

PRESS RELEASE

BANK OF MAHARASHTRA'S NET PROFIT RISES BY 20.80% TO Rs. 328.39 CRORES DURING 2007-08

The Board of Directors of Bank of Maharashtra approved the annual financial results for the year ended 31st March 2008 at its meeting held on 30th April 2008. During the year 2007-08, the Bank has achieved an all round growth in business with a big leap in technology upgradation and expansion of customer base. The performance highlights are as under:

1. Profitability

Net profit for the year increased to Rs. 328.39 crore as against Rs. 271.84 crore for the previous year, registering a growth of 20.80 %.

Operating profit increased to Rs. 672.63 crore for the year as against Rs. 613.20 crore for the previous year, registering a growth of 9.69% inspite of pressure on net interest margin and the need for additional provisioning towards employee benefits under revised AS15 and outgo on IT expenditure.

The net profit and operating profit for Q4 were to the tune of Rs. 55.99 crore (corresponding period last year Rs. 75.27 crore) and Rs. 184.36 crore (corresponding period last year Rs. 166.52 crore) respectively.

Total income during the year increased to Rs. 3,821 crore from Rs. 2,987 crore, showing a growth of 27.91 % over the previous year.

The interest spread increased from Rs. 1,094 crore to Rs. 1,229 crore registering a growth of 12.34%. Net interest margin during the year was 2.81% as against 3.07% during the previous year.

The Non interest income during the year rose to Rs. 280 crore as against Rs. 265 crore. The major rise in Non interest income was on account of increase in commission, exchange and brokerage income which went up from Rs. 166 crore to Rs. 208 crore registering a growth of 25.71%.

Dividend of 20% is proposed for the year.

2. Business Growth

The Total Business reached a level of Rs.71,556 crore as against Rs. 57,382 crore during the last year, registering a growth of 24.70% .



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3. Deposits

Total Deposits of the Bank stood at Rs. 41,758 crore, an absolute increase of Rs. 7,839 crore, registering a growth of 23.11 %. The Bank has been able to sustain its strong performance in mobilising CASA, which registered a rise of 2,964 crore translating into a growth of 20.25% during the year. The share of CASA to total deposits stood at 42.15% as on 31.03.2008. In spite of the overall firming of interest rates, the strong performance in resource mobilization particularly in CASA has enabled the Bank to contain the cost of deposits to 5.86% from 5.12%.

During the year, the Bank has added 10.94 lakh new accounts to its fold by undertaking deposit mobilization fortnights and aggressive marketing. The customer base has expanded to over 12.50 million.

4. Advances

The Bank has registered a robust growth in its core operations and the Advances portfolio grew by 27.00% over the previous year to reach a level of Rs. 29,798 crore from Rs. 23,462 crore. The Credit to Deposit ratio stood at 71.35 %.

The interest income from advances increased to Rs. 2,561 crore from Rs. 1,705 crore, registering a growth of 50.23%. The yield on advances also increased substantially from 8.89% to 10.18%.

The Priority sector advances increased from 9,335 crore to Rs. 11,410 crore, reflecting a growth of 22.22 % . The percentage of priority sector advances to Net Bank Credit stood at 48.63% as on 31.03..2008 as against minimum stipulated level of 40%.

The Agricultural advances increased from Rs. 3,389 crore to Rs. 4,936 crore, an absolute increase of Rs. 1547 crore, registering a Y-O-Y growth of 45.65%.

Lending to SME segment, which is a thrust area, increased from Rs.2,047 crore as on 31.03.2007 to Rs.2,643 crore as on 31.03.2008 registering a growth of 29.12% Y-O-Y

The Bank has formed 46,182 Self Help Groups (SHG) upto 31.03.2008 (growth 25.77%) and credit linked 23,103 SHGs of which 11241SHGs were credit linked during the year. The outstanding advances to SHGs were Rs. 106.24 crore as against Rs. 76.76 crore as on 31.03.2007, reflecting a growth of 38.41%.

Lending to weaker section increased from Rs. 1,312 crore to Rs. 1,723 crore, an increase of 31.37%.



Retail advances stood at Rs. 4,198 crore as on 31.03.2008 and constituted 14.09 % of total advances as against Rs.3,683 crore as on 31.03.2007 showing a Y-O-Y growth of 13.98 %.

Housing loans increased by 20.50 % from Rs. 2,166 crore to Rs. 2,610 crore.

The Bank implemented schemes for adoption of renewable energy practices in tie up with United Nations Environment Programme (UNEP) and was awarded the First Prize for financing solar heating systems for the year 2006-07.

5. Investments

Investments stood at Rs. 12,283 crore as on 31.03.2008 as against Rs. 11,298 crore as on 31.03.2007. The income on investments increased to Rs. 946 crore from Rs. 915 crore. The yield on investments was 8.14% during the year which has come down as compared to 8.55% of last year.

6. Asset quality

The Bank made all out efforts to boost the recovery performance and effected cash recovery of Rs. 247.12 crore.

The Gross NPAs decreased from Rs.820 crore as at 31.03.2007 to Rs.766 crore as at 31.03.2008

Ratio of Gross non performing advances to gross advances declined from 3.50% as on 31.03.2007 to 2.57% as on 31.03.2008.

The net NPAs also decreased from Rs.277 crore as at 31.03.2007 to Rs.254 crore as at 31.03.2008.

Ratio of net non performing advances to net advances also declined from 1.21% as on 31.03.2007 to 0.87% as on 31.03.2008.

7. Capital adequacy

Capital adequacy ratio is at 10.26 % as against minimum prescribed level of 9.00%.

8. Branch expansion

As on 31.03.2008 the branch net-work comprised of 1375 branches and 3 extension counters spread over 22 states and 2 Union territories as against 1345 branches in the previous year.

The Bank has a net work of 345 ATMs with VISA connectivity. The Bank has also tied up National Financial Switch (NFS) having membership of 30 banks and MITR having membership of 6 banks to enable the Bank's card holders to access the ATMs of these member banks.



6. IT Initiatives

All the 1375 branches are fully computerized.

The Bank has rolled out 650 branches under Core Banking Solution (CBS) as against the target of 600 branches. The business covered under CBS branches is 82% as on 31.03.2008.

The Bank has soft launched multiple delivery channels like Internet Banking, Mobile Banking etc. during the quarter.

Real Time Gross Settlement (RTGS) scheme is implemented at 589 branches. Insta Remit facility was made available on RTGS platform at 589 branches.

The Bank also participated in National electronic Funds Transfer (NEFT) at 589 branches.

11. New Initiatives

i) Mutual Funds

The Bank has tied up with 15 leading mutual funds for distribution of various schemes of Mutual Funds.

ii) Bancassurance business

The Bank entered into corporate agency with Export Credit and Guarantee Corporation of India Ltd for sale of export credit insurance products. The Bank strengthened the tie ups with United India Insurance Co. Ltd for general insurance and Life Insurance Corporation of India for life insurance.

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