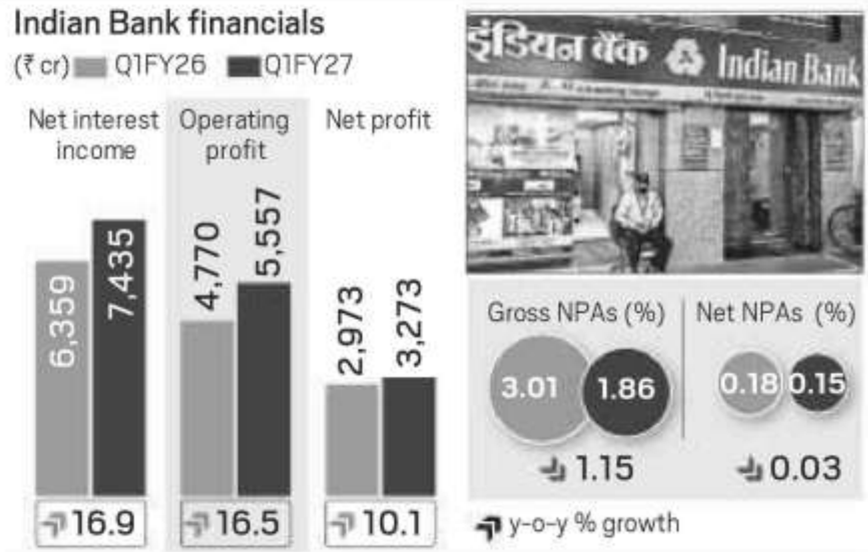

During the reporting quarter, the bank has made an incremental provision of ₹730.94 crore on standard assets over and above the minimum regulatory requirement.

"The aforesaid provision includes an incremental provision of ₹12.79 crore towards potential risks arising from the West Asia crisis and an additional provision of Rs 1,000 crore towards anticipated Expected Credit Loss (ECL) impact," it said. The provision coverage ratio stood at 98.22% as on June 30.

The gross non-performing asset (GNPA) ratio improved to 1.86% as on June 30 from 1.98% a quarter ago, and the net NPA ratio remained unchanged at 0.15%. The bank aims to bring the GNPA ratio further down to 1.50-1.60% and maintain the net NPA ratio at 0.15-0.20% for the rest of the fiscal.

Fresh slippages at ₹1,250 crore were lower on a sequential as well as YoY basis. Of that, 96.7% were from the RAM segment and the rest from the corporate book.

The Basel-III capital adequacy ratio stood at 17.58%, with common equity tier-I (CET-1) ratio at 16.51% and additional tier-1 ratio of 16.51%.