

IndusInd Bank

**Investor Presentation
Q3-2020-21**

January 29, 2021

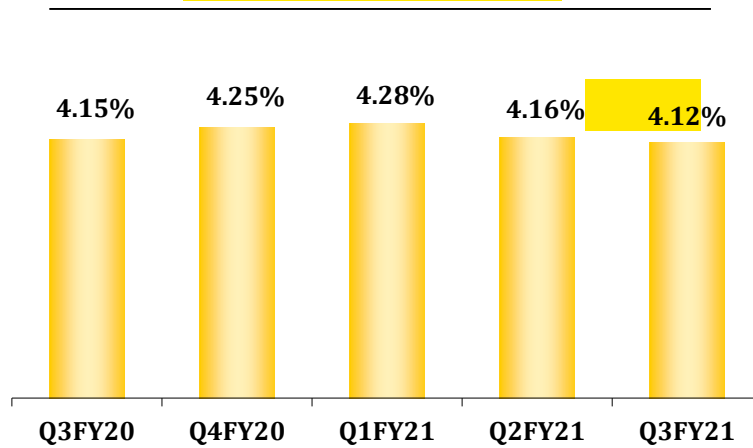
Q3 – FY21 Performance Highlights

- Stable operational metrics in Q3 FY21
- PPOP at Rs. 2,964 crs, grew by 7% YoY; PPOP / Assets at 3.74% amongst the industry highest
- NII at Rs. 3,406 crs ; up by 11% YoY. NIM at 4.12%
- Consol PAT at Rs. 830 crs after Covid provisions of Rs. 1,106 crs taking total provision at Rs. 3,261 crs
- Retail Disbursement near Pre Covid level
- PCR improved to 87.28% ; Total loan related provisions at 188% of GNPA and 3.31% of loans
- **Loan book quality stable; GNPA and NNPA for Q3FY21 at 1.74% and 0.22% respectively**
- *Pro forma* GNPA and NNPA for Q3FY21 at 2.93% and 0.70% respectively; *pro forma* PCR at 77%
- Efficiency ratio at 41.34% (43.31% LY)
- Liquidity Coverage Ratio (LCR) stands at 156%
- Client base at 27 million

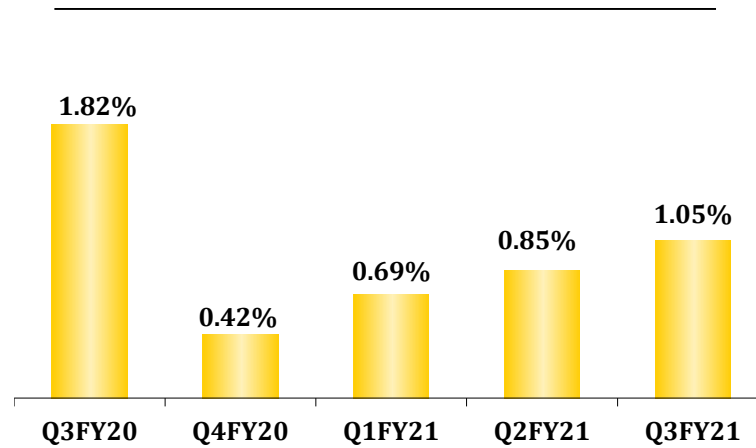


How We Measure Up On Key Metrics

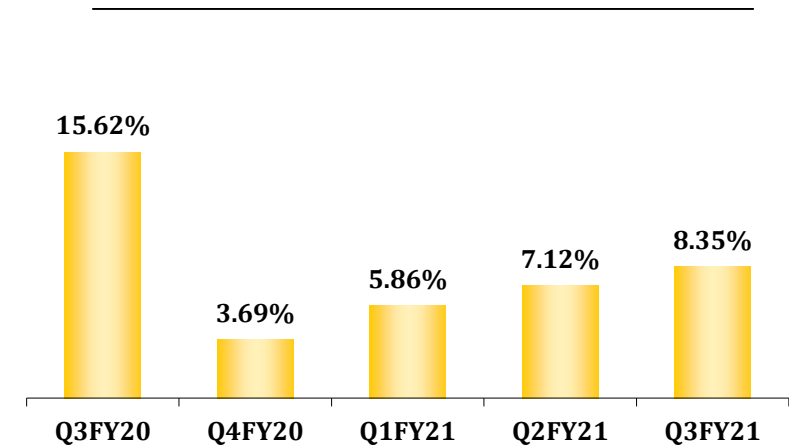
Net Interest Margin (NIM)



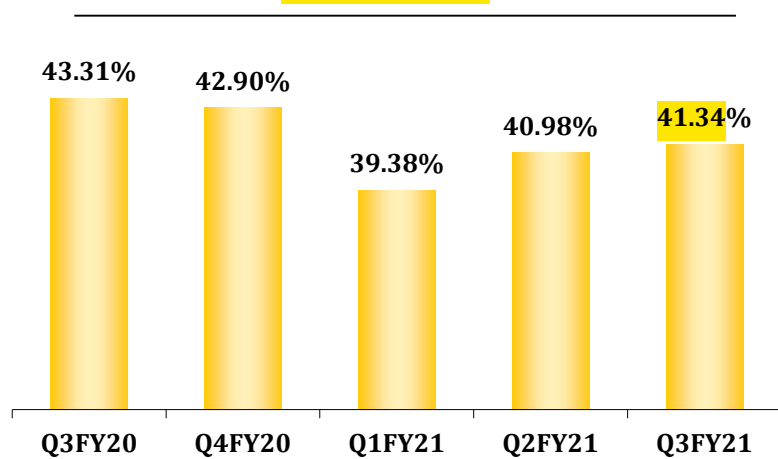
RoA



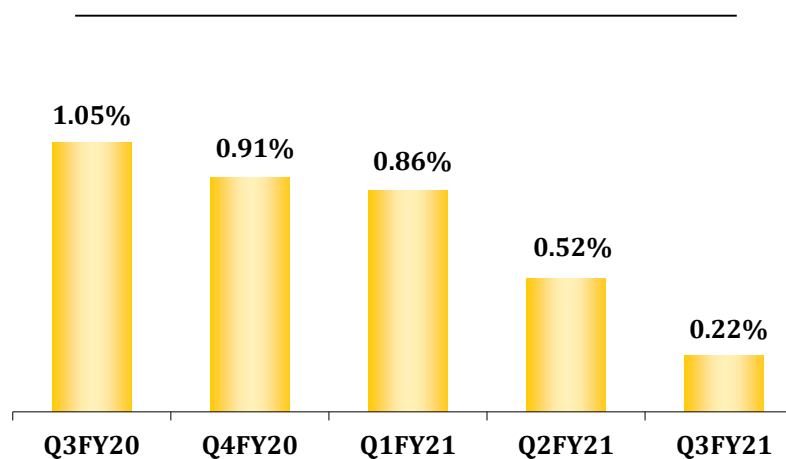
RoE



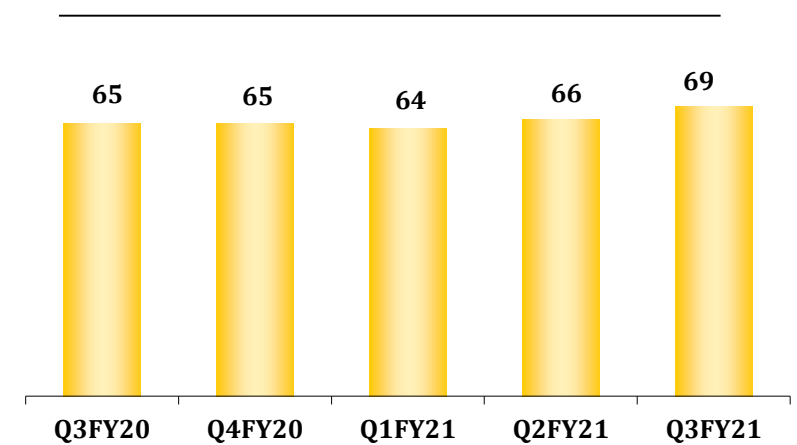
Cost / Income



Net NPA



Revenue / Employee (Rs Lakhs)



Consistent delivery of strong operating performance



Domestic Rating:

- **CRISIL AA +** for Infrastructure Bonds program
- **CRISIL AA** for Additional Tier I Bonds program
- **CRISIL A1+** for certificate of deposit program / short term FD programme
- **IND AA+** for Senior bonds program by India Ratings and Research
- **IND AA** for Additional Tier I Bonds program by India Ratings and Research
- **IND A1+** for Short Term Debt Instruments by India Ratings and Research

International Rating:

- **Ba1** for Senior Unsecured MTN programme by Moody's Investors Service



Consolidated Financial Performance



Steady Headline Numbers for Q3 FY21

		Y-o-Y Growth	Q-o-Q Growth
Net Interest Income	Rs. 3,406 crs	11%	4%
Total Fee Income	Rs. 1,646 crs	(8%)	6%
Revenue	Rs. 5,052 crs	4%	5%
Operating Profit	Rs. 2,964 crs	7%	4%
Net Profit	Rs. 830 crs	(37%)	25%



		Y-o-Y Growth	Q-o-Q Growth
Advances	Rs. 2,07,128 crs	-	3%
Deposits	Rs. 2,39,135 crs	10%	5%
CASA	Rs. 96,646 crs	5%	5%
TD	Rs. 1,42,489 crs	14%	5%
Borrowings	Rs. 48,622 crs	4%	(7%)



Balance Sheet

(Rs Crs)

	Q3FY21	Q3FY20	Y-o-Y (%)		Q2FY21	Q-o-Q (%)	
Capital & Liabilities							
Capital	757	693	9%	▲	756	-	▲
Reserves and Surplus	39,100	32,789	19%	▲	38,244	2%	▲
Share Warrant Subscription money	674	674	-	▲	674	-	▲
Deposits	2,39,135	2,16,713	10%	▲	2,27,884	5%	▲
Borrowings	48,622	46,813	4%	▲	52,385	(7%)	▼
Other Liabilities and Provisions	13,158	10,261	28%	▲	12,053	9%	▲
Total	3,41,446	3,07,943	11%	▲	3,31,996	3%	▲
Assets							
Cash and Balances with RBI	8,165	11,350	(28%)	▼	8,278	(1%)	▼
Balances with Banks	42,612	9,438	351%	▲	37,566	13%	▲
Investments	61,057	60,517	1%	▲	62,953	(3%)	▼
Advances	2,07,128	2,07,413	-	▲	2,01,247	3%	▲
Fixed Assets	1,878	1,832	2%	▲	1,890	(1%)	▼
Other Assets	20,606	17,393	18%	▲	20,062	3%	▲
Total	3,41,446	3,07,943	11%	▲	3,31,996	3%	▲
Business (Advances + Deposit)	4,46,263	4,24,127	5%	▲	4,29,131	4%	▲



Profit and Loss Account – Q3 FY21

(Rs Crs)

	Q3FY21	Q3FY20	Y-o-Y (%)		Q2FY21	Q-o-Q (%)	
Net Interest Income	3,406	3,074	11%	▲	3,278	4%	▲
Other Income	1,646	1,790	(8%)	▼	1,554	6%	▲
Total Income	5,052	4,864	4%	▲	4,832	5%	▲
Operating Expenses	2,088	2,106	(1%)	▼	1,980	5%	▲
Operating Profit	2,964	2,758	7%	▲	2,852	4%	▲
Provisions & Contingencies	1,854	1,044	78%	▲	1,964	(6%)	▼
Profit before Tax	1,110	1,714	(35%)	▼	888	25%	▲
Provision for Tax	280	405	(31%)	▼	225	25%	▲
Profit after Tax	830	1,309	(37%)	▼	663	25%	▲



Profit and Loss Account – 9M FY21

(Rs Crs)

	9M FY21	9M FY20	Y-o-Y (%)	
Net Interest Income	9,993	8,828	13%	▲
Other Income	4,721	5,180	(9%)	▼
Total Income	14,714	14,008	5%	▲
Operating Expenses	5,971	6,036	(1%)	▼
Operating Profit	8,743	7,972	10%	▲
Provisions & Contingencies	6,077	2,212	175%	▲
Profit before Tax	2,666	5,760	(54%)	▼
Provision for Tax	662	1,618	(59%)	▼
Profit after Tax	2,004	4,142	(52%)	▼



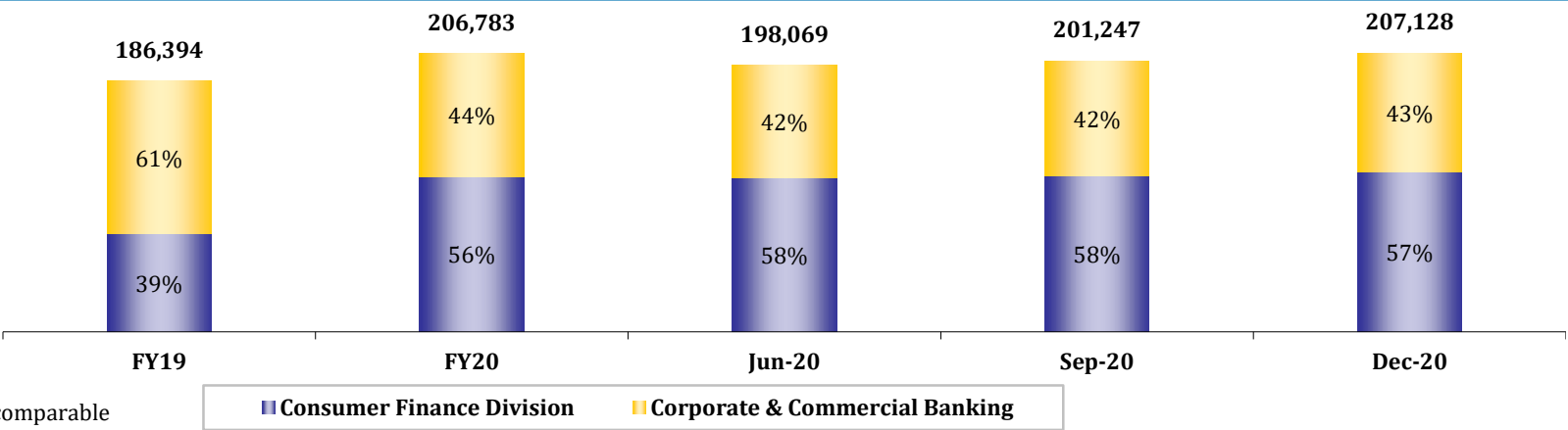
Key Financial Indicators

	Q3FY21	Q3FY20	Q2FY21
Return on Assets	1.05%	1.82%	0.85%
PPOP / Average Assets	3.74%	3.83%	3.66%
Return on Equity	8.35%	15.62%	7.12%
Cost / Income Ratio	41.34%	43.31%	40.98%
Net Interest Margin	4.12%	4.15%	4.16%
Net NPA	0.22%	1.05%	0.52%
EPS (annualized, Rs. per share)	43.90	75.56	37.20
Capital + Reserves (Excl. Revaluation Reserve) (Rs. in crs)	40,215	33,832	39,357



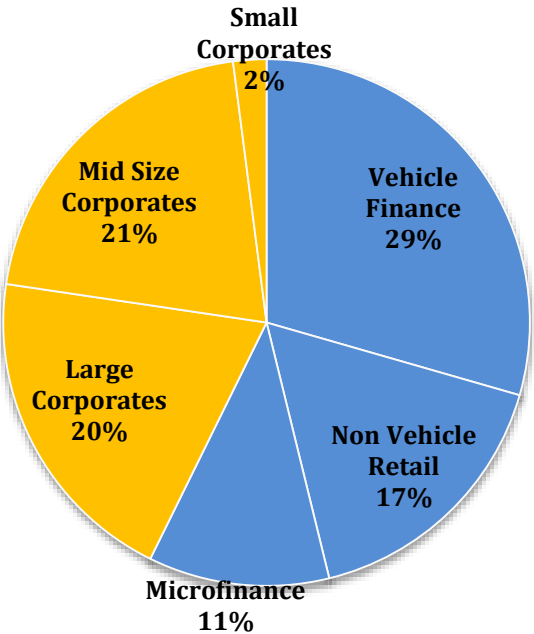
Well Diversified Loan Book

Loan Book (Rs crs)



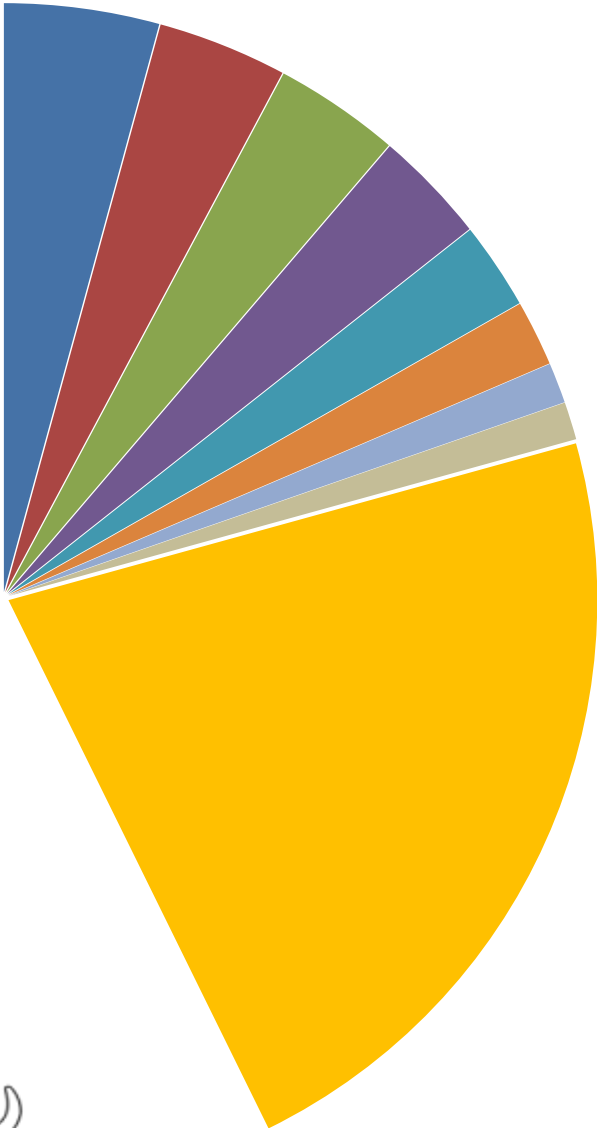
FY19 are not comparable due to reclassification of BBG & MFI

(Rs crs)		
Corporate Banking	Dec-20	
Large Corporates	41,551	20%
Mid size Corporates	42,711	21%
Small Corporates	4,220	2%
Total Advances	88,482	43%



(Rs crs)		
Consumer Finance	Dec-20	
Vehicle Loans	61,003	29%
Comm. Vehicle Loans	23,812	11%
Utility Vehicle Loans	4,766	2%
Small CV	3,590	2%
Two Wheeler Loans	6,031	3%
Car Loans	7,879	4%
Tractor	6,191	3%
Equipment Financing	8,734	4%
Non-Vehicle Loans	34,635	17%
Business Banking	11,575	6%
Loan Against Property	9,362	5%
Credit Card	5,225	3%
BL, PL, AHL, Others	8,473	3%
Microfinance	23,008	11%
Total Advances	1,18,646	57%

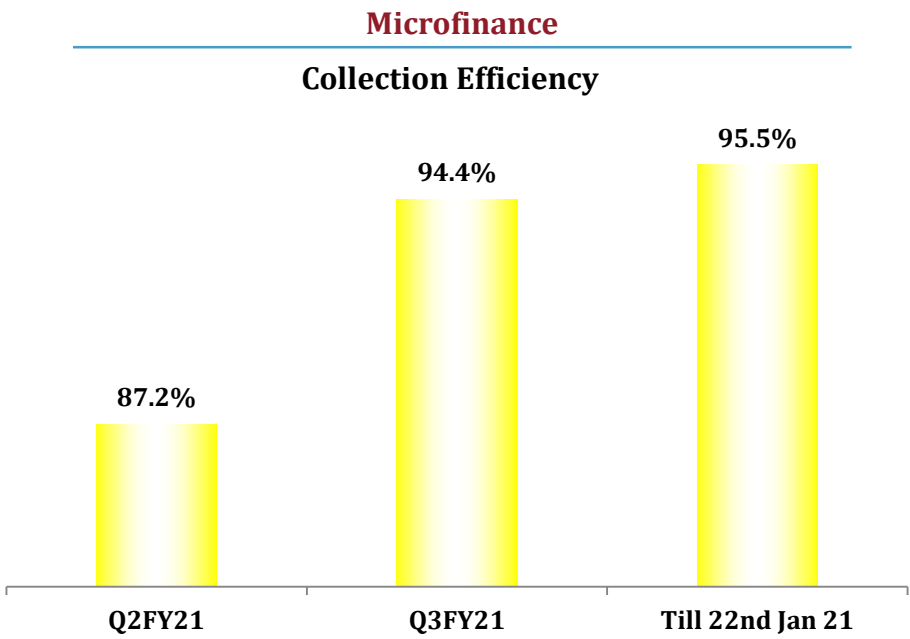
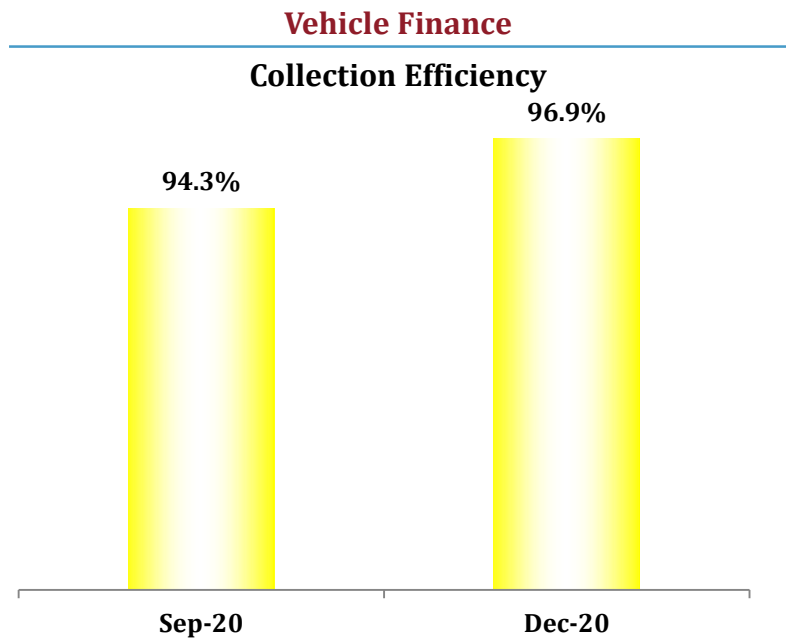




Sector	%
Lease Rental	4.25%
Gems and Jewellery	3.55%
Real Estate - Commercial and Residential	3.45%
Steel	3.11%
NBFCs (other than HFCs)	2.39%
Power Generation – Renewable	1.80%
Housing Finance Companies	1.11%
Services	1.03%
Other Industry	22.03%
Corporate Banking	42.72%
Consumer Banking	57.28%
Total	100.00%



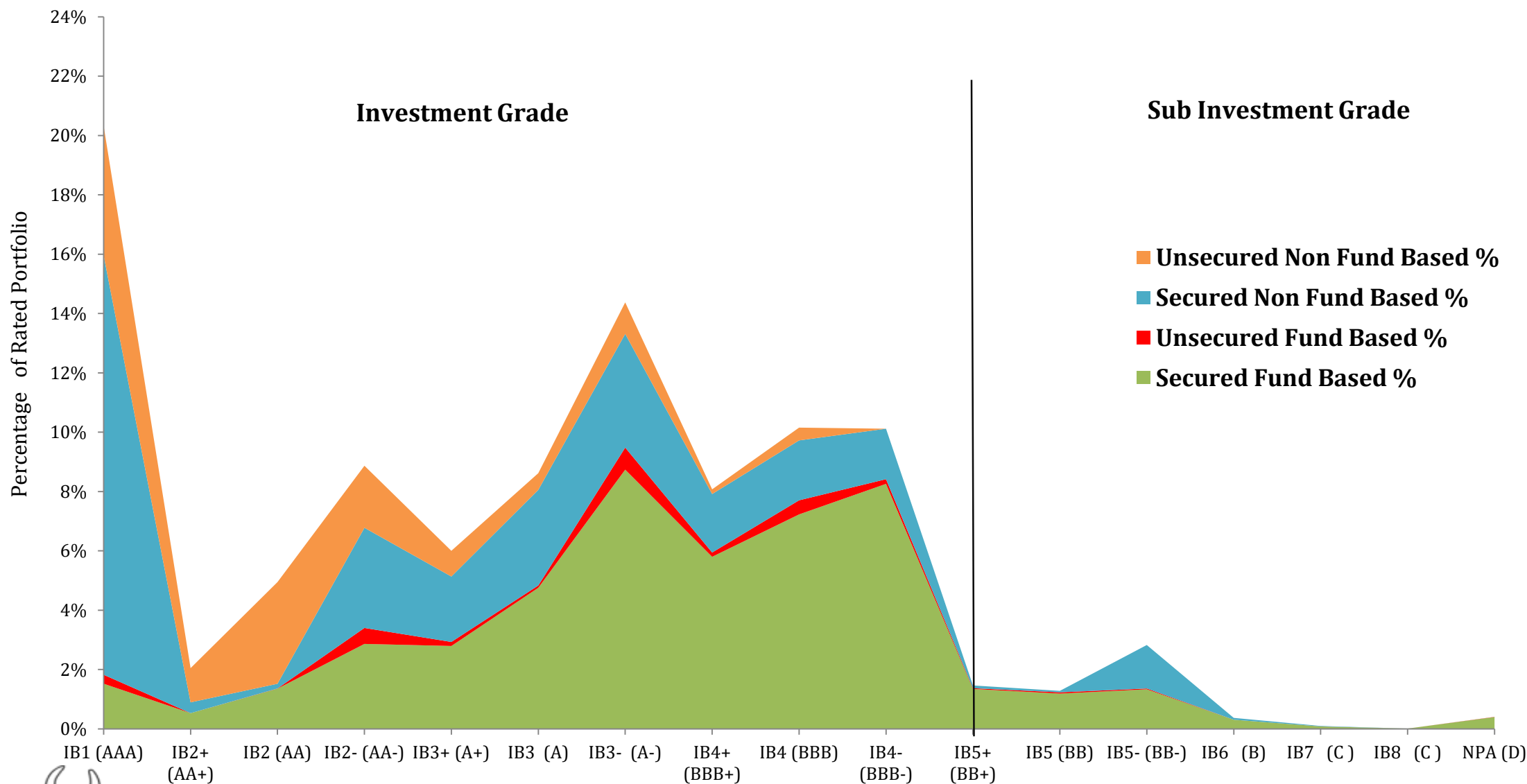
Domains have continued outperformance even in the current crisis



- Gems & Jewellery**
- Restructured – 0.07%
 - SMA2 – 0.00%
 - Collection Efficiency – 99.9%



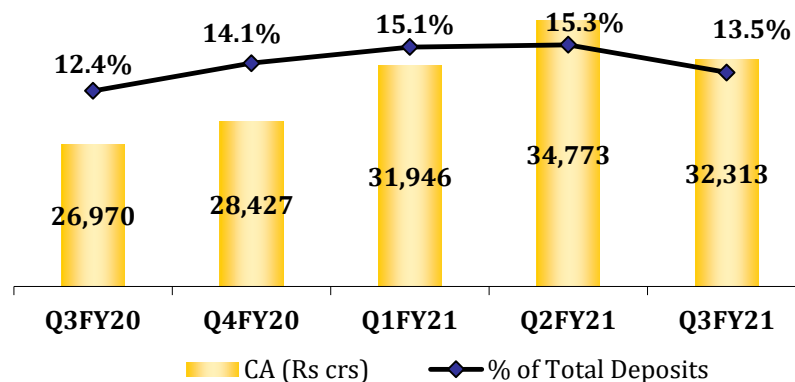
Well Rated Corporate Portfolio



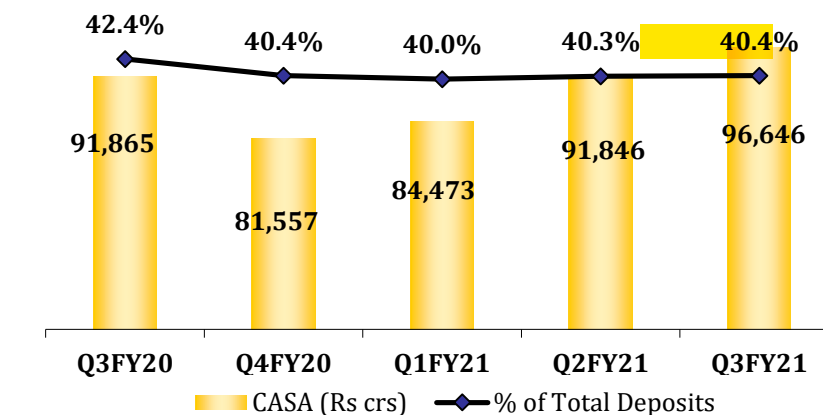
Improving Deposit Profile

- Expanding branch network
- Focus on target market segments
 - Growth driven by retail customer acquisitions
 - Scaling up new businesses – Affluent and NRI
 - Leverage BFIL for rural customers
 - Building Merchant Acquiring Business
 - Digital Partnerships & Alliances
- Innovative service propositions
- Building Brand Recognition across mass consumer base

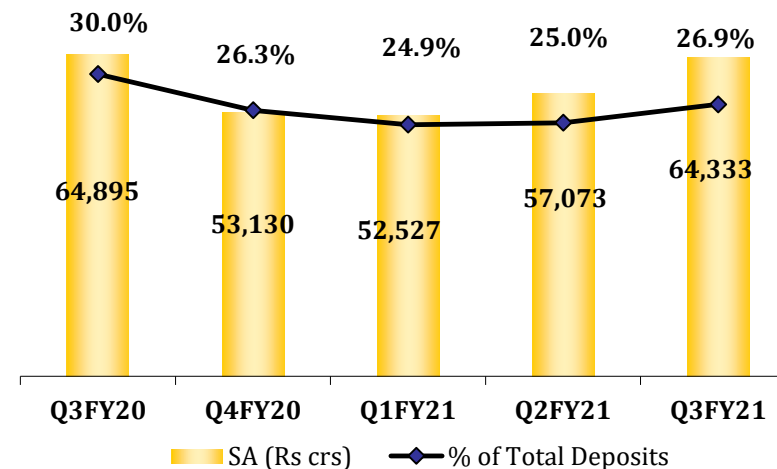
Current Account (CA)



CASA



Savings Account (SA)



Other Income

(Rs Crs)

	Q3FY21	Q3FY20	Y-o-Y (%)	Q2FY21	Q-o-Q (%)
Core Fee	1,389	1,506	(8%) ▼	1,061	31% ▲
Securities/MM/FX Trading/Others	257	284	(10%) ▼	493	(48%) ▼
Total	1,646	1,790	(8%) ▼	1,554	6% ▲



Diverse Revenues from Core Fee Income

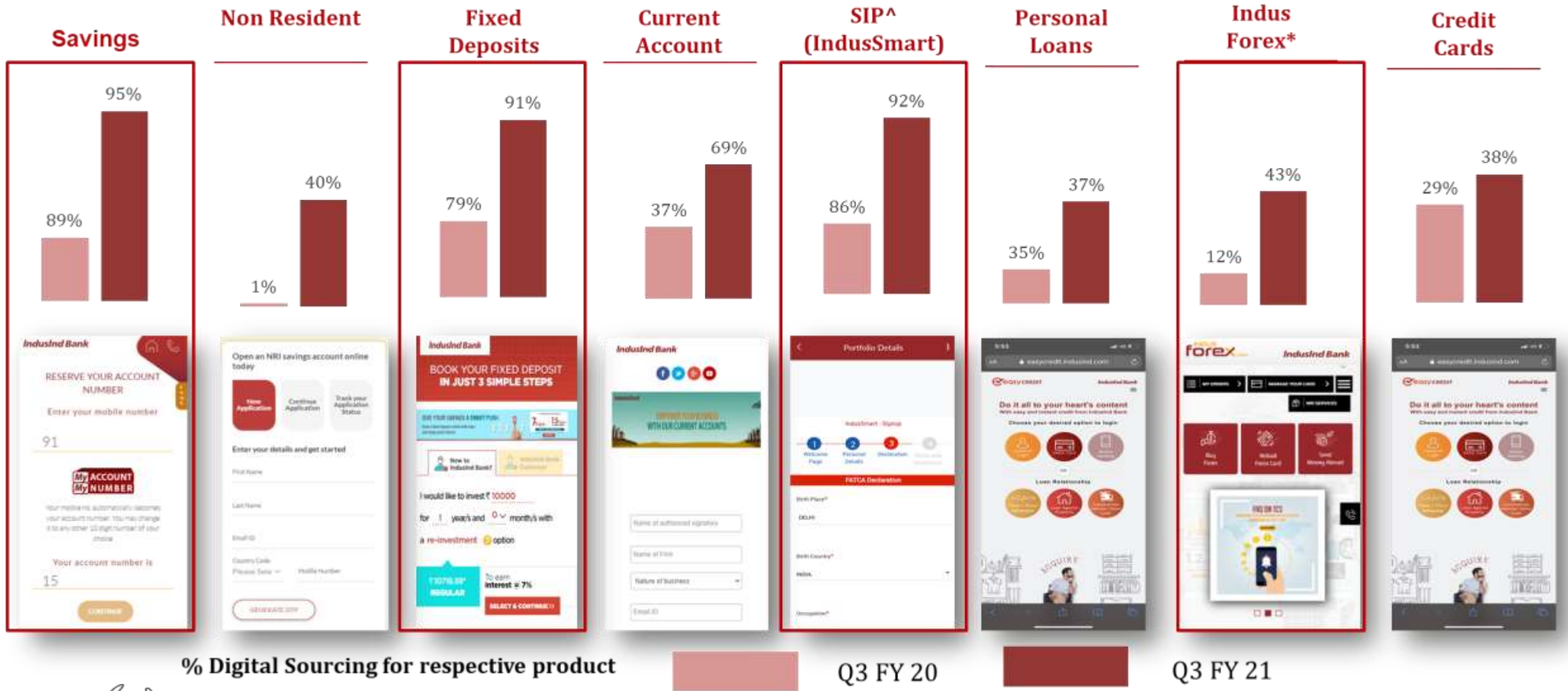
(Rs Crs)

	Q3FY21	Q3FY20	Y-o-Y(%)	Q2FY21	Q-o-Q(%)
Trade and Remittances	183	185	(1%) ▼	152	20% ▲
Foreign Exchange Income	268	241	11% ▲	228	18% ▲
Distribution Fees (Insurance, MF, Cards)	370	347	7% ▲	323	15% ▲
General Banking Fees*	188	135	39% ▲	124	51% ▲
Loan Fees	301	388	(22%) ▼	212	42% ▲
Investment Banking	79	209	(62%) ▼	23	243% ▲
Total Core Fee Income	1,389	1,506	(8%) ▼	1,061	31% ▲

* Includes PSLC Income of Rs. 59 cr for Q3FY21 vs. Rs. 5 cr for Q2FY21



Digital Business Mix continues to grow on the back of seamless digital onboarding journeys powered by “IndiaStack” across products

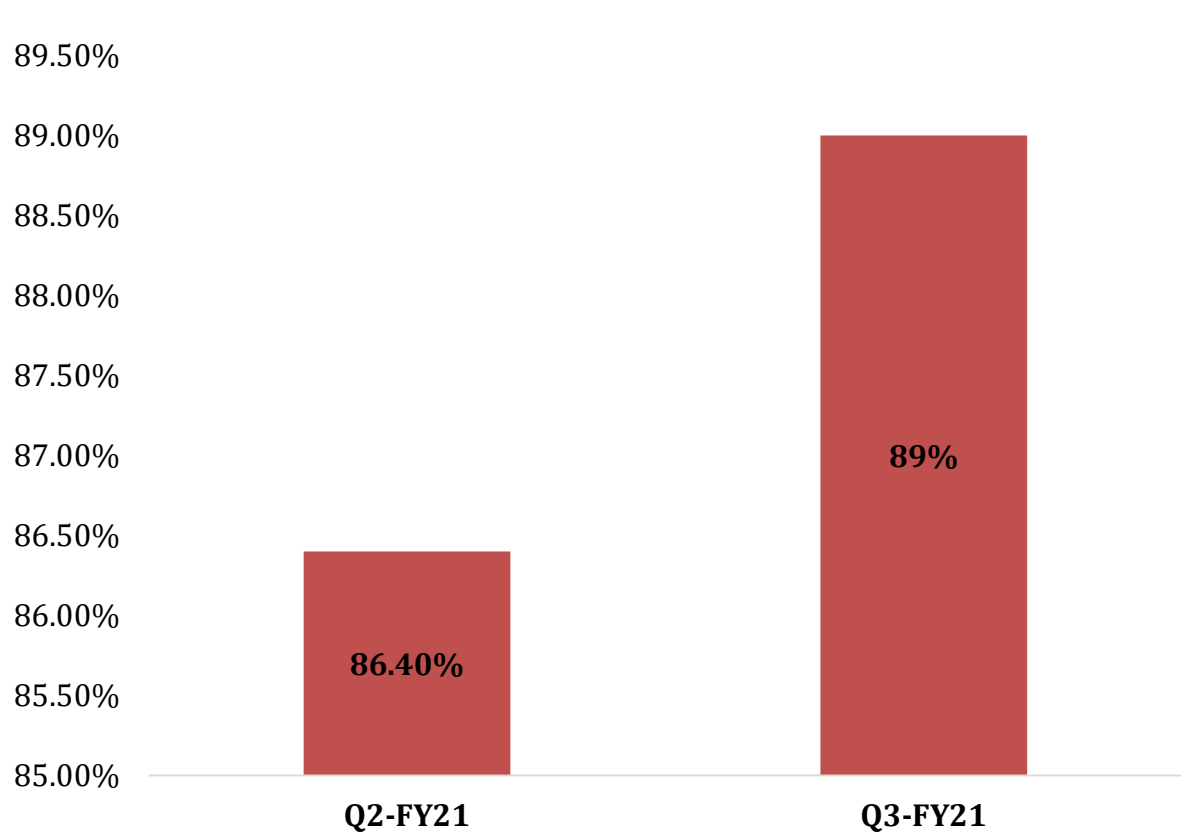


*Includes outward remittance transactions via IndusForex; ^Systematic Investment Plans



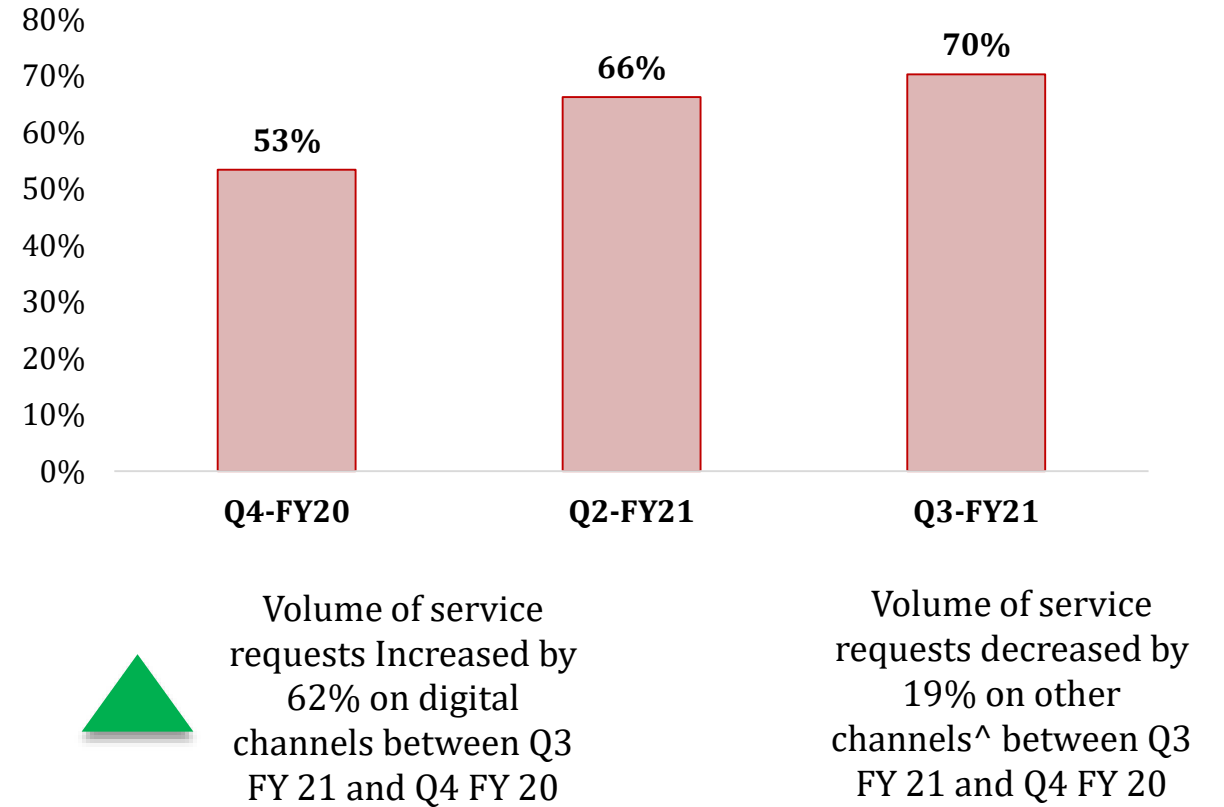
Digital Transaction Mix continues to grow with 89% of transactions happening digitally and 70% of service requests processed digitally

Overall Digital Transaction mix at 89.0% (Q3) up from 86.4% (Q2) by volume



*Includes service requests such as email statement, debit card hot listing, pin generation, etc; ^other channels includes branch, contact centre, ATMs

Digital service requests* (% of total SRs) increased to 70% reducing cost to serve

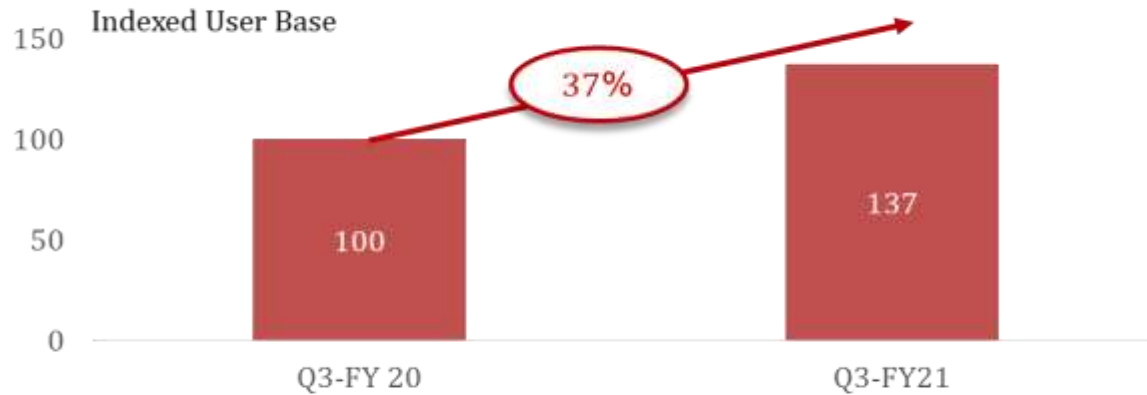


Overall volume of service requests increased 24%

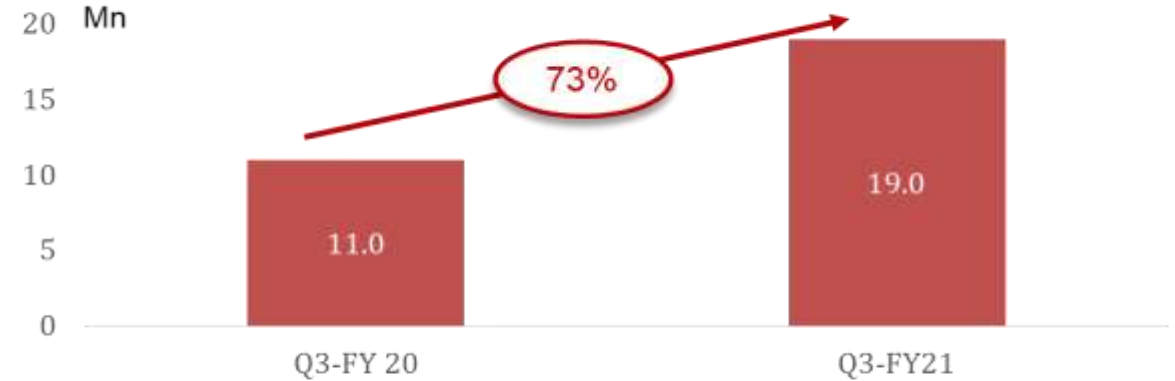


User Base and Transaction Volumes continue to show healthy growth across channels

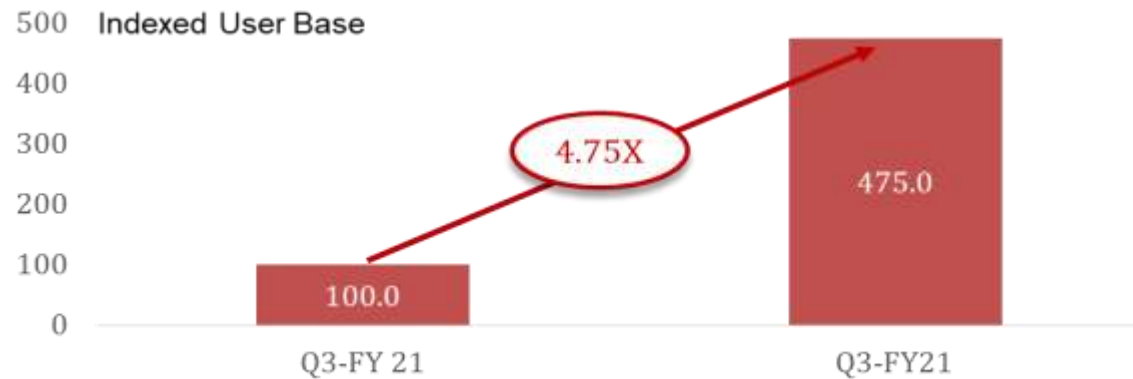
Mobile App User Base increased 37%



Average monthly mobile banking transactions grew 73% YoY



Whatsapp (WA) Banking user base increased 4.75X



Average monthly Debit Card Spends have recovered beyond pre-COVID levels



Basis Q3 average monthly run rate of current yr for Oct-Nov against Oct-Dec FY 20 ; user base as of end of quarter

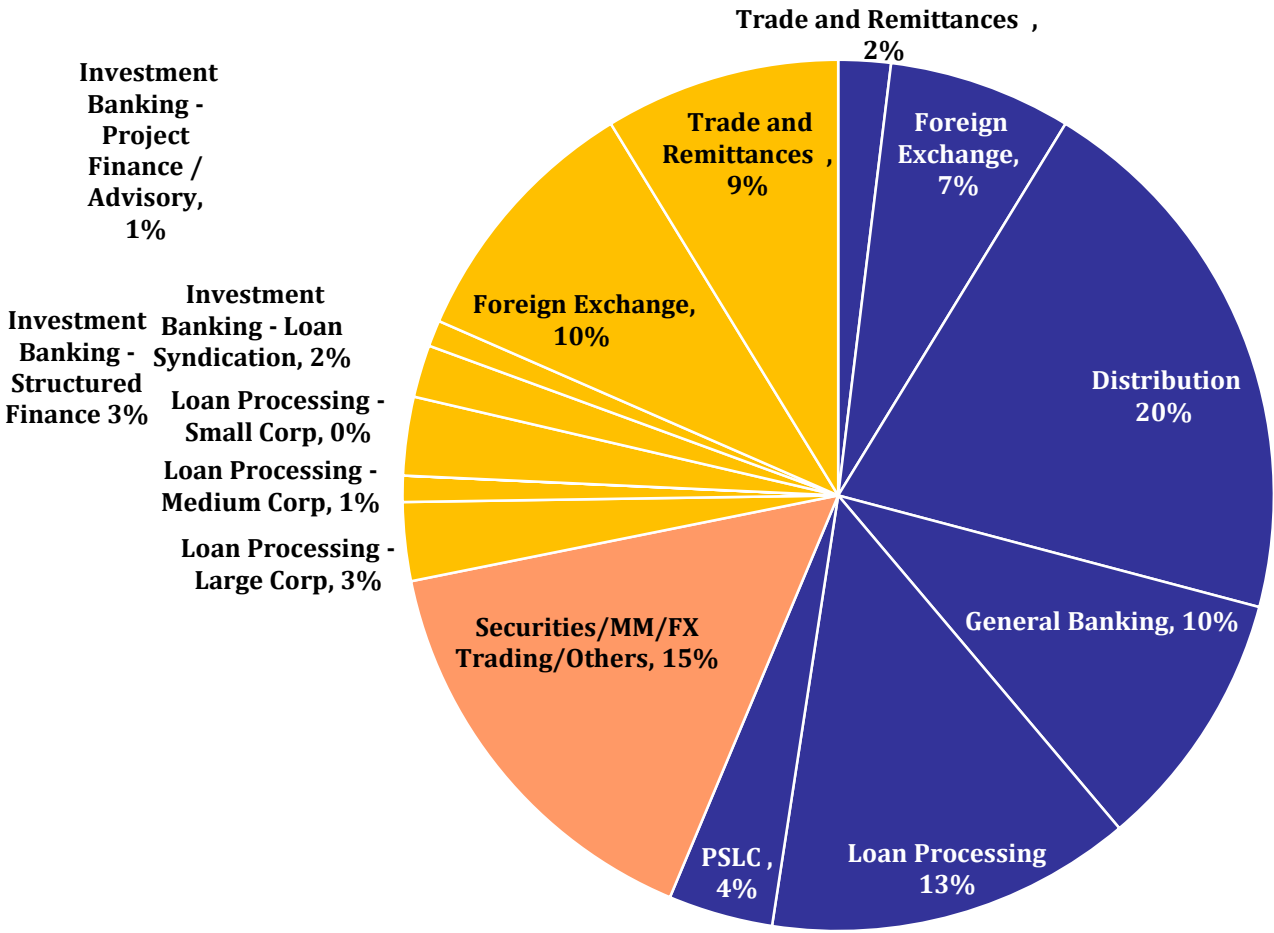


Diversified and Granular Fee Streams – Q3 FY21

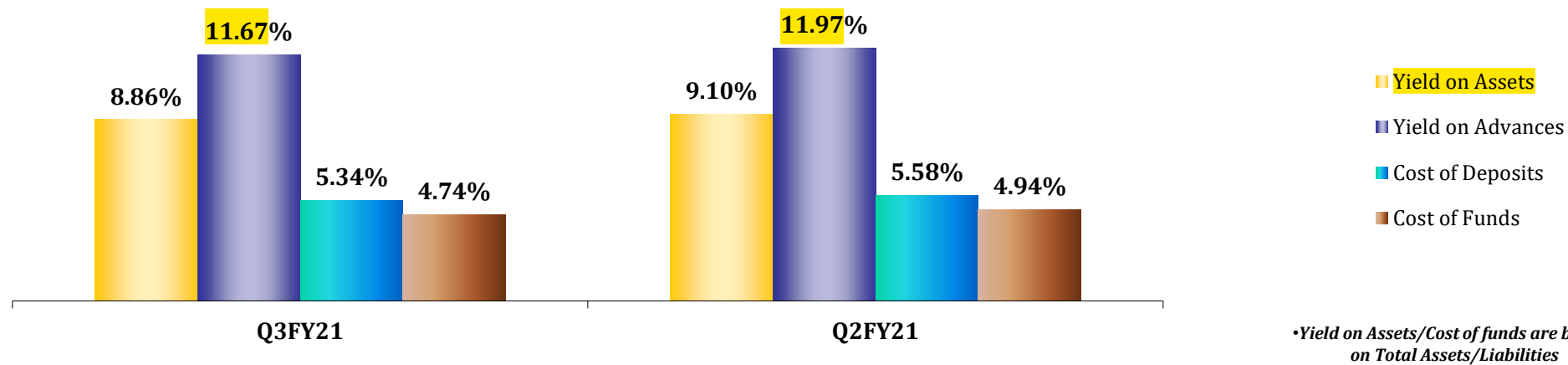
**Corporate Banking
(29%)**

**Consumer Banking
(56%)**

**Trading and Other Income
(15%)**



Yield / Cost Movement



Segment-wise Yield

	Q3FY21		Q2FY21	
	Outstanding (Rs crs)	Yield (%)	Outstanding (Rs crs)	Yield (%)
Corporate Bank	88,482	8.35%	85,427	8.42%
Consumer Finance	1,18,646	14.08%	1,15,820	14.63%
Total	2,07,128	11.67%	2,01,247	11.97%

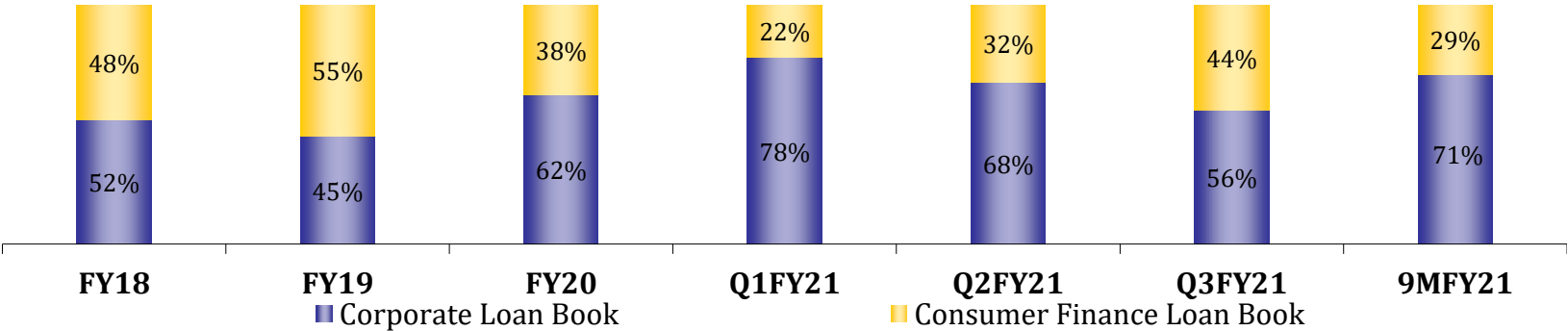


- Specific provision of Rs. 2,357 crs (towards PCR for reported GNPA)
- Provision of Rs. 3,261 crs related to COVID-19 of which:
 - Counter-cyclical Rs.760 crs (towards PCR for reported GNPA)
 - Contingent provisions of Rs. 1,535 crs (towards PCR for *proforma* GNPA)
 - Balance standard provisions of Rs. 966 crs
- Floating provisions of Rs. 70 crs other than related to COVID-19 (towards PCR for reported GNPA)
- Standard asset provision of Rs. 1,015 crs other than related to COVID-19
- Other provisions of Rs. 150 crs on standard assets
- Total loan related provisions at 188% of GNPA and 111% of *proforma* GNPA
- Loan related provisions are 3.31% of the loans



Credit Cost

	(Rs Crs)						
	FY18	FY19	FY20	Q1FY21	Q2FY21	Q3FY21	9MFY21
Corporate Bank	468	2,134	1,893	907	419	238	1,564
Consumer Finance	433	585	1,136	259	201	187	647
Gross Credit Costs	901	2,719	3,029	1,166	620	425	2,211
Gross Credit Costs (Basis Points on Advances)	62	146	146	59	31	21	107
Net Credit Cost	856	2,689	2,973	1,157	602	407	2,167
Net Credit Costs (Basis Points on Advances)	59	144	144	58	30	20	105
PCR	56%	43%	63%	67%	77%	87%	87%



Loan Portfolio - Movement in NPA and Restructured Advances

(Rs Crs)

	Q3FY21			Q2FY21		
	Corporate	Consumer	Total	Corporate	Consumer	Total
Opening Balance	2,930	1,602	4,532	3,388	1,711	5,099
Additions	36	23	59	13	386	399
Deductions	735	205	940	471	495	966
Gross NPA	2,231	1,420	3,651 ^(a)	2,930	1,602	4,532 ^(a)
Net NPA			464			1,056
% of Gross NPA ^(b)			1.74%			2.21%
% of Net NPA ^(b)			0.22%			0.52%
Provision Coverage Ratio (PCR) ^(b)			87%			77%
Restructured Advances			0.60%			0.05%
Restructured + Gross NPA to Advances			2.34%			2.26%

(a) NIL sale to ARC in Q3FY21 as against Rs. 95 crs in Q2FY21

(b) Pursuant to an order by the Hon'ble Supreme Court, no new NPAs recognized since Sep 1, 2020. If such NPAs were recognized under IRAC, the *pro forma* Gross NPA would have been at 2.93% and the *pro forma* Net NPA after considering provisions allocated would have been 0.70%; the resultant *pro forma* PCR is 77%.



NPA Composition – Consumer Finance

(Rs Crs)

Q3 FY21	Com. Vehicle	Utility	Const. Equip.	Small CV	TW	Cars	Tractor	BBG/LAP	HL/PL/Others	Cards	MFI	Total
Gross NPA	378	46	68	58	189	56	43	188	31	10	353	1,420
Gross NPA %	1.58%	0.97%	0.78%	1.60%	3.08%	0.71%	0.70%	0.90%	0.37%	0.18%	1.51%	1.18%

Q2 FY21	Com. Vehicle	Utility	Const. Equip.	Small CV	TW	Cars	Tractor	BBG/LAP	HL/PL/Others	Cards	MFI	Total
Gross NPA	440	53	76	66	223	65	70	189	34	28	358	1,602
Gross NPA %	1.82%	1.17%	0.90%	1.78%	3.80%	0.87%	1.27%	0.89%	0.40%	0.57%	1.58%	1.36%



Strong Balance Sheet & Profitability Buffers in Place

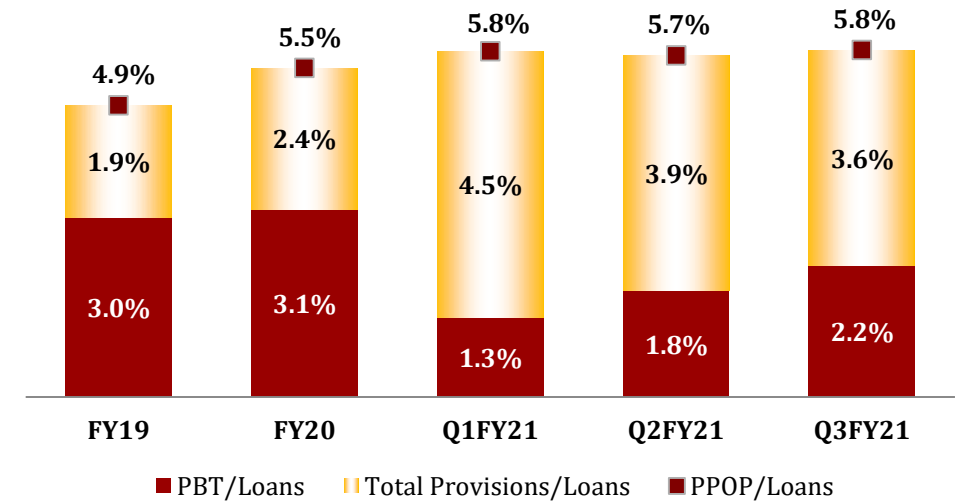
Capital Adequacy

(Rs. in Crores)

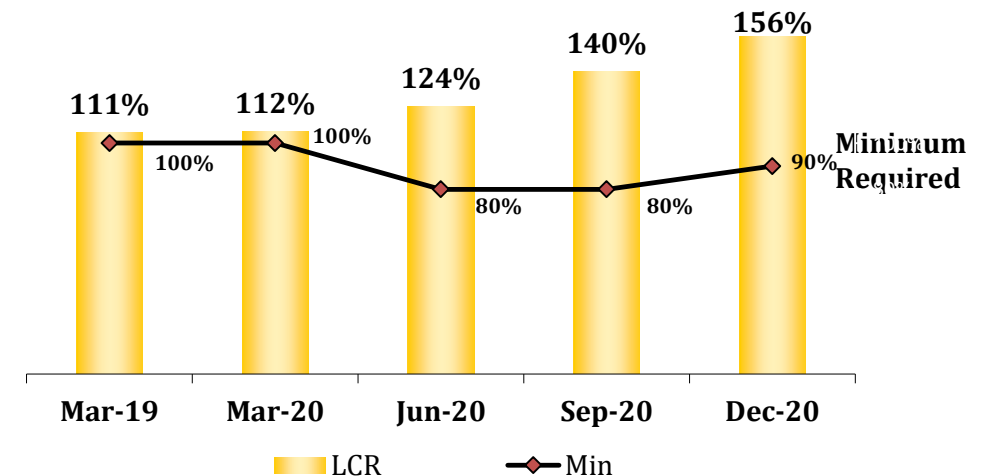
	31 Dec 20	30 Sep 20
Credit Risk, CVA and UFCE	2,28,995	2,24,353
Market Risk	8,105	8,977
Operational Risk	28,353	28,353
Total Risk Weighted Assets	2,65,453	2,61,683
Core Equity Tier 1 Capital Funds	37,962	37,942
Additional Tier 1 Capital Funds	3,490	3,490
Tier 2 Capital Funds	1,918	1,871
Total Capital Funds	43,370	43,303
CRAR	16.34%*	16.55%
CET1	14.30%*	14.50%
Tier 1	15.62%	15.83%
Tier 2	0.72%	0.72%

* CRAR at 16.93% and CET1 at 14.89% including 9M FY 21 PAT

Pre Provision Operating Profit Margin



Liquidity Coverage Ratio



IndusInd Bank

Distribution Expansion to Drive Growth



Note: Numbers given above are total branches in each state

Strengthening Distribution Infrastructure

Particulars	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020
Branches/Banking Outlets	1,851	1,911	1,911	1,910	1,915
BFIL Branches	2,163	2,071	2,079	2,144	2,249
Vehicle Finance Marketing Outlets	859	853	854	841	840
Total	4,873	4,835	4,844	4,895	5,004
ATMs	2,721	2,760	2,721	2,785	2,835

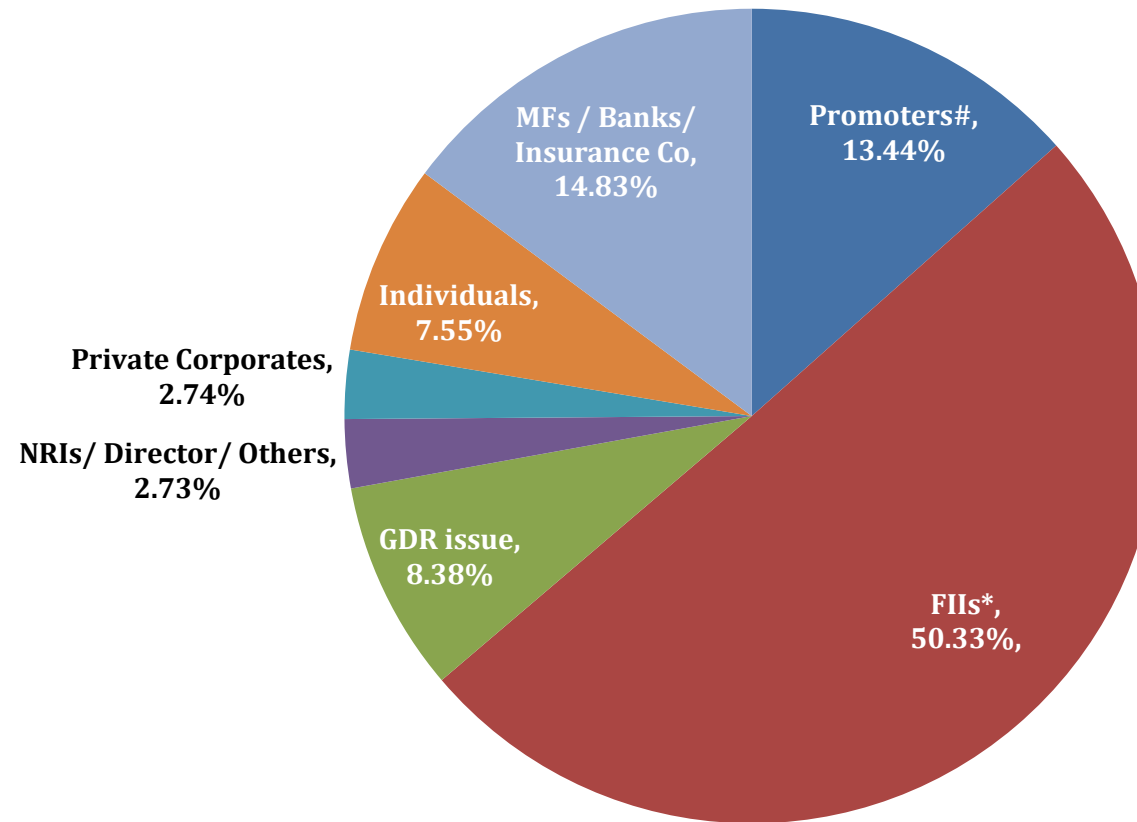
*includes 208 specialized branches and 150 Banking outlets



• Branch/Representative Office



Paid up Capital as of December 31, 2020



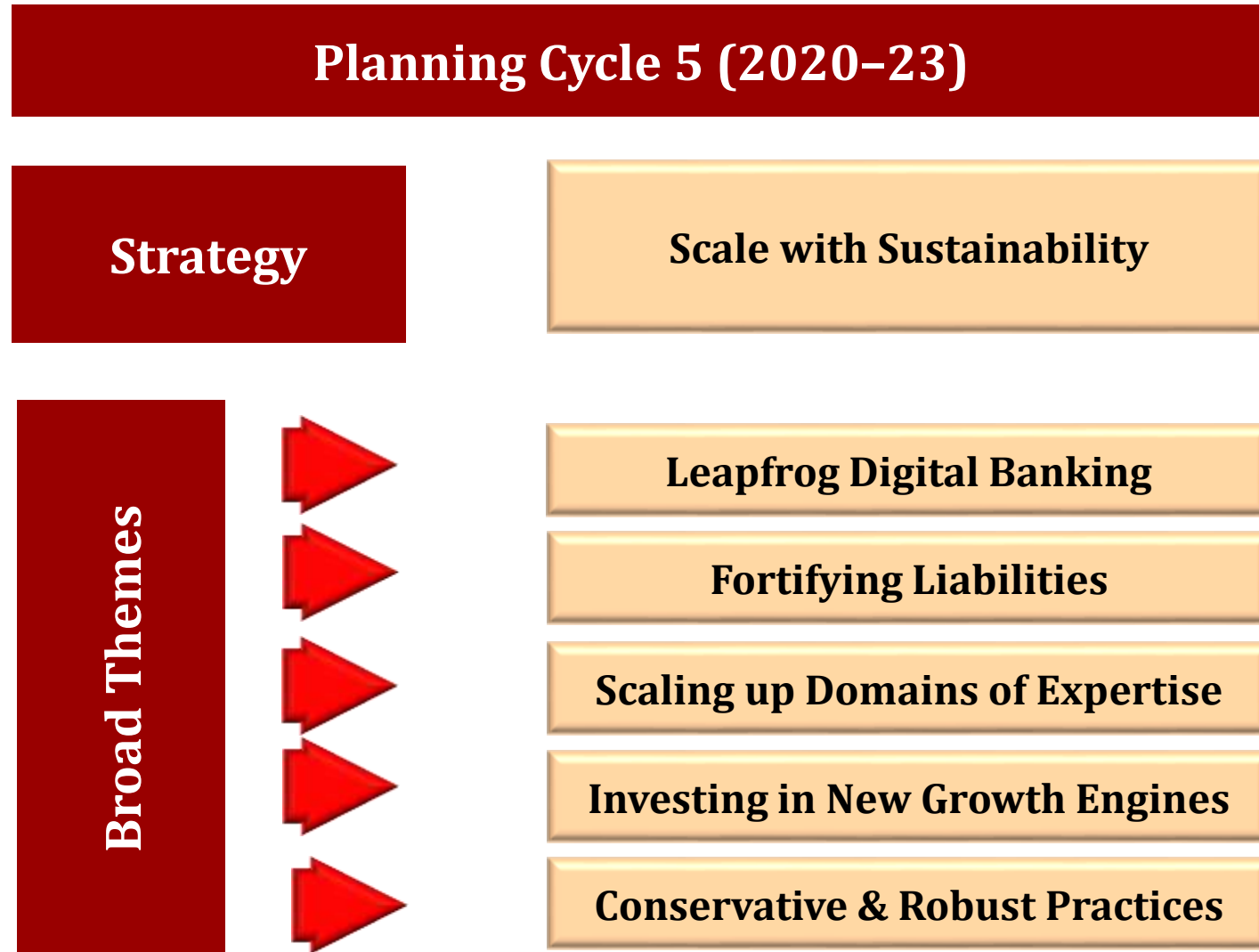
*includes FPIs

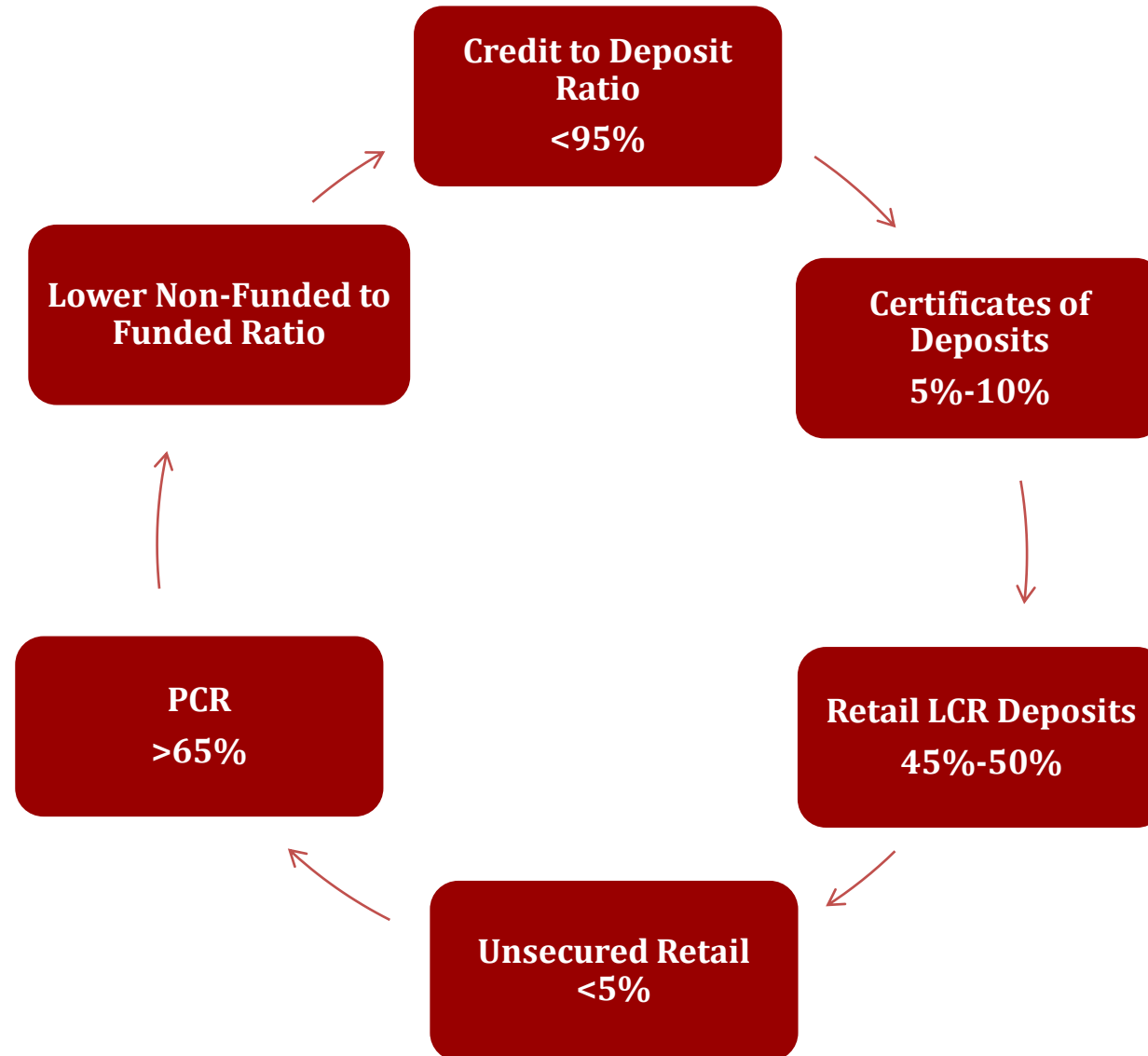
14.92% with diluted capital including warrants/ESOP

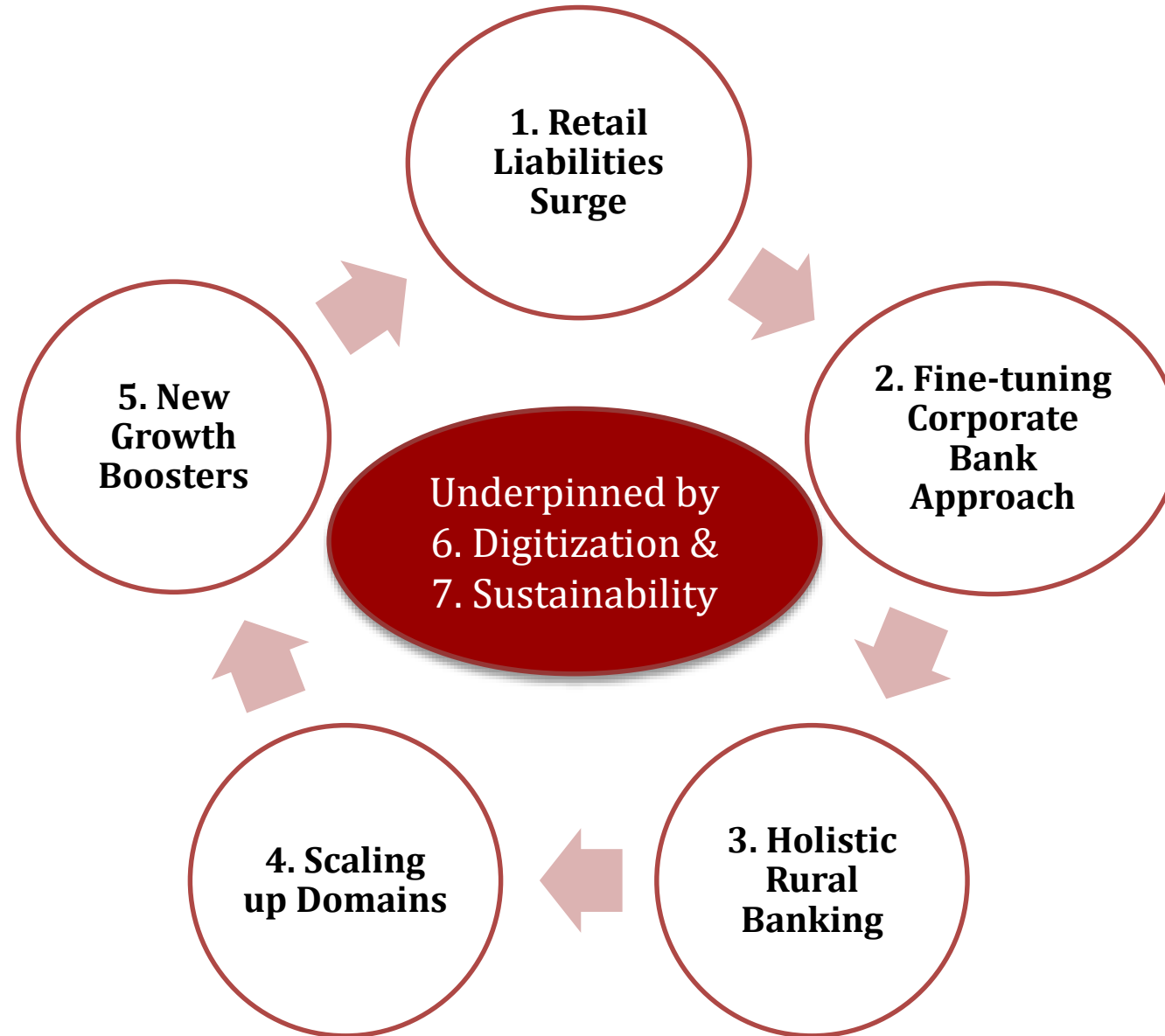


Planning Cycle 5 Strategy









- Continued investment in distribution & leverage maturity of existing network
- Scaling up new businesses such as Affluent, NRI, Gift City
- Invest in digital sourcing through partnerships and building digital offerings for sub-segments
- Surge in rural deposits driven by BFIL integration and doorstep banking approach
- Cost of Deposits differential with the peers to be narrowed while maintaining the acquisition run-rates

Measures of Success – FY23

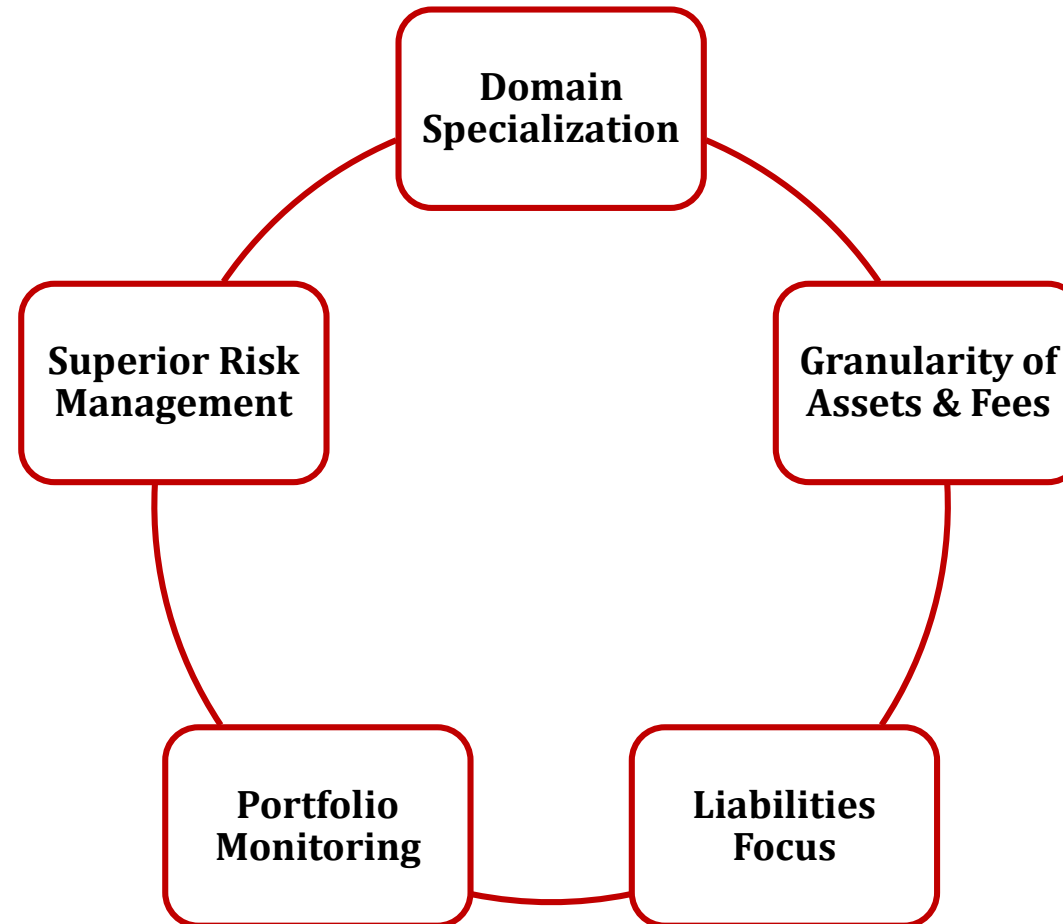
Doubling our Client acquisition run-rate

Retail as per LCR @ 45%-50% of Overall Deposits

Reduction in Top 20 Deposits

Affluent & NRI to contribute >30% of Incremental Deposits

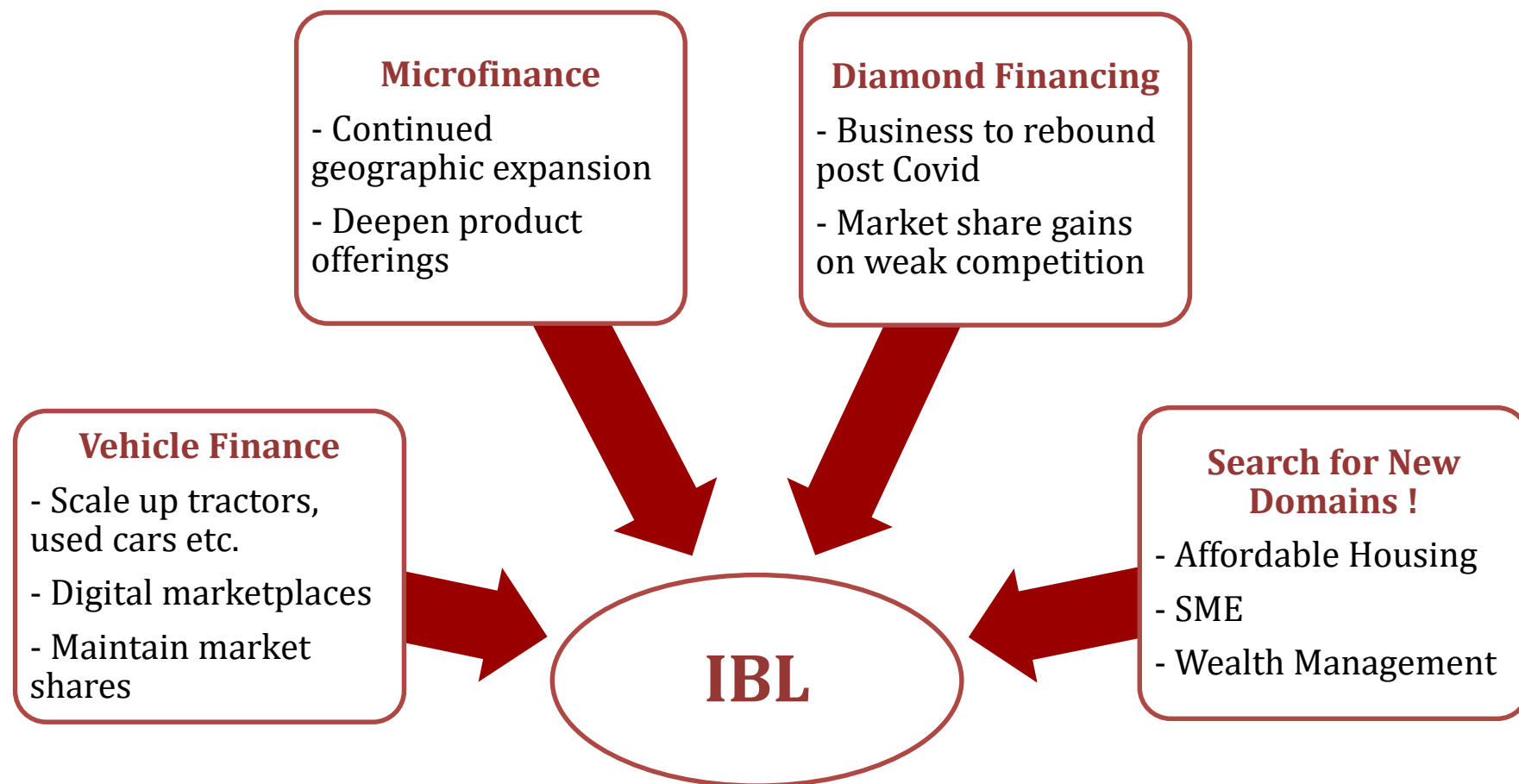




Building Rural Stack	
Distribution	Leverage extensive reach >100,000 Villages
	Unique Bharat Money Stores model – Scale up to 0.4mn
Micro-finance	Continue client acquisition growth of 15%-20%
	Meet lifestyle demand of clients through cross-sell
Farmers	Offer Deposit Products
	Loans – Kisan Credit Card, Tractor Loans, 2W loans, Car loans, CV loans, etc.
Agri MSMEs	Move from product led to solution led approach
	Synergy with Consumer and BFIL to drive retail product penetration in agri value chains of MSMEs
Govt.	Mandates for G2C Disbursements



- Domains have demonstrated strong risk adjusted returns over long term



New Growth Boosters

Affluent Banking

“Pioneer” offering well accepted in the market and will be scaled up

NRI Banking

Ramp-up NR branches, international presence and digital offerings

MSME

Full Stack of Differentiated Offerings for clients across the MSME spectrum

Scale-up PC-4 Initiatives

Tractor Financing

Affordable Housing

Merchant Acquiring



Our Beliefs:

Customer Centricity and human centered design

Improving employee experience

Drive an “agile” Organization Culture

Machine Learning & Advanced Analytics led client persona specific engagement and risk management

Open, modular, micro services based architecture – Banking as a Platform

Connected, Omni-channel capabilities

Ecosystems, Marketplaces, Partnerships and alliances

Inclusive Banking	Retail Individual	Merchant / Retailer	SME	Corporate / Government
Digital Onboarding				
Analytics led Persona Specific Client Engagement				
Risk Management				
End to end Digital Stacks for Deposits, Wealth, Lending and Payments				
Ecosystems & Marketplaces				
Employee Experience – RM Workbench, Share of Wallet tools etc				



Efficiency

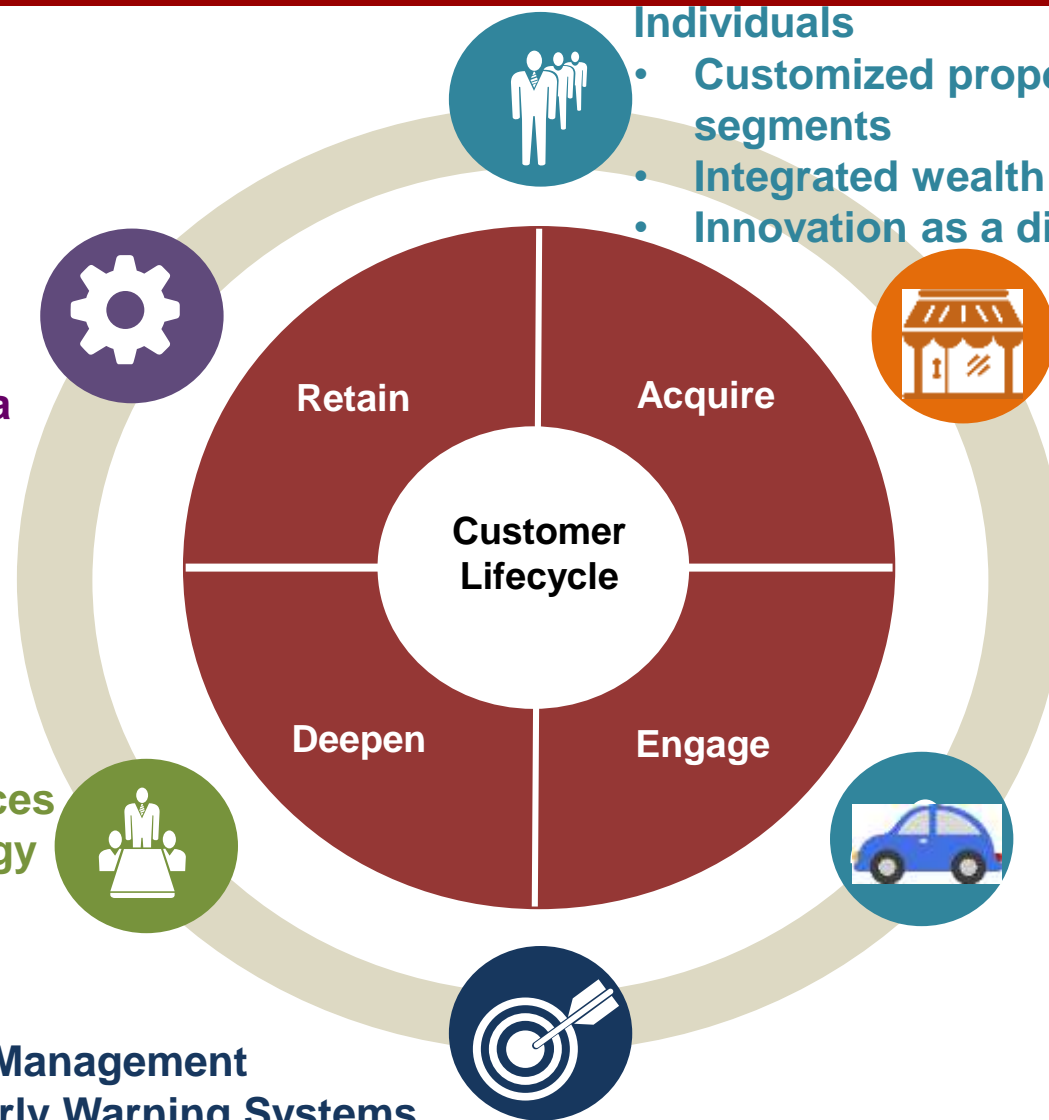
- Employee engagement & productivity
- Rationalising Physical Infra

Partnerships

- Long term win-win alliances
- Agile & Secure Technology Systems

Risk Management

- Early Warning Systems
- Enhanced Data Analytics
- Process Automation



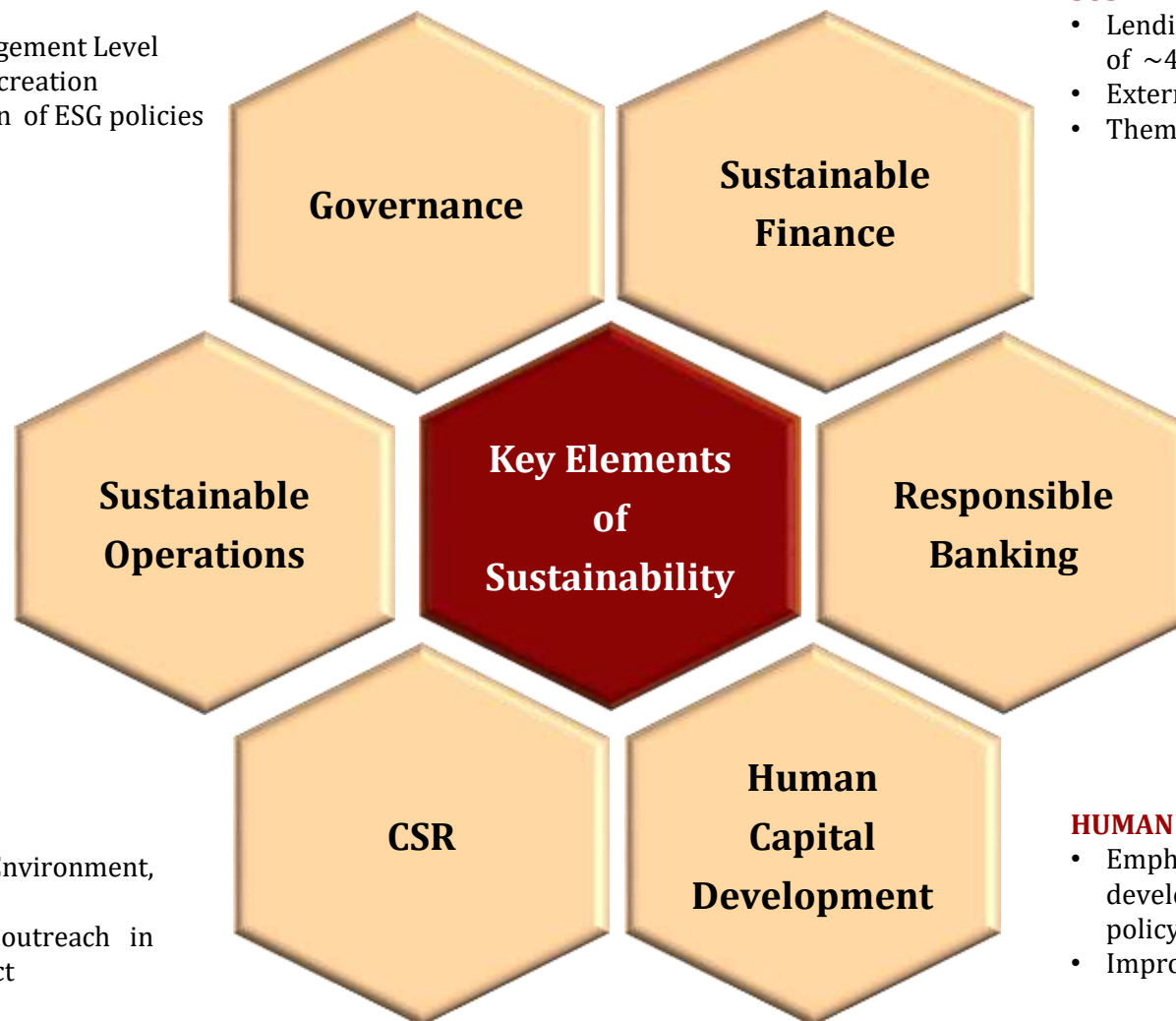
Business Strategy Underpinned by Sustainability

GOVERNANCE

- Clear Governance Structure at Board & Management Level
- Adopt best ESG practices for long term value creation
- Robust framework to oversee implementation of ESG policies

SUSTAINABLE FINANCE

- Lending themes adopted to build positive impact portfolio of ~40% of Bank's Advances
- External Assurance / Certification obtained on annual basis
- Themes linked to Global Sustainable Development Goals



Key Elements of Sustainability

Governance

Sustainable Finance

Responsible Banking

Human Capital Development

CSR

Sustainable Operations

RESPONSIBLE BANKING

- Environmental & Social risk assessment (ESMS) in our lending practices
- Achieve 100% compliance to ESMS by FY 21
- Achieve Corporate Leadership in ESG ratings

HUMAN CAPITAL DEVELOPMENT

- Emphasis on employee diversity, inclusivity and development (ex- Human Rights, Diversity & Inclusion policy; Prevention of sexual harassment policy)
- Improve employee engagement and satisfaction levels

CORPORATE SOCIAL RESPONSIBILITY

- Contributing through 5 major themes : Environment, Health, Education, Livelihoods and Sports
- Leveraging IBL's microfinance business outreach in rural areas to have a larger grass-root impact



Planning Cycle 5 (2020-23)

Resulting in	Loan Growth	▶	15% - 18%*
	CASA Ratio	▶	> 40%
	Revenue Growth	▶	Exceed Balance Sheet Growth
	PPOP / Loans	▶	> 5%
	Branch Network	▶	2,500
	Customer Base	▶	Double to >45mn

* For FY22-FY23



Accolades





**First Bank to go live on RBI's
"Account Aggregator Framework"
(FIP Launch)**



**Awarded "Outstanding Response to COVID-
19, Branchless Banking" in Global Retail
Banking Innovation Awards 2020 – The
Digital Banker**



**Awarded Silver Category in "Best
Mobile Search Campaign" in 11th India
Digital Awards – Internet and Mobile
Association of India**



**Awarded as 2020 APAC
Innovation Award – RED HAT**



**Awarded as "Most Innovative
Company" for Multi-cloud
platform in Business Impact
Awards 2020 – Economic Times
and vmware**





IndusInd Bank is presented with 2 awards at the Finacle Innovations Awards 2020 for technology implementations

- Product Innovation
- Transformation Excellence



IndusInd Bank is awarded with the Infosys Finacle Client Innovations Awards 2020 for Alexa and Chatbot Implementations



IndusInd Bank received two awards at the CSR Times Awards 2020-21.

- In the Water Conservation & Management: For its efforts in Rainwater Harvesting in Rajasthan
- In the Education Category: For its Road To School Programme in Odisha



Thank You



IndusInd Bank

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