

PRESS RELEASE

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BANK OF MAHARASHTRA

'FY 2010-11' Performance High lights **(Y-o-Y)**

NET INTEREST INCOME SURGES BY 51.85% to `1968.40 cr

NET INTEREST MARGIN UP BY 75 BPS FROM MARCH 2010 AT 2.80. NIM FOR Q4 AT 3.13

CORE OPERATING PROFIT (excluding trading profit) UP BY 32.24%

TOTAL BUSINESS CROSSES 114000 CRORE

CASA DEPOSITS UP BY 15.70%

CASA DEPOSITS AT 40.44% OF TOTAL DEPOSITS

GROSS NPA DOWN AT 2.47% FROM 2.96% ON 31.03.2010 & FROM 3.58% ON 30.09.2010

NET NPA DOWN AT 1.32% FROM 1.64% ON 31.03.2010 & FROM 2.18% ON 30.09.2010

CRAR (BASEL II) AT 13.35% AND TIER I CRAR AT 8.02%

NPA IDENTIFICATION THROUGH CORE BANKING SOLUTION

BANK SPONSORED REGIONAL RURAL BANK BROUGHT UNDER 100 % CBS

Full Year Score sheet

(` crore)

| | 2010-11 | 2009-10 | % Growth |
|--|----------------|----------------|-----------------|
| Net Interest Income | 1968.40 | 1296.25 | 51.85 |
| Operating Profit | 855.03 | 814.55 | 4.97 |
| Net Profit | 330.38 | 439.58 | -24.84 |
| Other Income (Excluding Trading Profit) | 436.79 | 351.12 | 24.04 |
| Gross Advances | 47487.42 | 40926.15 | 16.03 |
| Business Mix | 114332.15 | 104230.22 | 9.69 |
| CRAR Basel II | 13.35 | 12.78 | |
| Net NPA % | 1.32 | 1.64 | |
| Net Interest Margin | 2.80 | 2.05 | |

- ❖ CASA Deposits `27032 cr at 40.44% of total deposits.
- ❖ Net Interest Income rises by ` 672.14 crore (51.85%)

- ❖ NIM improves to 2.80% from 2.05%
- ❖ Capital Adequacy Ratio (Basel II) at 13.35% and Tier I CRAR at 8.02%

Highlights of the performance for the period ended 31ST March, 2011

Profit

- Core operating profit (excluding Trading Profit) rose by 32.24% to `760.97 crore in FY2010-11 from `575.43 crore in FY2009-10
- Operating profit for the year ended March 2011 increased by 4.97% to ` 855 Crore, from `815.00 Crs, for the year ended March 2010. The increase in profit restricted to 4.97 % is mainly due to a) provision made towards employee benefits under AS-15, ` 493.50 cr
b) additional provision of 5% on substandard advances over the regulatory minimum provision of 10%,
c) Depreciation of Rs.136.38 crores on Investment, and
d) Decrease in Trading Profits.
Had the higher provision under AS-15 for the employee benefits not made, the operating profit would have been ` 1331 Crore.
- The Bank was able to achieve Net Profit of ` 330.38 Crore for the year 2010-11 in spite of providing ` 493.50 crore under AS-15 for employee benefit.

Business

- Total Business of the Bank rose to `114332.15 crore as compared to `104230.22 crore as on 31st March, 2010, showing a y-o-y growth of 9.69%
- Total Deposits of the Bank as on 31st March, 2011 rises to `66844.74 crore from `63304.07 crore as on 31st March, 2010, exhibiting a growth of 5.59% on y-o-y basis.
- High value bulk deposits reduced by `r673 Crore during FY 2010-11.
- CASA Deposits registers a growth of 15.70% (y-o-y) to ` 27032 crore as on 31st March, 2011 from ` 23364 crore as on 31st March, 2010. The average Current Deposits rose (Y-o-Y) by 26.16% and average Savings Deposits rose by 26.82%.
- CASA share expands to reach 40.44% as on 31st March, 2011, up from 36.91% a year ago.
- Gross Advances of the Bank at `47487.42 crore as on 31st March, 2011 growing by 16.03% on y-o-y basis, from the level of `40926.15 crore as on 31st March, 2010

Income and Expenses

- Total Income increases by 14.40% to `6093.94 crore, led by y-o-y growth of 17.47% in Interest Income.
- Net Interest Income rises by 51.85% (`672.14 crore) on y-o-y basis, to reach ` 1968.40 crore in FY 2010-11 from `1296.25 crore in FY2009-10.

- Core Non-Interest Income (excluding trading profit) witnesses a y-o-y growth of 24.04% and stands at `436.79 crore
- Net Interest Margin (NIM) stands higher at 2.80% for the Year ended 31 March, 2011 up from 2.05% in FY 2009-10

Ratios

- Book Value per share climbs higher and reaches ` 58.70 as on 31.03.2011 from ` 49.12 as on 31.03.2010.
- Capital Adequacy (CRAR) under Basel II increases to 13.35% as on 31.03.2011 as compared to 12.78% as on 31.03.2010. Tier I CRAR at 8.02% as on 31.03.2011.
- Provision Coverage Ratio (PCR) stood at 65.56% as on 31.03.2011 as against 58.38% as on 31.03.2010 and 60.02% as on 31.12.2010. The Bank estimates to achieve PCR of 70% by end of Sept 2011.
- Gross NPA to Gross Advances ratio at 2.47% (Previous Year 2.96% & Previous Half Year 3.58%)
- Net NPA to Net Advances ratio at 1.32%. (Previous year 1.64% & Previous Half Year 2.18%)

Branch Network:

- Bank's network of domestic branches as on 31st March 2011 was 1536.
- 83 branches were opened during the Financial year 2010-11 (25 new branches were opened during Q4 of FY11)
- Around 35.03% of the Bank's branch network is located in rural areas.

| Specialized Branches | |
|---|----|
| Assets Recovery Branches (at Pune, Mumbai, Nagpur, Aurangabad & Kolkata) | 5 |
| Retail Asset Branches | 15 |
| Corporate Finance Branches | 3 |
| Industrial Finance Branches (at Mumbai) | 1 |
| Agri Hi Tech branches | 3 |
| SME branches | 15 |
| Forex Centres (Category B) | 34 |
| SHG Branches | 2 |
| Pension Payment branch | 1 |
| Govt Business branch | 1 |
| Specialized Cells | |
| Retail Asset processing Centres | 18 |

Asset Quality:**Steps taken to check accretion of NPAs**

- Opened Asset Recovery Branches, to start with, at 5 centres - Pune, Mumbai, Aurangabad, Nagpur & Kolkata to have focused approach towards recovering NPAs by constant dialogue, SARFAESI action and legal action.
- Opened Micro Asset Recovery cells at 10 places where large amount is blocked in NPA accounts up to `10 lakhs.
- Identification of NPAs through Core Banking Solution implemented.

Steps taken for increasing Provisioning coverage Ratio

- Amended the accounting policy increasing the provision on secured sub-standard asset to 15% as against the regulatory requirement of 10%. As a result, the provisioning coverage ratio has improved to 65.56% as on March, 2011.

Strategies for increasing fee based income:

- Bank has started e-trade online equity share trading.
- Introduction of e-payment of taxes in all our branches through CBS network.
- Special arrangement with Customs dept for collection of custom duties in Pune.
- Special arrangement with Regional Provident Fund Commissioner Pune for disbursement of pension in Nine districts.

New Initiatives & Thrust - Technology

- All branches brought under CBS and joined select league of public sector banks who have achieved 100% CBS.
- ATM debit Card issued immediately as welcome kit, on opening of account under the INSTA ATM VISA Debit Card which is activated within 36 hours of account opening. The Insta card base has now reached `4.00 lakh cards.
- Remittances through RTGS / NEFT brought under Straight Through Processing (STP) eliminating manual intervention.
- Internet banking facility available with value additions like Online utility bill payment, SMS alerts, Mobile banking, E-Statement and inter-bank transfer of funds
- Implemented 100% CBS at our Banks sponsored RRB "Maharashtra Gramin Bank.
- Implemented successfully the phase I of the Central Plan Monitoring system (CPMS) within the timeliness set for our Bank.
- Established Near site for CBS, thus achieving zero data loss in case of eventuality.
- Bank's Data Centre has been equipped with latest technology infrastructure to render IT enabled customer service.
- E-payment facility for tax payment available through Internet banking.
- Tax payment through our ATMs, are enabled.
- ATM Card base stood at more than 1.8 million.
- All 392 ATMs of the Bank have Braille enabled Key pads with voice guidance in Hindi & English. Enabled Bio-metric solutions in 11 ATMs.

- New IT enabled products & services like MAHA-E-TRADE, online equity share trading facility.
- MAHA MOBILE, mobile banking launched.

New Initiatives & Thrust – Human Resource

- Bank has recruited 1000 new clerks and recruitment of 392 officers is in final stage to increase the HR position.

New Initiatives & Thrust –

Priority Sector

- Tie-up with various tractor manufacturing companies.
- Formulated 333 farmers' club through out the country.
- Bank is aggressively financing for Horticulture development under scheme of National Horticulture Board.
- Introduced special rate of Interest for cultivation of crops covered under Agri Export Zones (AEZs)
- Implemented special package for MSME borrowers due to difficult economic scenario. Package includes reduction in interest rates and extending additional financial assistance to the MSME borrowers.

Credit Flow to MSME Sector

- To facilitate customers for availing credit facility, Loan Application Forms for Loan Proposals of Micro and Small Enterprises have been simplified.
- Limit of collateral free loans has been increased to ` 10.00 lakhs.
- MSME Care Centers are established in all the 32 Regional Offices to attend to requests/ representations in any form received from MSMEs.

Special Branch for Self Help Groups Opened

- Bank opened an exclusive branch to cater to credit needs of SHGs on 9-1-2011 at Hadapsar, Pune. It is the first such branch in Western India in the banking industry. It has sanctioned ` 98 lakhs to various SHGs within a short span of 12 days.

Retail Loans Processing Cells established

- With a view to accelerate the processing of retail loan applications, exclusive cells have been opened in all 18 regional offices where there are no retail asset branches. With this, the system for speedy processing of retail loan applications is placed in all the 32 Regional Offices of the Bank.

Micro Asset Recovery Cells at 5 Regional Offices

- To have a focused follow up on small NPA accounts (`10 lakhs and below), five Micro Asset Recovery Cells were started in Aurangabad, Latur, Nasik, Satara and Solapur regional offices. This measure will accelerate recovery efforts of branches.
- These cells are in addition to 5 Asset Recovery Branches opened by Bank in Pune, Mumbai, Nagpur, Kolkata and Aurangabad which deal with large NPA accounts (` 10 lakhs and above).

Focus on Mid Corporates business segment

- Bank established a separate cell in Central Office to look after the business requirements and to exploit the business potential in this segment under a DGM.

Measures initiated to improve business & profitability

- High Cost deposit is avoided by proper resources planning.
- Presently 5 branches which are headed by DGM, which cater to large corporate Credit requirement report directly to C.O. for effective and profitable growth of large credit.
- Branches are free to do their core business and give enhanced customer service due to the following steps:
 - With 100% CBS, MIS is generated centrally.
 - Centralization of cheque clearing function.
 - Opening of Asset Recovery Branches / Cells.
 - Opening of Retail Assets branches / Retail loan processing cells
- Service ice tax payment system & filing of return is centralized, thereby relieving the branches from Statutory responsibility.

Mahabank Products

- Insta International Visa Debit Card
- Maha Connect – Internet banking facility
- Maha Mobile – Mobile banking facility
- E-payment of taxes
- Maha e trade – Online share trading facility
- Yuva Yojana Saving Account – Zero balance savings account for students
- Mahasaraswati Recurring Deposit Scheme for Students
- Mahalaxmi Term Deposit Scheme with Free Accident Insurance cover.
- Home Loans
- Mahabank Top up loan
- Mahabank Jewel loan
- Education Loan – For studies in India & abroad
- Vehicle Loans – For new as well as used vehicles
- MSME Loans – For Micro, Small & Medium Enterprises
- Demat Services – Available at all branches
- Executor & Trustee Services – through METCO, wholly owned subsidiary
- It is proposed to launch co-branded SBI Card

Corporate Social Responsibility

- 8225 farmers from Vidarbha region trained in agriculture, animal husbandry etc under “Mahabank Vidarbha Shetkari Jagruti Abhiyan”.
- Established Rural Development Centres at Hadapsar & Bhigwan for various developmental activities for the benefits of the farmers.
- Bank has set up Mahabank Agriculture Research & Rural Development Foundation (MARDEF) for undertaking various projects and village improvement programs.
- Established five Mahabank Self Employment Training Institutes (MSETI) at Pune, Aurangabad, Nagpur, Nasik & Amravati to provide training to rural youth and women for acquiring skills for self employment.

- Gramin Mahila Va Balak Vikas Mandal (GMVBVM), an NGO formed by the Bank is actively involved in formation, nurturing, training and linkage of SHGs to Bank Credit.
- GMVBVM helps SHGs in marketing of their products through two marketing outlets in market “Savitri” in Pune.

Road Map for Financial Inclusion

Progress report for week ended 02.04.2011

| S.No. | Particulars | March 2010 | Sept 2010 | Week ended 26.03.11 | Week ended 02.04.11 ** | Target March 2011 |
|-------|---|------------|-----------|---------------------|---------------------------|-------------------|
| 1 | No frill accounts | | | | | |
| | a) No of accounts(in Lakh) | 3.50 | 4.07 | 4.67 | 4.68 | 4.89 |
| | b) Amt outstanding(in cr) | 18.69 | 20.48 | 24.73 | 25.55 | 22.47 |
| 2. | Total No villages –Pop > 2000 | NA | 16 | 417 | 484 | 463 |
| 3. | No of villages covered by BC/CSP | 0 | 16 | 417+8* | 484+8* | 463 |
| 4. | No of CSP s engaged | 0 | 10 | 367 | 421 | 230 |
| 5. | Total enrollment | 1540 | 3600 | 43752 | 50478 | 139000 |
| 6. | Smart card issued (No) | 0 | 2250 | 7072 | 8266 | 139000 |
| 7. | Total villages | | | 425 | 492 | |
| 8. | Total House holds | | | 232050 | 268632 | |
| 9. | Of above, | | | | | |
| | 1. covered by banking | | | 134589 | 155806 | |
| | 2. Uncovered | | | 97461 | 112826 | |

* villages below 2000 population. ** The figures are same for position as of 31.03.2011. Transactions started in 30 villages. Total Transactions undertaken so far up to 31.03.11 were 4927.

- Bank has drawn up a road map to provide banking services to every village having population of over 2000 with the help of Hand held machines, Smart Cards & Business Correspondents (BCs).
- Bank has identified 1215 unbanked villages covering 484 branches in 26 regions to be covered under Financial inclusion with the help of BCs.
- The plan to extend Banking & financial services has been realigned to roll out over a period of next two year i.e. by March 2012

Opening of Financial Literacy Counseling Cells (FLCCs):

- To make general public, farmers, inhabitants of rural & semi urban areas and poor people financially literate and to guide them in credit related matters, Bank has established three FLCCs in December 2010 at Pune, Aurangabad and Nashik. Three more FLCCs will be opened shortly at Satara, Thane and Jalna.

Initiatives

- BANK SIGNS MOU WITH UNIQUE IDENTIFICATION AUTHORITY OF INDIA
- Our Bank has become Registrar for the Unique Identification Authority of India (UIDAI). A Memorandum of Understanding (MoU) was signed by the Bank and the Unique Identification Authority of India in October 2010.

Road Map Ahead

- Achieving total business of ₹1,40,000 crore with mix of Deposits ₹80,000 and Advances ₹60,000.
- Gross NPA level below 2.25% and Net NPA below 1.25%
- Increase Bank's ATMs to 500
- Setting up of one Specialised Branch exclusively for catering to the banking needs of senior citizens in Dadar, Mumbai
- Opening of Soil Testing Laboratory at Bhigwan, Pune Dist with counselling services to farmers based on soil test reports.
- Bringing 750 villages to the banking services net work through BCs as part of Financial Inclusion Plan implementation
- Extend integrated banking services to all the RRB customers
- Opening of 60 new Branches
- Opening of special SHG Branches at remaining 5 Lead Districts i.e. at Satara, Jalna, Aurangabad, Thane, Nasik
- Opening of 5 more Micro Asset Recovery Cells

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