



PRESS RELEASE

UNAUDITED (REVIEWED) FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED 30th SEPTEMBER 2009

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HIGHLIGHTS – HY RESULTS

- Net Profit up by Rs. 71.29 crore (60.84%) to Rs. 188.47 crore for the half-year ended 30.09.2009, from Rs. 117.18 crore for the half-year ended 30.09.2008
- Total Business crosses 90000 crore – stands at Rs. 91094 crore as on 30.09.2009; up by 21.33% from Rs. 75080 crore as on 30.09.2008
- Per Branch Business grows by 17.18% to Rs. 63.57 crore as on 30.09.2009 from Rs. 54.25 crore as on 30.09.2008
- 161.03 % growth in Earning Per Share (not annualized) to Rs. 4.38 as on 30.09.2009, up from Rs. 2.72 as on 30.09.2008
- Book Value Per Share rises by 19.25% to Rs. 44.35 as on 30.09.2009, up from Rs. 37.19 as on 30.09.2008
- CRAR under Basel II up at 12.62% from 12.05% as on 31.03.2009.

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Sept 09 Half Year (HY 1)

- ≈ Net Profit up by 60.84% (Y-o-Y) at Rs. 188.47 crore
- ≈ Operating Profit up by 10.39 % (Y-o-Y) at Rs. 350.71 crore
- ≈ Interest Income up by 10.79 % (Y-o-Y) at Rs. 2272.09 crore
- ≈ Business Mix up by 21.33 % (Y-o-Y) at Rs. 91093.62 crore
- ≈ Total Deposits up by 24.60 % (Y-o-Y) at Rs 54452.29 crore
- ≈ CASA high at 35.97%
- ≈ Gross Credit up by 16.77 % (Y-o-Y) at Rs. 36641.33 crore
- ≈ SME Credit up by 34.47% (Y-o-Y) at Rs. 3308.07 crore
- ≈ Agriculture Credit at Rs. 5986.44 crore (Y-o-Y) up by 17.72%
- ≈ Capital Adequacy Ratio (Basel-II) at 12.62%
- ≈ Tier I CRAR (Basel-II) at 6.43%
- ≈ Gross NPA at Rs. 1223.36 crore as of Sept. 2009
- ≈ Net NPA at Rs. 581.20 crore as of Sept. 2009
- ≈ Earnings Per Share (EPS) up at Rs. 4.38 from Rs. 2.72
- ≈ Return on Assets (annualized) up at 0.62% from 0.47%

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Sept 09 Quarter (Q 2)

- Υ **Net Profit up by 22.86 % (Y-o-Y) at Rs. 86.68 crore**
- Υ **Return on Assets (annualized) at 0.56%**
- Υ **Gross NPA Ratio at 3.34% & Net NPA Ratio at 1.61%**
- Υ **Gross NPA at Rs. 1223.36 crore as of Sept. 2009**
- Υ **Net NPA at Rs. 581.20 crore as of Sept. 2009**
- Υ **Business per Employee (Y-o-Y) up from Rs. 5.55 crore to Rs. 6.76crore**
- Υ **Business per Branch (Y-o-Y) up from Rs. 54.25 crore to Rs.63.57crore**

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## Performance in Brief

The Board of Directors met on 30<sup>th</sup> October 2009 and declared the un-audited reviewed financial results for the quarter / half-year ended 30<sup>th</sup> September 2009

(Rs. in crore)

| Particulars                  | Sept. 2008 (Q) | Sept. 2009 (Q) | Variation (%) | Sept. 2008 [ HY ] | Sept. 2009 [ HY ] | Variation (%) |
|------------------------------|----------------|----------------|---------------|-------------------|-------------------|---------------|
| Total Income                 | 1136.38        | 1302.69        | 14.64         | 2177.06           | 2585.65           | 18.77         |
| <b>Interest Income</b>       | <b>1074.13</b> | <b>1153.22</b> | <b>7.36</b>   | <b>2050.83</b>    | <b>2272.09</b>    | <b>10.79</b>  |
| on advances                  | 828.43         | 818.07         | -1.25         | 1565.52           | 1640.67           | 4.80          |
| on investment                | 244.81         | 316.52         | 29.29         | 480.52            | 598.85            | 24.63         |
| on others                    | 0.89           | 18.63          | 1993.26       | 4.79              | 32.57             | 579.96        |
| <b>Other income</b>          | <b>62.25</b>   | <b>149.47</b>  | <b>140.11</b> | <b>126.23</b>     | <b>313.56</b>     | <b>148.40</b> |
| Profit on Sale of Investment | 1.05           | 60.26          | 5639.05       | 2.79              | 146.69            | 5157.71       |
| Total Expenses               | 949.72         | 1132.28        | 19.22         | 1859.36           | 2234.94           | 20.20         |
| <b>Interest expenses</b>     | <b>741.38</b>  | <b>877.44</b>  | <b>18.35</b>  | <b>1422.56</b>    | <b>1736.95</b>    | <b>22.10</b>  |
| on deposits                  | 655.13         | 818.05         | 24.87         | 1279.21           | 1624.23           | 26.97         |
| on others                    | 86.25          | 59.39          | -31.14        | 143.35            | 112.72            | -21.37        |
| <b>Operating Expenses</b>    | <b>208.34</b>  | <b>254.84</b>  | <b>22.32</b>  | <b>436.80</b>     | <b>497.99</b>     | <b>14.01</b>  |
| Staff expenses               | 127.75         | 161.62         | 26.51         | 257.10            | 316.55            | 23.12         |
| others                       | 80.59          | 93.22          | 15.67         | 179.70            | 181.44            | 0.97          |
| <b>Operating Profit</b>      | <b>186.66</b>  | <b>170.41</b>  | <b>-8.71</b>  | <b>317.70</b>     | <b>350.71</b>     | <b>10.39</b>  |
| Provisions                   | 116.11         | 83.73          | -27.89        | 200.52            | 162.24            | -19.09        |
| <b>Net Profit</b>            | <b>70.55</b>   | <b>86.68</b>   | <b>22.86</b>  | <b>117.18</b>     | <b>188.47</b>     | <b>60.84</b>  |

## PROFIT

The **Operating Profit and the Net Profit** for the half-year ended 30.09.2009 increased by 10.39% and 60.84% respectively, on year on year (Y-o-Y) basis;

During the second quarter (Q2) of the financial year 2009-10 (FY 2009-10), the Bank's **Operating Profit and Net Profit** stood at Rs. 170.41 crore and Rs. 86.68 crore respectively, as against Rs. 186.66 crore and Rs. 70.55 crore for the corresponding quarter of the previous year.

## INCOME

The growth of profit was due to the rise in **Total Income**, by 18.76% on Y-o-Y basis; the total income for Q2 of FY 2009-10 stood at Rs. 1302.69 crore as against Rs. 1136.38 crore for the quarter ended 30.09.2008.

The **Interest Income during Q2 recorded a growth** of Rs. 79.09 crore (7.36%) stood at Rs. 1153.22 crore as on 30.09.2009, up from Rs. 1074.13 crore for the quarter ended 30.09.2008;

**There was strong growth of Non-Interest Income** by 240.11% (Y-o-Y) to Rs. 149.47 crore, from Rs. 62.25 crore during the corresponding quarter in the previous year;



## EXPENSES

**Total Expenses** went up by Rs. 375.58 crore on Y-o-Y basis to Rs. 2234.94 crore for the half-year ended 30.09.2009 from Rs. 1859.36 crore for the corresponding period of the previous year. During Q2 of FY 2009-10 the total expenses stood at Rs. 1132.28 crore as compared to Rs. 949.72 crore for the corresponding quarter in the previous year.

**The Operating Expenses grew marginally by 14.01%** on Y-o-Y basis and stood at Rs. 497.99 crore as on 30.09.2009, as compared to Rs. 436.80 crore for the corresponding period of the previous year. During Q2 of FY 2009-10 the total expenses stood at Rs. 254.84 crore as compared to Rs. 208.34 crore for the corresponding quarter in the previous year.

## PROVISIONS AND CONTINGENCIES

Provisions and Contingencies (excluding tax expense) declined by 19.09% on Y-o-Y basis to Rs. 162.24 crore, as against Rs. 200.52 crore for the half-year ended 30.09.2008.

## BUSINESS GROWTH

**Business Mix improved** by 21.33% on Y-o-Y to Rs. 91093.62 crore as on 30.09.2009 from Rs. 75080.12 crore as on 30.09.2008.

**Total Deposits have increased** by 24.60 % (Y-o-Y) to Rs. 54452.29 crore as on 30.09.2009 from Rs. 43701.14 crore as on 30.09.2008; **CASA Deposits** constitute 35.97% of the Total Deposits.

**Gross Advances recorded a growth** of 16.77 % (Y-o-Y) and stood at Rs. 36641.33 crore as on 30.09.2009 from Rs. 31378.98 crore as on 30.09.2008.

**Direct Retail Credit increased** by Rs. 259.04 crore (Y-o-Y) to Rs. 4618.18 crore as on 30.09.2009 - up from Rs. 4359.14 crore as on 30.09.2008, recording a growth of 5.94 % (Y-o-Y).

**Direct Agriculture Credit increased** by 24.26% (Y-o-Y) and stood at Rs. 3643.36 crore as on 30.09.2009, from Rs. 2932.10 crore as on 30.09.2008.

**Priority Sector Advances increased** by 13.28% (Y-o-Y) from Rs. 11829.52 crore as on 30.09.2008 to Rs. 13400.00 crore as on 30.09.2009.

**SME Credit increased** from Rs.2459.96 crore as on 30.09.2008 to Rs. 3308.07 crore as on 30.09.2009, showing a growth of 34.47% (Y-o-Y). SME credit constitutes 9.05 % of Gross Credit.

## ASSET QUALITY

**Gross NPA** of the Bank stood at Rs. 1223.36 crore as on 30.09.2009 constituting 3.34% of the Gross Advances.

**Net NPA** of the Bank as on 30.09.2009 stood at Rs. 581.20 crore constituting 1.61% of Net Advances.

**Total recovery in Non Performing Assets** of the Bank is Rs. 95.56 crore for the half year ending 30.09.2009.



## CAPITAL ADEQUACY RATIO

**Capital Adequacy ratio under BASEL II** stood at 12.62% - up from 12.05% as on 31.03.2009; The proportion of Tier I CRAR is 6.43%

## KEY FINANCIAL RATIOS

The **Return on Average Assets** (annualized) for the half year improved by 15 bps to 0.62% as on 30.09.2009 from 0.47% as on 30.09.2008.

The **Earning Per Share** (not annualized) improved from Rs. 1.64 for the quarter ended 30.09.2008 to Rs. 2.01 for the quarter ended 30.09.2009 and the **Book Value Per Share** stood at Rs. 44.35 as on 30.09.2009 as compared to Rs. 37.19 as on 30.09.2008.

## NEW INITIATIVES

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### INITIATIVES

#### 1. Krishi Shakti Yojana

Bank offers special rate of interest @ BPLR -3.25 % for cultivation of various crops that are covered under Agro Export Zones (AEZs) in identified districts of Maharashtra.

#### 2. Tie Ups

Bank has entered into tie ups with various tractor manufacturing companies. Incentives under tie ups like cash discount, free servicing, discount on spares etc offered by the companies is passed on to the farmers. Tie –up arrangements are also made with reputed companies for Jatropha plantation.

## BRANCH EXPANSION

As on 30.09.2009, the branch net work comprised of 1433 branches spread over 22 states and 2 union territories. Plans to open 67 new branches during the current year.

The Bank opened 5 branches during the quarter. Of the 5 branches opened, two are Mahabank Retail Credit Hubs (Retail Assets Branches) opened at Pune and Mumbai.

## TECHNOLOGY

### CBS Branches

Bank has migrated **828 branches** under CBS as against 773 branches as on 31.03.2009 and 798 branches as on 30.06.2009

### ATM Network

Bank has 345 ATMs. Bank has installed 11 Biometric ATMs.

Card base crosses 10 lakh

### Mahabank Insta International Visa Debit Card

Mahabank International Debit Card is issued in collaboration with VISA



ATM Card along with PIN is given to the customer as “Welcome Kit” at the time of opening of the current and SB account in all CBS branches. The customer can start using ATM Insta card after 36 hours from date of issue. ( **36000 Insta Cards are issued since July 09**)

#### **Utility Bill Payment through Internet Banking Facility.**

The customers can do on line shopping / e-commerce and utility bill payment transaction through Internet Banking facility.( **37000 Customer are using Internet Banking facility**)

#### **“Maha e-Statement”**

Customers can get their statement of account on registering their e-mail id and desired frequency of statement with the Bank.

#### **Straight Through Processing (STP)**

STP of NEFT/ RTGS transactions has been implemented for instant processing of inward and outward remittances through RTGS and NEFT. (**800 branches are offering RTGS/NEFT facility**)

**1360** Branches have been networked and they are part of Bank’s Corporate Network “MAHANET”.

### **Human Resource Development**

Bank has recruited 129 fresh offices, out of which 83 officers are recruited in MMGS-II in various disciplines like HRM, Marketing, Chartered Accountant, Risk Mgt., Finance, Treasury etc. through campus placement and 46 probationary officers during the half year 01.04.2009 to 30.09.2009. Bank has also recruited 136 clerks during the half year 01.04.2009 to 30.04.2009.

4780 employees have undergone Training during 1.4.2009 to 30.09.2009 in various thrust areas like Credit, CBS, Retail, SME, HRM, FOREX, Agriculture, Rural development in house training at Staff Training College and other training establishments of the Bank. 82 employees were sent for training in outside training agencies (both in India and abroad).

### **Corporate Social Responsibility**

The bank is shouldering the responsibility of lead bank in six districts viz. Satara, Pune, Thane, Nasik, Aurangabad and Jalna. Our bank is also convening State Level Bankers’ Committee and various development issues are taken up to implement the state credit plan and achieving the targets under various Government sponsored schemes.

The Bank has set up a Trust viz. Mahabank Agricultural Research and Rural Development Foundation (MARDEF), which is engaged in providing Credit Plus services to the farmers in specific specialised fields like commercial dairy, Emu farming, sericulture, organic farming, etc.

The Rural Development Centers at Bhigwan and Hadapsar in Pune District undertake various *lab to land* programs on improved technologies. A full fledged soil-testing lab is being set up for the benefit of the farmers to go in for high-tech agriculture.

To provide activity specific training to educated unemployed youth, Bank has set up five Mahabank Self Employment Training Institutes (MSETI) at Pune, Aurangabad, Nagpur, Nasik & Amravati for providing training to rural youth for enabling them to acquire skills for self-employment.

Bank has formed another Trust by the name Gramin Mahila va Balak Vikas Mandal (GMBVM), which is primarily engaged in formation, nurturing, training and linkage of self-help groups to various banks, GMBVM has its area of operation in nine districts and has been recognised by



Government of Maharashtra as *Mother NGO*. It also markets various products made by SHGs through its two retail outlets by name "SAVITRI" in Pune district. The GMBVM is now in the process of scaling up viable SHGs to SMEs.

### Road Map Ahead

- ☛ Aggressive Focus to increase credit with focus on SME, Mid Corporate, Retail Loans and Corporate Finance.
- ☛ Planning for trading through equity trading platform through reputed brokers and offering depository services
- ☛ All the branches would be brought under "Mahanet" by installing VSATs and all the branches will be covered under CBS before the end of FY 2009-10
- ☛ Opening new branches including specialised branches like Retail Asset Branches and Asset Recovery Branches
- ☛ New ATMs to be installed
- ☛ Centralised processing of large credit proposals at Metro Centres
- ☛ Bank to adopt 75 villages for infrastructure development as a part of Platinum Jubilee celebration
- ☛ Launching Mobile Banking, Online trading of shares, Application supported by Blocked Amounts (ASBA)
- ☛ Introducing Automated Cheque Deposit System at Branches
- ☛ Implementing IT enabled Financial Inclusion
- ☛ ISO 27001 Certification for critical sites viz. Central Office IT Dept., CBS – Project Management Office, Data Center and Disaster Recovery Center.
- ☛ NEFT Transaction through Internet Banking: Customer would be able to initiate NEFT transactions through Internet Banking.