

IndusInd Bank

**Investor Presentation
Q1-2019-20**

July 12, 2019

Q1 – FY20 Performance Highlights

- Integration of Bharat Financial Inclusion Limited (BFIL) with IndusInd Bank Limited completed
- Q1 FY 20 marked by strong QoQ growth in headline numbers
- Q1 consolidated PAT growth up by 38%
- Core fee up by 22% YoY
- Credit growth up 28% and Deposit growth up 26% well above industry growth
- Efficiency ratio at 42.52%
- Loan book quality stable
- Credit Cost for Q1 at 16 bps, SMA2 at 17 bps
- Client base touches 21 million; on boarded 6 million during the quarter
- Post merger capital accretion, CRAR at 14.90%, including profit at 15.47%, post promoter contribution at 15.76%



Planning Cycle 4 (2017-2020) - Plan vs Outcome

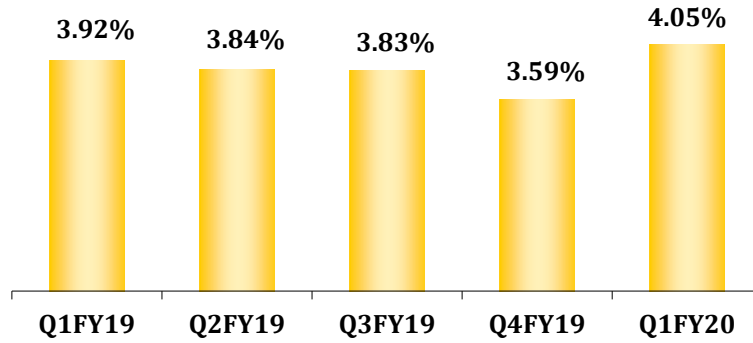
				Q1 FY20 Outcome Consolidated	Q1 FY20 Outcome Standalone
Resulting in	Loan Growth	▶	25% - 30%	28%	26%
	CASA Ratio	▶	40%	43%	43%
	Revenue Growth	▶	Exceed Balance Sheet Growth	32%	17%
	RoRWA	▶	> 2.4%	2.57%	2.28%
	Branch Network	▶	2,000	1701*	1701*
	Customer Base	▶	Double to >20mn	On track	On track

* includes 65 banking outlets

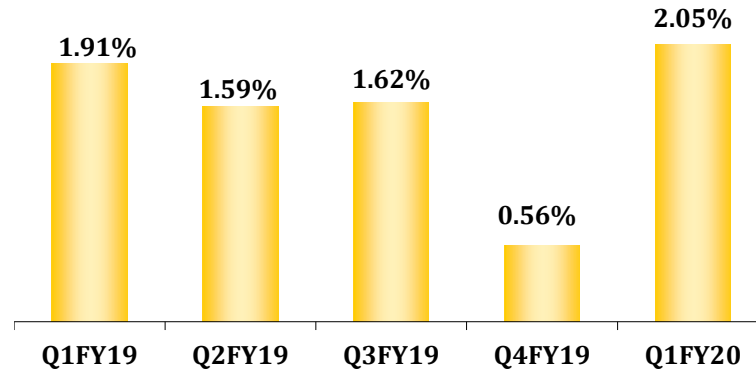


How We Measure Up On Key Metrics

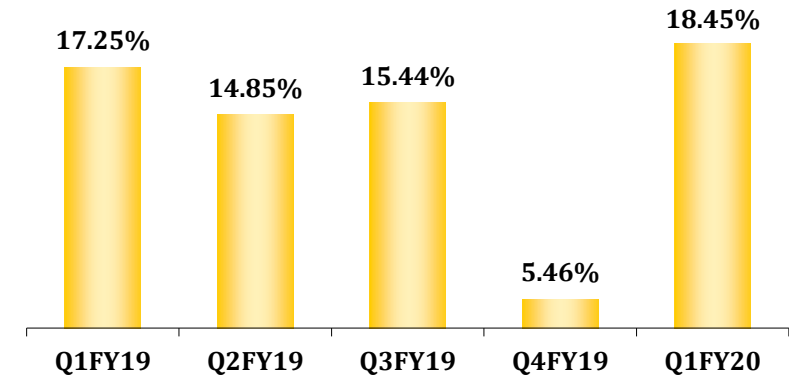
Net Interest Margin (NIM)



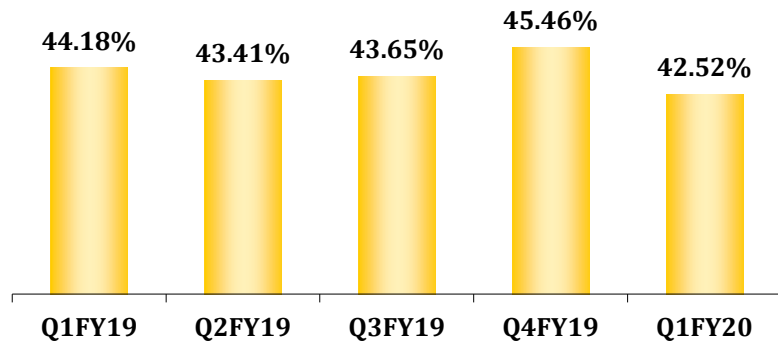
RoA



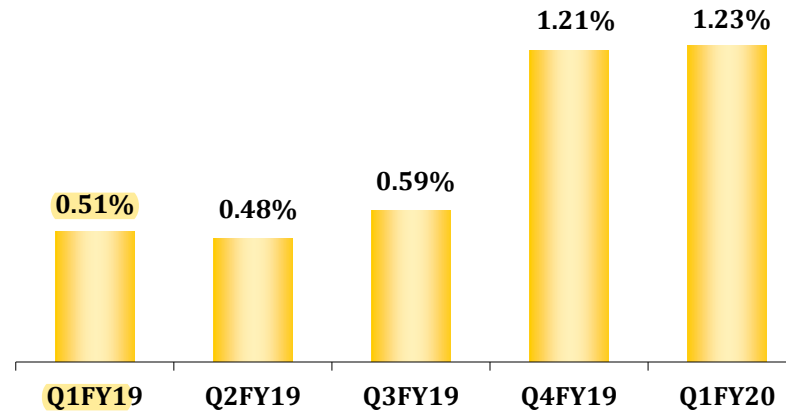
RoE#



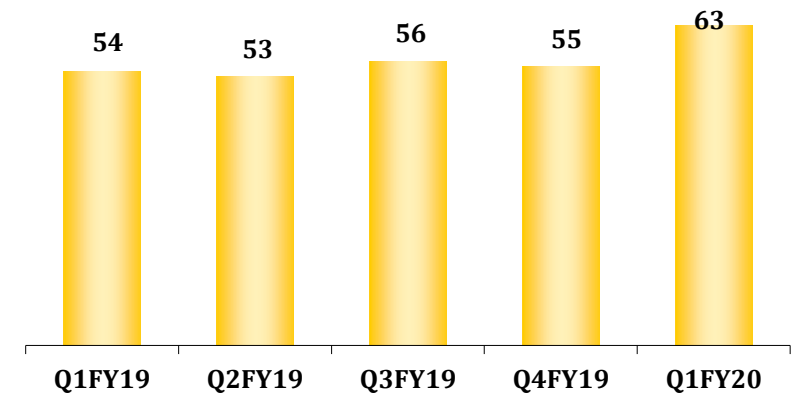
Cost / Income



Net NPA



Revenue / Employee (Rs Lakhs)



Consistent delivery of strong operating performance



Domestic Rating:

- **CRISIL AA +** for Infra Bonds program
- **CRISIL AA** for Additional Tier I Bonds program
- **CRISIL A1+** for certificate of deposit program
- **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:

- **Baa3** as Issuer, Bank Deposits and Senior Unsecured MTN ratings by Moody's Investors Service
- **P3** as Short Term Issuer Rating by Moody's Investors Service



Financial Performance

Consolidated post merger of BFIL
(effective July 04, 2019 with appointed date Jan. 01, 2018)
(Business Banking and MFI classified under Consumer Segment as per Industry Practice*)

*** Previous year periods not comparable**



Steady Headline Numbers for Q1-FY20

		Y-o-Y Growth*	Q-o-Q Growth*
Net Interest Income	Rs. 2,844 crs	34%	27%
Total Fee Income	Rs. 1,663 crs	28%	7%
Revenue	Rs. 4,507 crs	32%	19%
Operating Profit	Rs. 2,591 crs	36%	25%
Net Profit	Rs. 1,433 crs	38%	298%

*Excluding BFIL



		Y-o-Y Growth	Q-o-Q Growth
Advances	Rs. 1,93,520 crs	28%	4%
Deposits	Rs. 2,00,586 crs	26%	3%
CASA	Rs. 86,341 crs	25%	3%
SA	Rs. 57,652 crs	21%	6%
Borrowings	Rs. 49,764 crs	34%	5%

*Regrouped. For Details Refer Slide No 14



Balance Sheet

(Rs Crs)

	Q1FY20	Q1FY19	Y-o-Y (%)	Q4FY19	Q-o-Q (%)
Capital & Liabilities					
Capital	693	600	15% ▲	603	15% ▲
Reserves and Surplus	31,365	24,321	29% ▲	26,083	20% ▲
Deposits	2,00,586	1,58,862	26% ▲	1,94,868	3% ▲
Borrowings	49,764	37,040	34% ▲	47,321	5% ▲
Other Liabilities and Provisions	10,638	8,056	32% ▲	8,944	19% ▲
Total	2,93,046	2,28,879	28% ▲	2,77,819	5% ▲
Assets					
Cash and Balances with RBI	9,797	8,658	13% ▲	9,961	(2%) ▼
Balances with Banks	11,645	3,332	249% ▲	4,822	141% ▲
Investments	60,734	52,673	15% ▲	59,266	2% ▲
Advances	1,93,520	1,50,675	28% ▲	1,86,394	4% ▲
Fixed Assets	1,774	1,349	31% ▲	1,710	4% ▲
Other Assets	15,576	12,192	28% ▲	15,666	(1%) ▼
Total	2,93,046	2,28,879	28% ▲	2,77,819	5% ▲
Business (Advances + Deposit)	3,94,106	3,09,537	27% ▲	3,81,261	3% ▲



Profit and Loss Account – Q1FY20

	(Rs Crs)				
	Q1FY20	Q1FY19	Y-o-Y (%)	Q4FY19	Q-o-Q (%)
Net Interest Income	2,844	2,122	34% ▲	2,232	27% ▲
Other Income	1,663	1,302	28% ▲	1,559	7% ▲
Total Income	4,507	3,424	32% ▲	3,791	19% ▲
Operating Expenses	1,916	1,513	27% ▲	1,724	11% ▲
Operating Profit	2,591	1,911	36% ▲	2,068	25% ▲
Provisions & Contingencies	431	350	23% ▲	1,561	(72%) ▼
Credit Cost	304	209	46% ▲	2,005	(85%) ▼
Others incl. Standard Prov.	126	141	(10%) ▼	(444)	- ▼
Profit before Tax	2,160	1,561	38% ▲	507	326% ▲
Provision for Tax	728	525	39% ▲	147	395% ▲
Profit after Tax	1,433	1,036	38% ▲	360	298% ▲

Merger of BFIL effective July 04, 2019 with appointed date Jan. 01, 2018. Previous year periods not comparable.

IBL Standalone and Merged Performance

Rs crores	Q1FY20 IBL Standalone	Q1FY19 IBL Standalone	IBL Y-o-Y (%)	Q1FY20 IBL + BFIL	IBL Y-o-Y (%)
Net Worth	27,620	24,561	12% ▲	31,734	29% ▲
Advances	1,89,962	1,50,675	26% ▲	1,93,520	28% ▲
Net Interest Income	2,419	2,122	14% ▲	2,844	34% ▲
Other Income	1,602	1,302	23% ▲	1,663	28% ▲
Total Income	4,021	3,424	17% ▲	4,507	32% ▲
Operating Profit	2,240	1,911	17% ▲	2,591	36% ▲
Profit after Tax	1,220	1,036	18% ▲	1,433	38% ▲
Earning Per Share (Rs)	80.94	69.00		82.74	
Book Value Per Share (Rs)	458	409		458	



Key Financial Indicators

	Q1FY20	Q1FY19	Q4FY19
Return on Assets	2.05%	1.91%	0.56%
ROE (On average equity)	18.45%	17.25%	5.46%
Cost / Income Ratio	42.52%	44.18%	45.46%
Net Interest Margin	4.05%	3.92%	3.59%
Net NPA	1.23%	0.51%	1.21%
EPS (annualized, Rs. per share)	82.74	69.00	24.37
Capital + Reserves (Excl. Revaluation Reserve) (Rs. in crs)	31,734	24,561	26,360

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Bharat Financial Inclusion Limited – Operational Update

	Q1FY20	Q1FY19	Y-o-Y(%)	Q4FY19	Q-o-Q(%)
Branches	1,938	1,639	18% ▲	1,854	5% ▲
Centers (Sangam)*	3,53,675	3,07,798	15% ▲	3,46,870	2% ▲
Employees	20,590	17,415	18% ▲	19,816	4% ▲
Members (mn)*	9.0	7.8	15% ▲	8.8	2% ▲
Active borrowers (mn)*	7.5	6.4	17% ▲	7.4	2% ▲
Disbursements (Rs cr)	6,135	6,260	(2%) ▼	6,568	(7%) ▼
Gross Loan Portfolio (Rs cr)	17,497**	13,850	26% ▲	17,417	0.5% ▲
Off-take Average excluding Cross Sell (Rs)	27,307	26,820	2% ▲	27,116	1% ▲
Active borrowers / No. of Sangam Managers	615	645	(5%) ▼	607	1% ▲

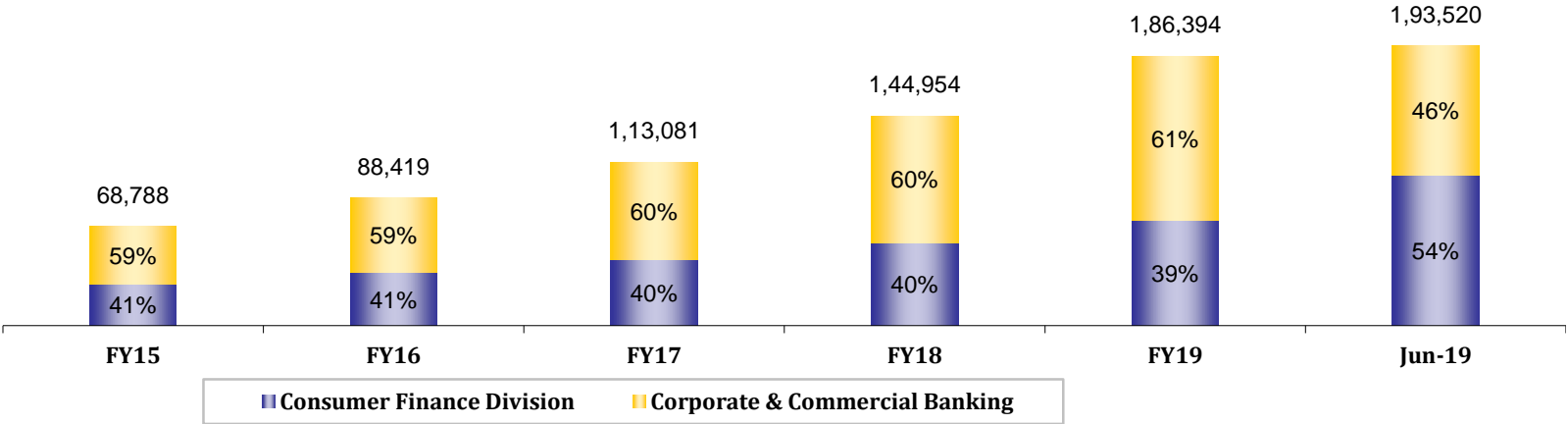
* Excluding AP & Telangana

**Portfolio securitized and assigned with other banks is Rs. 1,811 crs



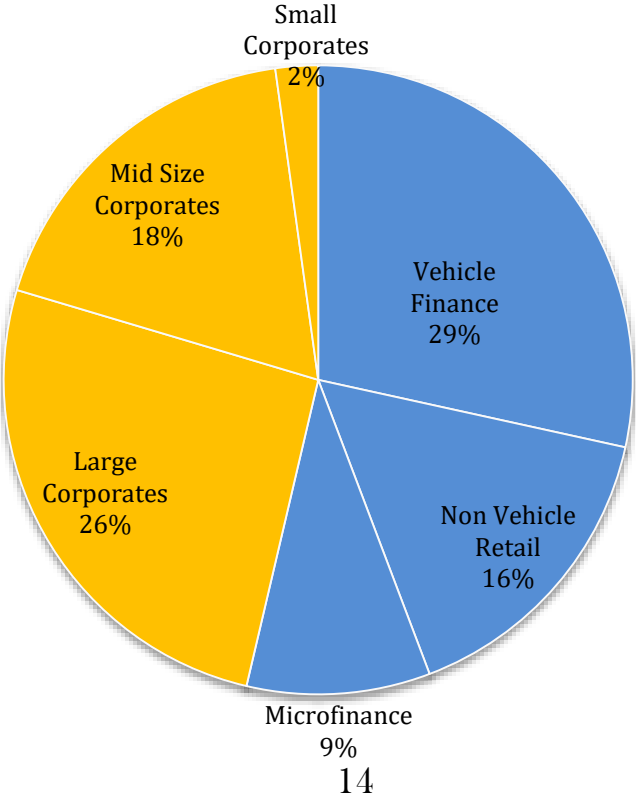
Well Diversified Loan Book

Loan Book (Rs crs)



(Rs crs)		
Corporate Banking	Jun-19	
Large Corporates	50,212	26%
Mid size Corporates	35,221	18%
Small Corporates	4,231	2%
Total Advances	89,664	46%

Merger of BFIL effective July 04, 2019 with appointed date Jan. 01, 2018. Previous year periods not comparable.



(Rs crs)		
Consumer Finance	Jun-19	
Vehicle Loans	55,046	28%
Comm. Vehicle Loans	24,853	13%
Utility Vehicle Loans	3,846	2%
Small CV	3,248	2%
Two Wheeler Loans	4,661	2%
Car Loans	6,792	4%
Tractor	3,770	2%
Equipment Financing	7,876	4%
Non-Vehicle Loans	30,565	16%
Credit Card	3,911	2%
Loan Against Property	8,678	4%
BBG	10,984	6%
BL, PL, GL, AHL, Others	6,992	3%
Microfinance*	18,245	9%
Total Advances	1,03,856	54%

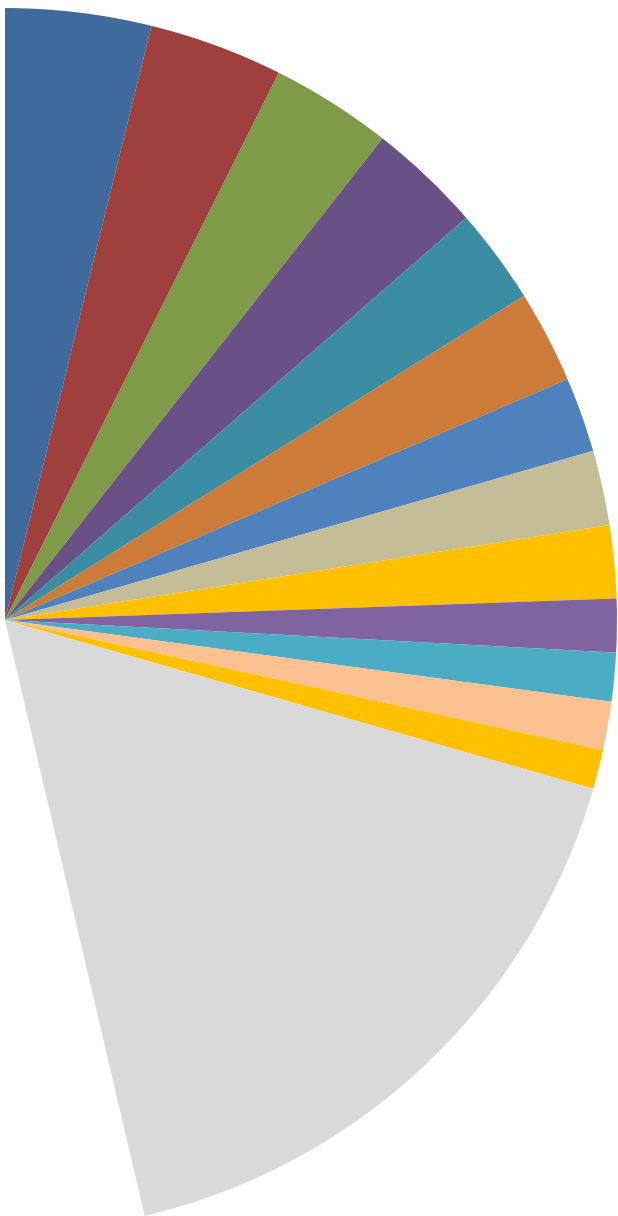
*includes BFIL



- **Three groups, one each in Media / Diversified / Housing Finance sectors speculated as being stressed**
- **Bank's funded and non-funded exposure to these groups is 1.67% of the loan book net of provisions held**
- **Consolidated security cover of 147% for the exposures held by us, of which marketable security in the form listed shares covers 61% of the total exposure as on date**
- **All above accounts remain standard in the Bank's books**



Diversified Corporate Loan Book



Sector	%	SMA2 (Rs.crs)
Real Estate	3.85%	0
Gems and Jewellery	3.54%	0
Lease Rental	3.20%	5
NBFCs (other than HFCs)	3.00%	0
Power Generation	2.53%	0
Steel	2.45%	0
Constn related to infra.- EPC	1.98%	0
Services	1.97%	13
Roads/other infra projects	1.92%	0
Housing Finance Companies	1.41%	0
Food Beverages and Food processing	1.28%	0
Telecom- Cellular	1.28%	0
Media,Entertainment & Advt	1.04%	0
Other Industry	16.88%	246
Corporate Banking	46.33%	265
Consumer Banking	54.67%	59
Total	100.00%	324

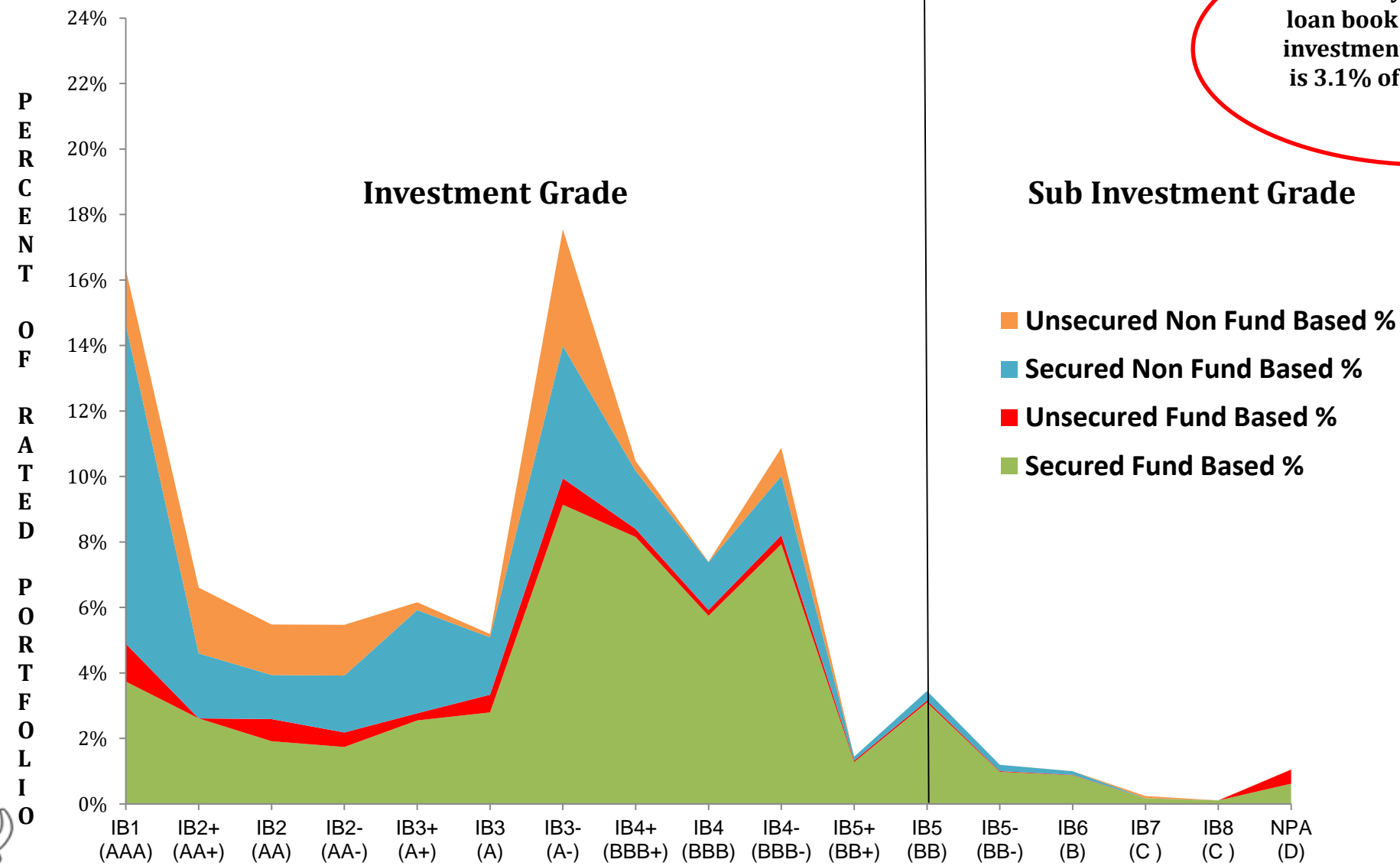
SMA 1 Outstanding:
0.18% of loans

SMA 2 Outstanding:
0.17% of loans

**Accounts in SMA1 &
SMA2: 48**



Well Rated Corporate Portfolio

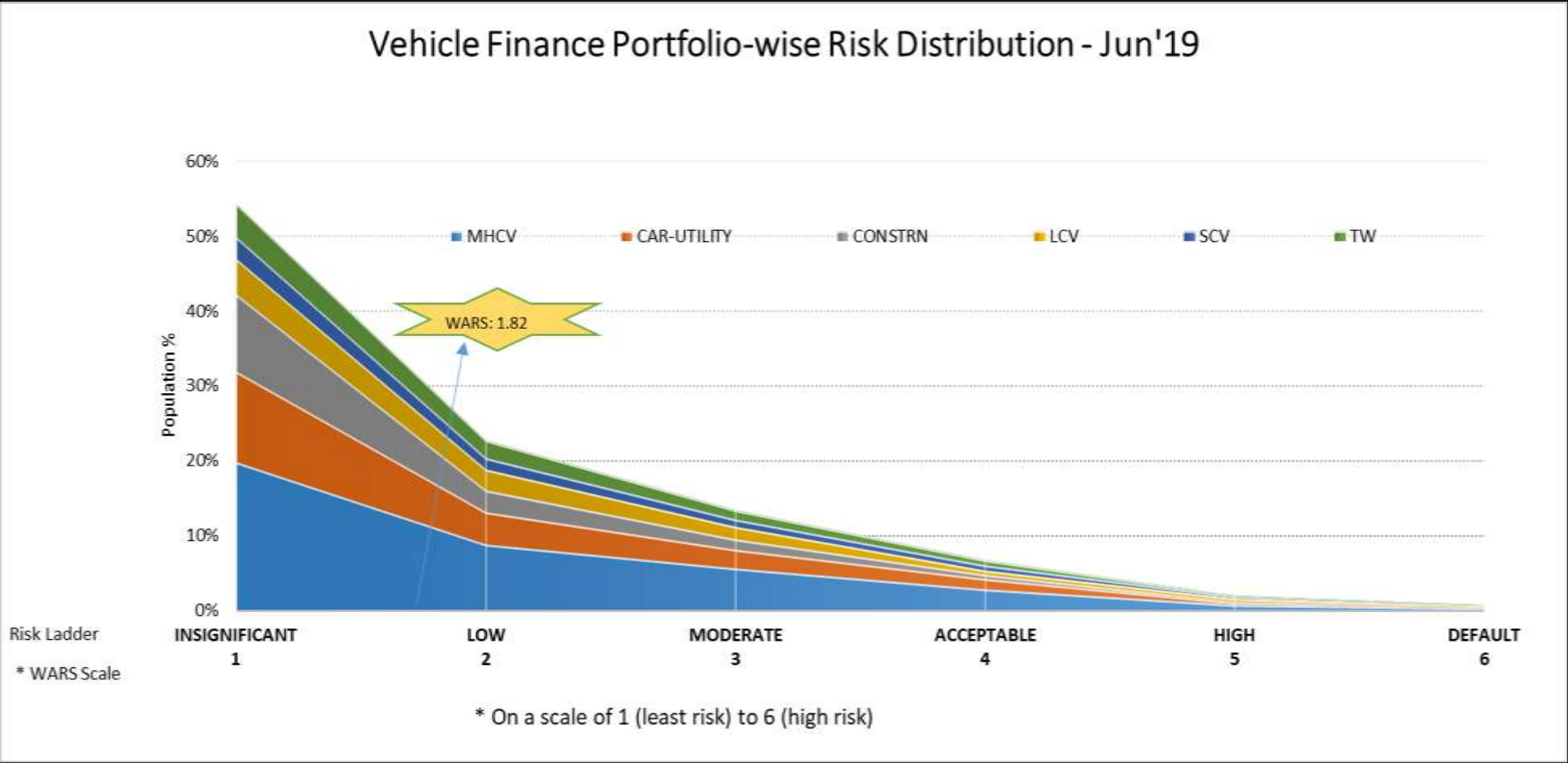


Externally rated standard loan book portfolio in sub investment grade category is 3.1% of total loan book



Behavioural Scoring affirms quality of Vehicle Financing Portfolio

- Behavioural Score (B-score) measures post disbursement credit quality using long range historical data.
- B-score assesses every borrower risk using Current and Historical DPD, LTV, Geography, Loan tenor, Customer type, etc.
- B-score is used for credit / portfolio quality assessment, improving collection efficiency, cross-sell and is a lead indicator of credit cost.



Q-o-Q Movement in Weighted Average Risk Score (WARS):

Quarter	Mar'17	Jun'17	Sep'17	Dec'17	Mar'18	Jun'18	Sep'18	Dec'18	Mar'19	Jun'19
WARS	1.82	1.89	1.89	1.84	1.73	1.77	1.80	1.82	1.75	1.82

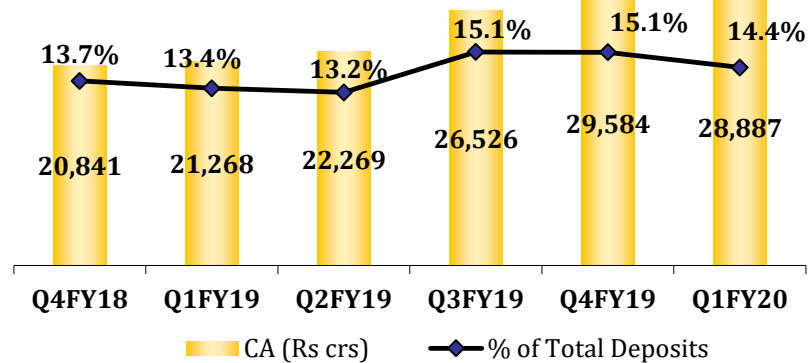


Improving CASA profile

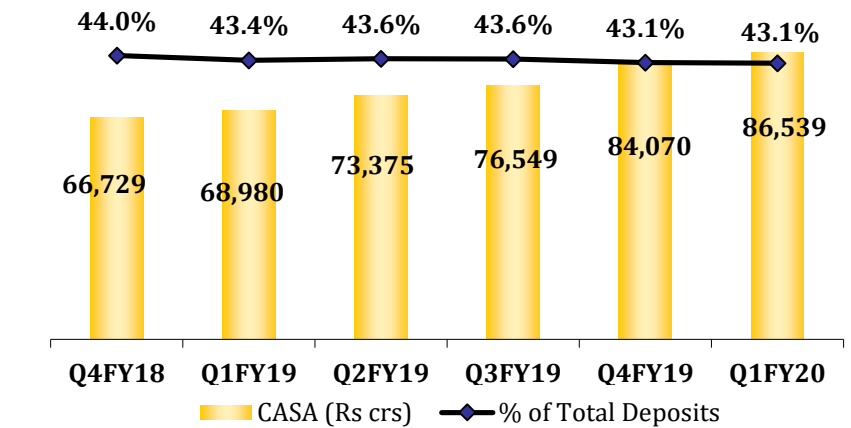
Building CASA traction

- Expanding branch network
- Focus on target market segments
 - Government business
 - Capital market flows
 - Key Non Resident markets
 - Self employed and Emerging Corporate businesses
 - Transaction Banking and CMS Mandates
- Differentiated service propositions

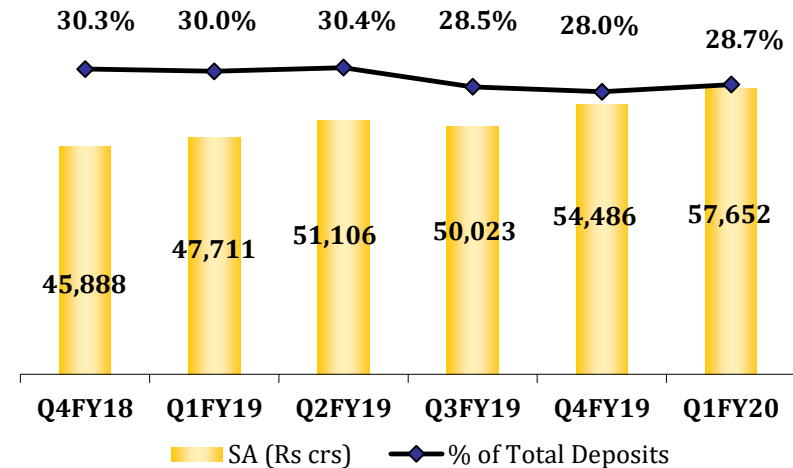
Current Account (CA)



CASA Uptick



Savings Account (SA)



Other Income

(Rs Crs)

	Q1FY20	Q1FY19	Y-o-Y (%)	Q4FY19	Q-o-Q (%)
Core Fee	1,422	1,165	22% ▲	1,419	1% ▲
Securities/MM/FX Trading/Others	241	137	76% ▲	140	72% ▲
Total	1,663	1,302	28% ▲	1,559	7% ▲

**Merger of BFIL effective July 04, 2019 with appointed date Jan. 01, 2018.
Previous year periods not comparable.**



Diverse Revenues from Core Fee Income

(Rs Crs)

	Q1FY20	Q1FY19	Y-o-Y(%)	Q4FY19	Q-o-Q(%)
Trade and Remittances	164	141	16% ▲	189	(13%) ▼
Foreign Exchange Income	250	228	10% ▲	289	(14%) ▼
Distribution Fees (Insurance, MF, Cards)	302	278	9% ▲	302	- ▲
General Banking Fees	90	80	13% ▲	84	8% ▲
Loan Fees	337	230	47% ▲	328	3% ▲
Investment Banking	235	208	13% ▲	228	3% ▲
PSLC	43	-	- ▲	-	- ▲
Total Core Fee Income	1,422	1,165	22% ▲	1,419	1% ▲

Growth momentum continues on regular fee flows

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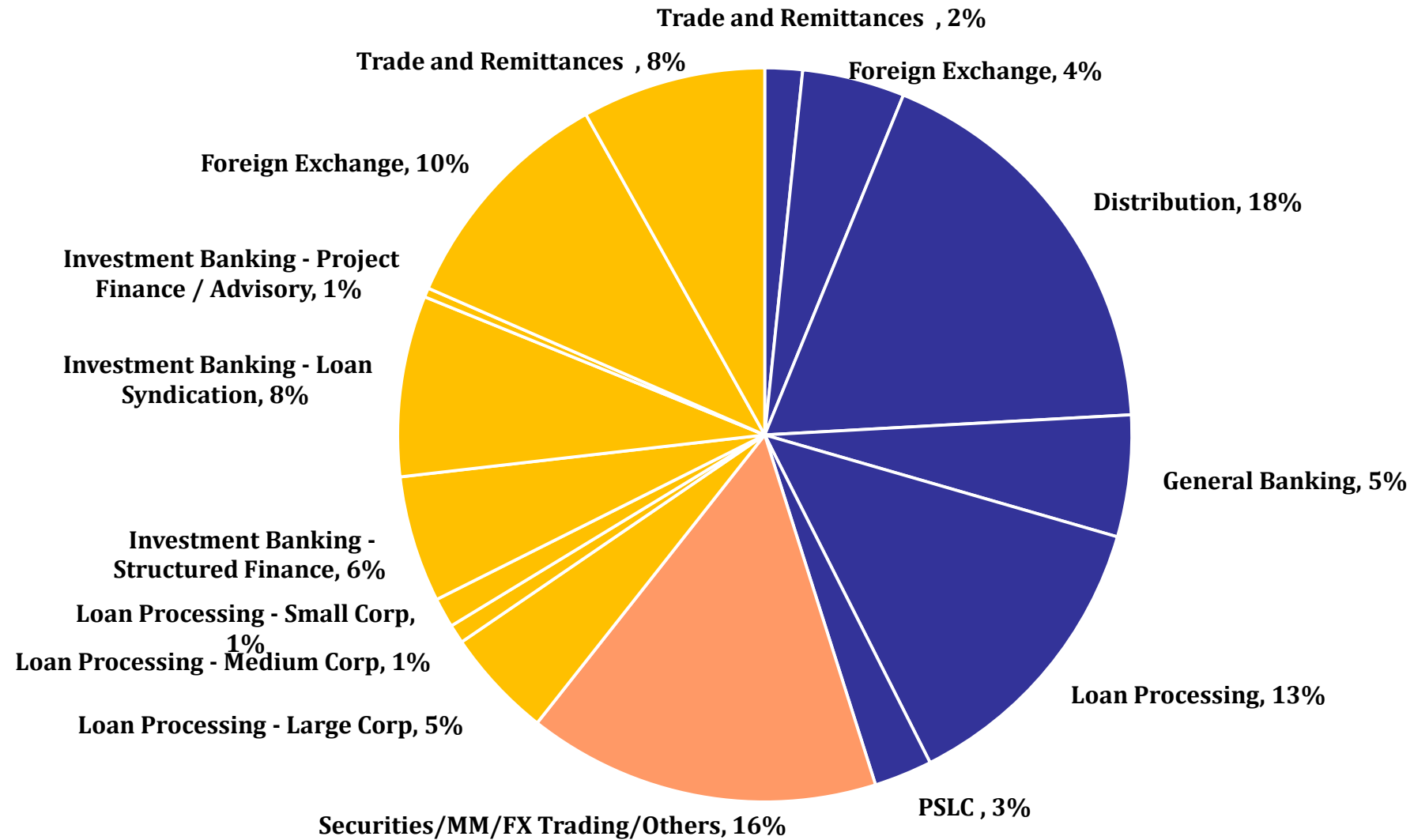


Diversified and Granular Fee Streams – Q1-FY20 (to update)

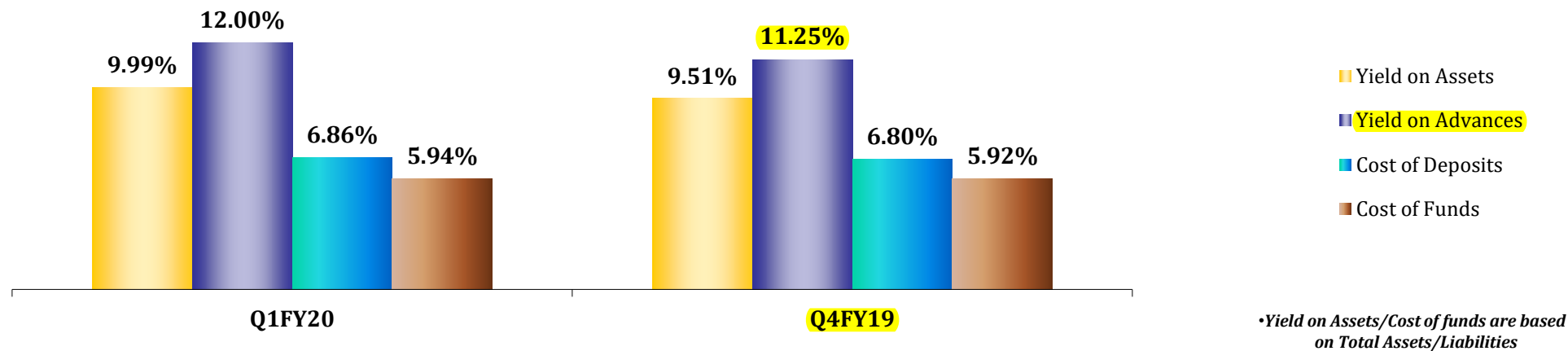
**Corporate Banking
(39%)**

**Consumer Banking
(45%)**

**Trading and Other Income
(16%)**



Yield / Cost Movement



Segment-wise Yield

	Q1FY20		Q4FY19	
	Outstanding (Rs crs)	Yield (%)	Outstanding (Rs crs)	Yield (%)
Corporate Bank	89,664	9.06%	1,13,763	9.29%
Consumer Finance	1,03,856	14.57%	72,684	14.05%
Total	1,93,520	12.00%	1,86,447	11.25%

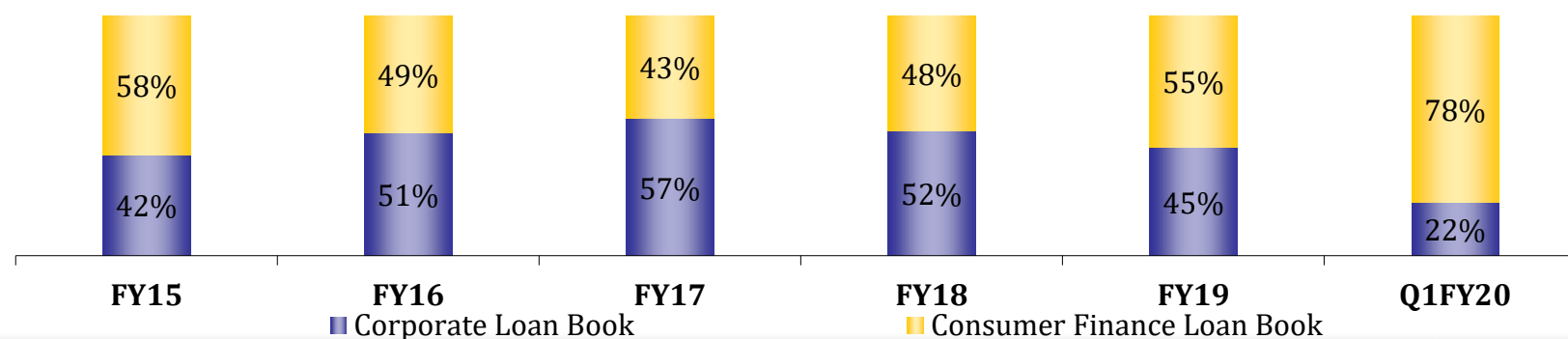
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Previous year periods not comparable.



Credit Cost

(Rs Crs)

	FY15	FY16	FY17	FY18	FY19	Q1FY20
Corporate Bank	144	258	401	468	2,134	67
Consumer Finance	195	244	303	433	585	238
Gross Credit Costs	339	502	704	901	2,719	304
Gross Credit Costs (Basis Points on Advances)	49	57	62	62	146	16
Net Credit Cost	323	468	672	856	2,689	293
Net Credit Costs (Basis Points on Advances)	48	53	59	59	144	15
PCR	63%	59%	58%	56%	43%	43%



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Loan Portfolio - Movement in NPA and Restructured Advances

(Rs Crs)

	Q1FY20			Q4FY19		
	Corporate	Consumer	Total	Corporate	Consumer	Total
Opening Balance	2,841	1,106	3,947	1,203	765	1,968
Additions	175	550	725	3,230	458	3,688
Deductions	113	359	472	1,345	364	1,709
Gross NPA	2,902	1,297	4,200*	3,088	859	3,947*
Net NPA			2,381			2,248
% of Gross NPA			2.15%			2.10%
% of Net NPA			1.23%			1.21%
Provision Coverage Ratio (PCR)			43%			43%
Restructured Advances			0.08%			0.09%
Restructured + Gross NPA to Advances			2.25%			2.21%

*After sale to ARC Rs. 47 crs (Rs. 185 crs)

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NPA Composition – Consumer Finance

(Rs Crs)

Q1-FY20	Com. Vehicle	Utility	Const. Equip.	Small CV	TW	Cars	Tractor	BBG/LAP	HL/PL/Others	Cards	MFI	Total
Gross NPA	324	48	66	45	169	52	56	266	72	88	111	1,297
Gross NPA %	1.30%	1.23%	0.84%	1.38%	3.56%	0.76%	1.49%	1.35%	1.02%	2.22%	0.61%	1.24%

Q4-FY19	Com. Vehicle	Utility	Const. Equip.	Small CV	TW	Cars	LAP/HL/PL	Tractor	Cards	Total
Gross NPA	285	47	54	44	171	52	62	62	82	859
Gross NPA %	1.16%	1.29%	0.71%	1.38%	3.75%	0.79%	0.42%	1.76%	1.87%	1.18%

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	(Rs Crs)		
	30 Jun 19	30 Jun 19	31 Mar 19
	Basel – III	Incl. Q1 PAT	Basel – III
Credit Risk, CVA and UFCE	1,99,418	1,99,418	1,82,948
Market Risk	8,690	8,690	8,615
Operational Risk	22,986	22,986	22,986
Total Risk Weighted Assets	2,31,094	2,31,094	2,14,549
Core Equity Tier 1 Capital Funds	29,955	31,261	25,905
Additional Tier 1 Capital Funds	3,490	3,490	3,490
Tier 2 Capital Funds	993	993	975
Total Capital Funds	34,438	35,744	30,370
CRAR	14.90%	15.47%	14.16%
CET1	12.96%	13.53%	12.07%
Tier 1	14.47%	15.04%	13.70%
Tier 2	0.43%	0.43%	0.45%

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Distribution Expansion to Drive Growth

Strengthening Distribution Infrastructure

Particulars	Sept. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
IBL Branches/Banking Outlets	1,466	1,558	1,665	1,701*
BFIL Branches	-	-	-	1,938
Vehicle Finance Marketing Outlets	914	869	845	855
Total Branches/Outlets	2,380	2,427	2,510	4,494
ATMs	2,372	2,453	2,545	2,605

*includes 208 specialized branches and 65 Banking outlets



Note: Numbers given above are total branches in each state

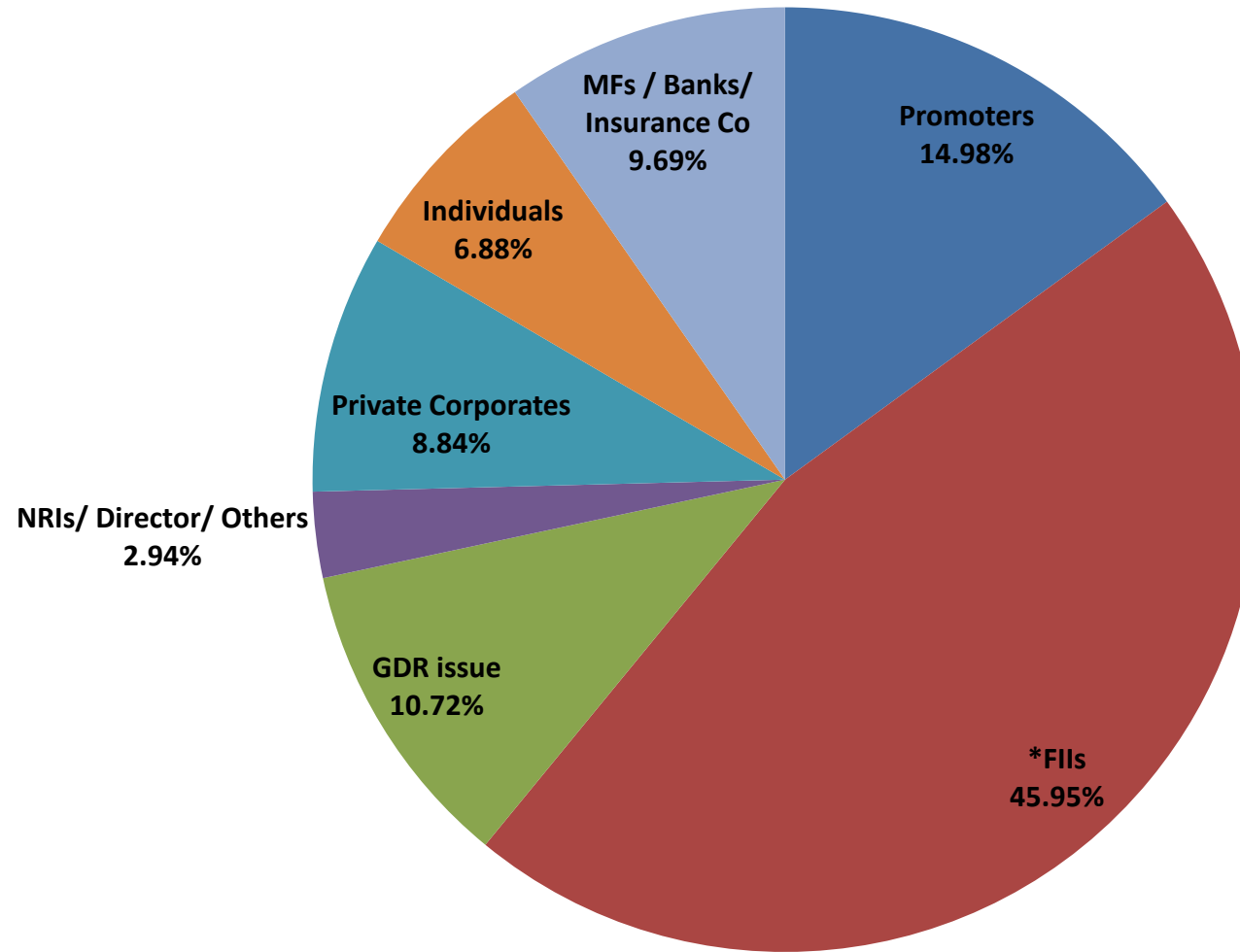


• Branch/Representative Office
• Strategic Alliance

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Previous year periods not comparable**



June 30, 2019



*includes FPIs



Proforma Consolidated Profit and Loss Account – FY19

	IBL	BFIL	FY 19 (IBL+BFIL)	FY 18	Y-o-Y(%)
Net Interest Income	8,846	1,551	10,397	7,498	39% ▲
Other Income	5,647	544	5,931*	4,750	30% ▲
Total Income	14,493	2,095	16,328	12,248	35% ▲
Operating Expenses	6,405	878	7,023*	5,592	30% ▲
Operating Profit	8,088	1,217	9,305	6,656	40% ▲
Provisions & Contingencies	3,108	54	3,162	1,175	169% ▲
Profit before Tax	4,980	1,163	6,143	5,481	12% ▲
Provision for Tax	1,679	410	2,089	1,875	11% ▲
Profit after Tax	3,301	753	4,054	3,606	12% ▲



*Post Inter se Adjustment

Initiatives for FY20

BFIL Merger

- Merger consummation
- Scaling up liabilities & RDSP (Kirana Stores) pilot

Liabilities Surge

- Pioneer – Banking for well-off
- Retailisation via Household acquisition ramp-up
- Non-Resident Indians
- Match liabilities growth with asset growth

Fee Growth

- Distribution fees for wealth products
- Ramp up retail Trade & FX fees

Retail Asset Growth

- Continued market share gains in vehicle finance
- LAP / BBG to accelerate
- Calibrated growth on unsecured

Digital / Alternate Channels

- Superior Client Experience
- Intensive collaboration with FinTech ecosystem
- Scale up digital sourcing of assets & liabilities

Productivity

- Cost efficient branch expansion
- Robot based Process Automation
- Continued investments in Talent and Technology

Corporate Risk Management Unit

- Business level Portfolio Monitoring Unit
- Diversification by ticket size, geographies, sectors, tenure
- Specialization in select domains

Para-banking

- Insurance (Life & General)
- Asset Management
- Retail Broking
- Regulatory clarity awaited



Accolades



IndusInd Bank Nexxt Credit Card adjudged the 'Credit Card of the Year' at the **Product of the year awards 2019**, the world's largest consumer-voted award for the product innovation





IndusInd Bank wins two awards at the
BTVI National Awards For Marketing
Excellence



Best Performance Marketing Campaign
for Nexxt
Best Digital Campaign for Duo





IndusInd Bank has won 4 awards at the Asset Asian Awards 2019, India for Best Payment and Collection Solution





IndusInd Bank Ltd. is awarded as
**Best In Supply Chain Finance
2019** at Tech Supply Chain
Conference & Exposition by
**Technology Supply Chain
Innovation Awards TSC2019**





IndusInd Bank is adjudged winners of **Stevie Awards-2019**, Asia-Pacific under the category - **Innovative Use of Technology in Customer Service**.



Thank You

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