

IndusInd Bank

**Investor Presentation
Q4-2018-19**

May 22, 2019

Q4 – FY19 Performance Highlights

- Underlying growth drivers remained intact during the quarter BUT....
- Q4 results impacted adversely due to one-off accelerated de-recognition of interest and provisioning of Rs. 1,273 crs in respect of exposure to Group in the infrastructure sector
- Q4 PAT stands at Rs. 360 crores; Excluding one off impact referred above, Q4 PAT is up 25% Y-o-Y at Rs. 1,189 crs
- Core fee up by 27% YoY; 12% QoQ
- Credit growth (29%) and Deposit growth (29%) well above industry growth
- Efficiency ratio at 45.46%; excluding one large NPA impact , this stands at 43.70%
- GNPA stands at 2.10% (previous quarter 1.13%); excluding one large NPA, this works out to 1.03%
- Credit Cost for Q4 at 108 bps; excluding one large NPA impact, credit cost stands at 19 bps
- Client base touches 15 million; on boarded 1 million during the quarter



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

			FY19 Outcome
Resulting in	Loan Growth	25% - 30%	29%
	CASA Ratio	40%	43%
	Revenue Growth	Exceed Balance Sheet Growth	18%/20%*
	RoRWA	> 2.4%	0.69%/2.28%*
	Branch Network	2,000	1,665**
	Customer Base	Double to >20mn	On track

*Excluding derecognition of interest/Provision for a group in infrastructure sector

** includes 65 banking outlets



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** for 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



Steady Headline Numbers for Q4-FY19

* excludes impact of a large group NPA in infra sector

		Y-o-Y Growth	Q-o-Q Growth
Net Interest Income	Rs. 2,232 crs * Rs. 2,385 crs	11% * 19%	(2%) * 4%
Total Fee Income	Rs. 1,559 crs * Rs. 1,559 crs	29% * 29%	6% * 6%
Revenue	Rs. 3,791 crs * Rs 3,944 crs	18% * 23%	1% * 5%
Operating Profit	Rs. 2,068 crs * Rs 2,221 crs	17% * 26%	(2%) * 5%
Net Profit	Rs. 360 crs * Rs 1,189 crs	(62%) * 25%	(63%) * 3%



* excludes impact of a large group NPA in infra sector

Y-o-Y Growth

Net Interest Income	<div>Rs. 8,846 crs</div> <div>* Rs. 8,999 crs</div>	<div>18%</div> <div>* 20%</div>
Total Fee Income	<div>Rs. 5,647 crs</div> <div>* Rs. 5,647 crs</div>	<div>19%</div> <div>* 19%</div>
Revenue	<div>Rs. 14,493 crs</div> <div>* Rs. 14,646 crs</div>	<div>18%</div> <div>* 20%</div>
Operating Profit	<div>Rs. 8,088 crs</div> <div>* Rs 8,241 crs</div>	<div>22%</div> <div>* 24%</div>
Net Profit	<div>Rs. 3,301 crs</div> <div>* Rs. 4,475 crs</div>	<div>(8%)</div> <div>* 24%</div>



			Y-o-Y Growth	Q-o-Q Growth
Advances	➤	Rs. 1,86,394 crs	29%	8%
Corporate Advances excl MFI	➤	Rs. 1,00,162 crs	20%	3%
Microfinance Advances	➤	Rs. 13,548 crs	227%	80%
Consumer Finance Advances	➤	Rs. 72,684 crs	27%	7%
Deposits	➤	Rs. 1,94,868 crs	29%	11%
CASA	➤	Rs. 84,070 crs	26%	10%
SA	➤	Rs. 54,486 crs	19%	9%
Borrowings	➤	Rs. 47,321 crs	24%	6%



Balance Sheet

(Rs Crs)

	Q4FY19	Q4FY18	Y-o-Y (%)		Q3FY19	Q-o-Q (%)	
Capital & Liabilities							
Capital	603	600	0%	↑	602	0%	↑
Reserves and Surplus	26,083	23,242	12%	↑	25,798	1%	↑
Deposits	1,94,868	1,51,639	29%	↑	1,75,701	11%	↑
Borrowings	47,321	38,289	24%	↑	44,536	6%	↑
Other Liabilities and Provisions	8,944	7,856	14%	↑	9,562	(6%)	↓
Total	2,77,819	2,21,626	25%	↑	2,56,199	8%	↑
Assets							
Cash and Balances with RBI	9,961	10,962	(9%)	↓	9,580	4%	↑
Balances with Banks	4,822	2,253	114%	↑	3,170	52%	↑
Investments	59,266	50,077	18%	↑	53,681	10%	↑
Advances	1,86,394	1,44,954	29%	↑	1,73,169	8%	↑
Fixed Assets	1,710	1,339	28%	↑	1,699	1%	↑
Other Assets	15,666	12,041	30%	↑	14,900	5%	↑
Total	2,77,819	2,21,626	25%	↑	2,56,199	8%	↑
Business (Advances + Deposit)	3,81,261	2,96,593	29%	↑	3,48,870	9%	↑



Profit and Loss Account – Q4FY19

	(Rs Crs)				
	Q4FY19	Q4FY18	Y-o-Y (%)	Q3FY19	Q-o-Q (%)
Net Interest Income	2,232	2,008	11% ↑	2,288	(2%) ↓
Other Income	1,559	1,208	29% ↑	1,469	6% ↑
Total Income	3,791	3,216	18% ↑	3,757	1% ↑
Operating Expenses	1,724	1,447	19% ↑	1,640	5% ↑
Operating Profit	2,068	1,769	17% ↑	2,117	(2%) ↓
Provisions & Contingencies	1561	335	366% ↑	607	157% ↑
Profit before Tax	507	1,434	(65%) ↓	1,510	(66%) ↓
Provision for Tax	147	481	(69%) ↓	525	(72%) ↓
Profit after Tax	360	953	(62%) ↓	985	(63%) ↓
Net Profit (excl impact of a group in infra sector)	1,189	953	25% ↑	1,151	3% ↑



Profit and Loss Account – Q4FY19 – Excluding Impact of a Group in Infrastructure Sector

	Q4FY19	Q4FY18	Y-o-Y (%)	Q3FY19	Q-o-Q (%)
Net Interest Income (Rs Crs)	2,385	2,008	19% ↑	2,288	4% ↑
Total Income(Rs Crs)	3,944	3,216	23% ↑	3,757	5% ↑
Operating Profit(Rs Crs)	2,221	1,769	26% ↑	2,117	5% ↑
Profit after Tax((Rs Crs)	1,189	953	25% ↑	1,151	3% ↑
Net Interest Margin(%)	3.84%			3.83%	
Return on Assets(%)	1.84%			1.90%	
Return on Equity(%)	17.75%			18.04%	
Cost to Income Ratio(%)	43.70%			43.65%	
GNPA(%)	1.03%			1.13%	
NNPA(%)	0.48%			0.59%	
PCR(%)	54.0%			47.7%	
Credit Cost (bps)	0.19%			0.18%	



Profit and Loss Account – FY 19

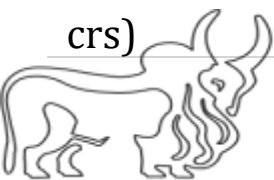
(Rs Crs)

	FY 19	FY 19 (Excl impact of a group in infra sector)	FY18	Y-o-Y (%)	Y-o-Y (%) (Excl impact of a group in infra sector)	
Net Interest Income	8,846	8,999	7,498	18% ↑	20% ↑	
Other Income	5,647	5,647	4,750	19% ↑	19% ↑	
Total Income	14,493	14,646	12,248	18% ↑	20% ↑	
Operating Expenses	6,405	6,405	5,592	15% ↑	15% ↑	
Operating Profit	8,088	8,241	6,656	22% ↑	24% ↑	
Provisions & Contingencies	3,108	1,457	1,175	164% ↑	24% ↑	
Profit before Tax	4,981	6,785	5,481	(9%) ↓	24% ↑	
Provision for Tax	1,679	2,309	1,875	(10%) ↓	23% ↑	
Profit after Tax	3,301	4,475	3,606	(8%) ↓	24% ↑	



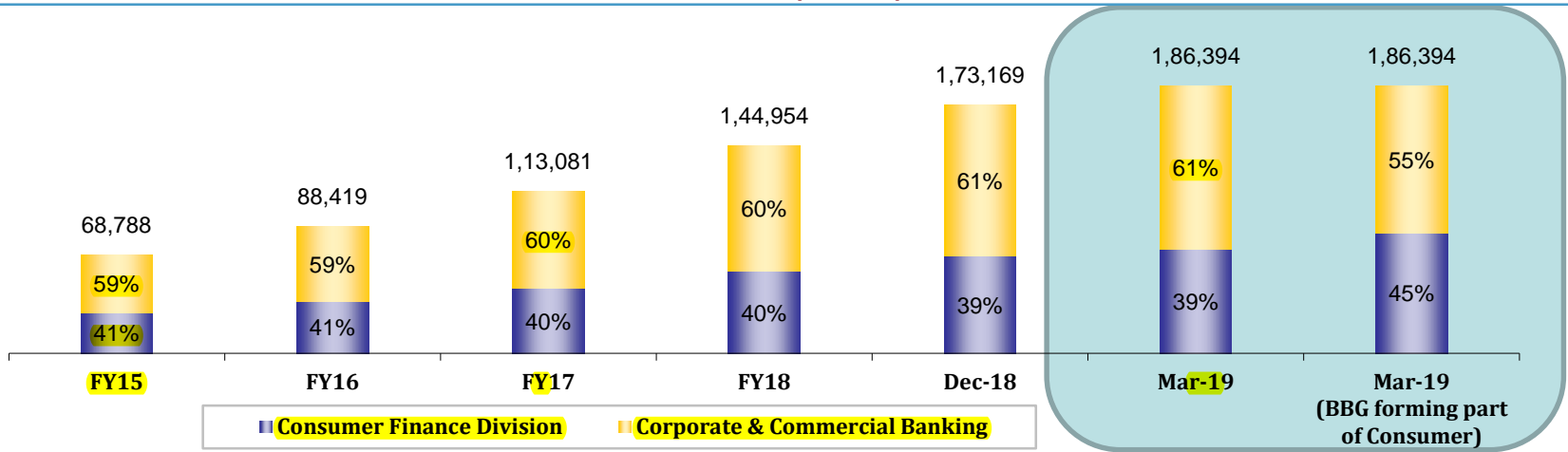
Key Financial Indicators

	FY18	Q4FY18	Q3FY19	Q3FY19 (Excl impact of a group in infra sector)	Q4FY19	Q4FY19 (Excl impact of a group in infra sector)	FY19	FY19 (Excl impact of a group in infra sector)
Return on Assets	1.90%	1.86%	1.62%	1.90%	0.56%	1.84%	1.39%	1.89%
ROE (On average equity)	16.48%	16.56%	15.44%	18.04%	5.46%	17.75%	13.25%	17.54%
Cost / Income Ratio	45.65%	44.98%	43.65%	43.65%	45.46%	43.70%	44.19%	43.73%
Net Interest Margin	3.99%	3.97%	3.83%	3.83%	3.59%	3.84%	3.80%	3.86%
Net NPA	0.51%	0.51%	0.59%	0.59%	1.21%	0.48%	1.21%	0.48%
EPS (annualized, Rs. per share)	60.19	63.54	65.48	76.51	24.37	78.93	54.90	74.42
Capital + Reserves (Excl. Revaluation Reserve) (Rs. in crs)	23,479	23,479	26,042	26,387	26,367	27,534	26,360	27,534



Well Diversified Loan Book

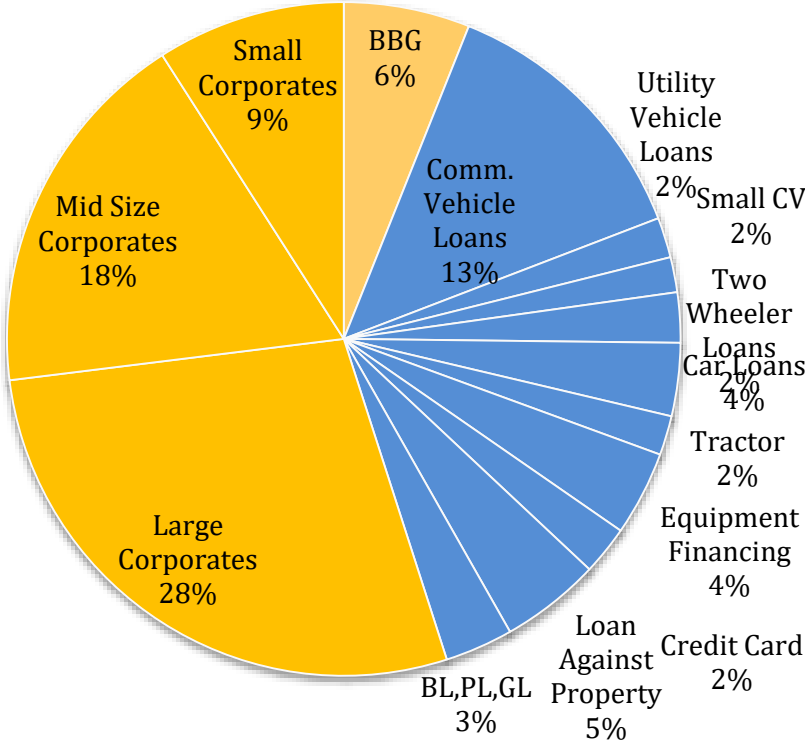
Loan Book (Rs crs)



(Rs crs)

Corporate Banking	Mar-19	
Large Corporates	52,166	28%
Mid size Corporates	33,369	18%
Small Corporates*	28,175	15%
Total Advances	1,13,710	61%

*Includes Business Banking
Rs. 11,289 crs managed by Consumer Banking



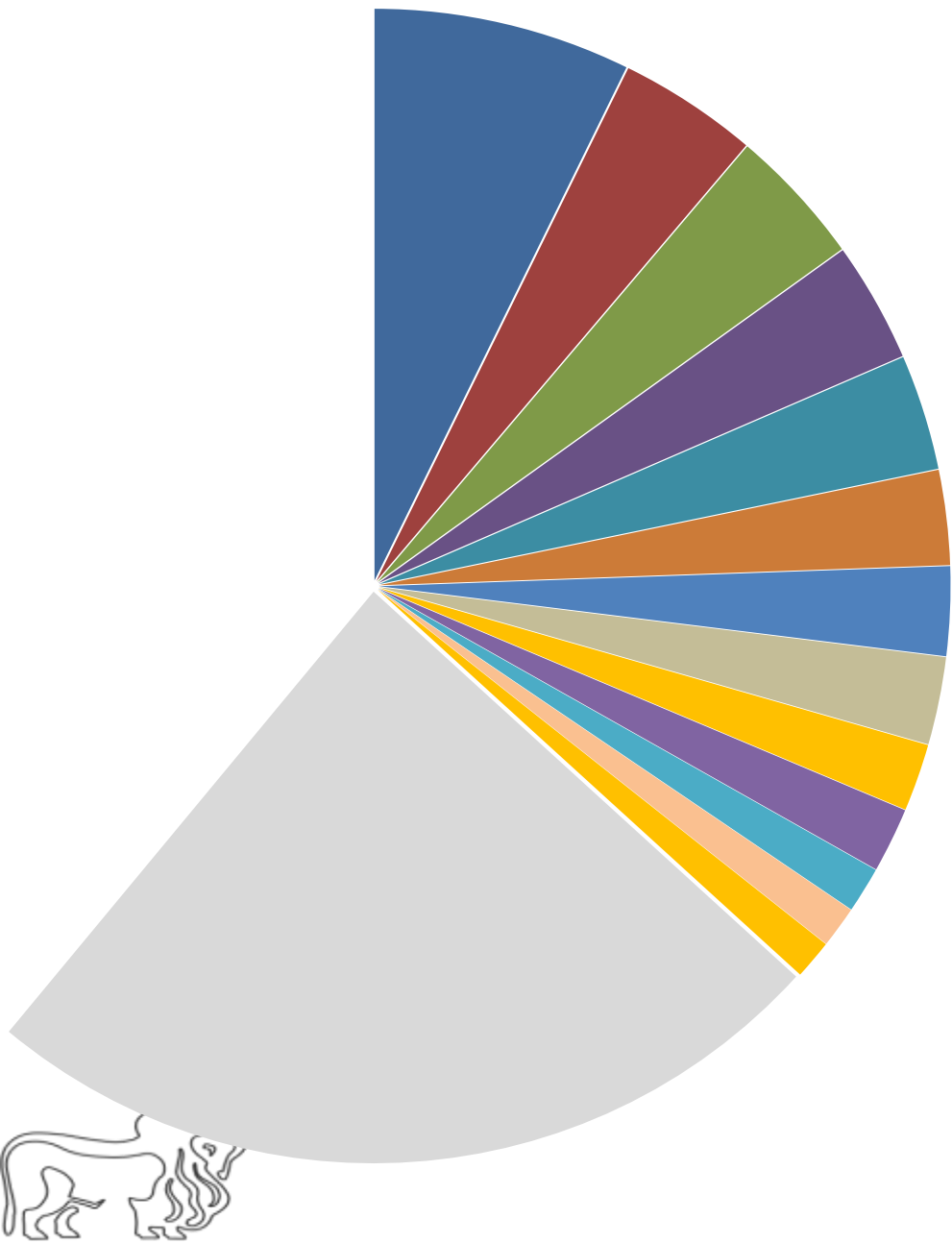
(Rs crs)

Consumer Finance	Mar-19	
Comm. Vehicle Loans	24,444	13%
Utility Vehicle Loans	3,597	2%
Small CV	3,135	2%
Two Wheeler Loans	4,482	2%
Car Loans	6,537	4%
Tractor	3,520	2%
Equipment Financing	7,569	4%
Credit Card	4,382	2%
Loan Against Property	8,925	5%
BL, PL, GL, Others	6,095	3%
Total Advances	72,684	39%

- **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 1.9% of the loan book**
- **Consolidated security cover of 140% for the exposures held by us, of which marketable security in the form of listed shares covers 58% of the total exposure as on date**
- **All above accounts are standard in the Bank's books**
- **RoC filing of charges for assessing banking exposures is sometimes misinterpreted**



Diversified Corporate Loan Book



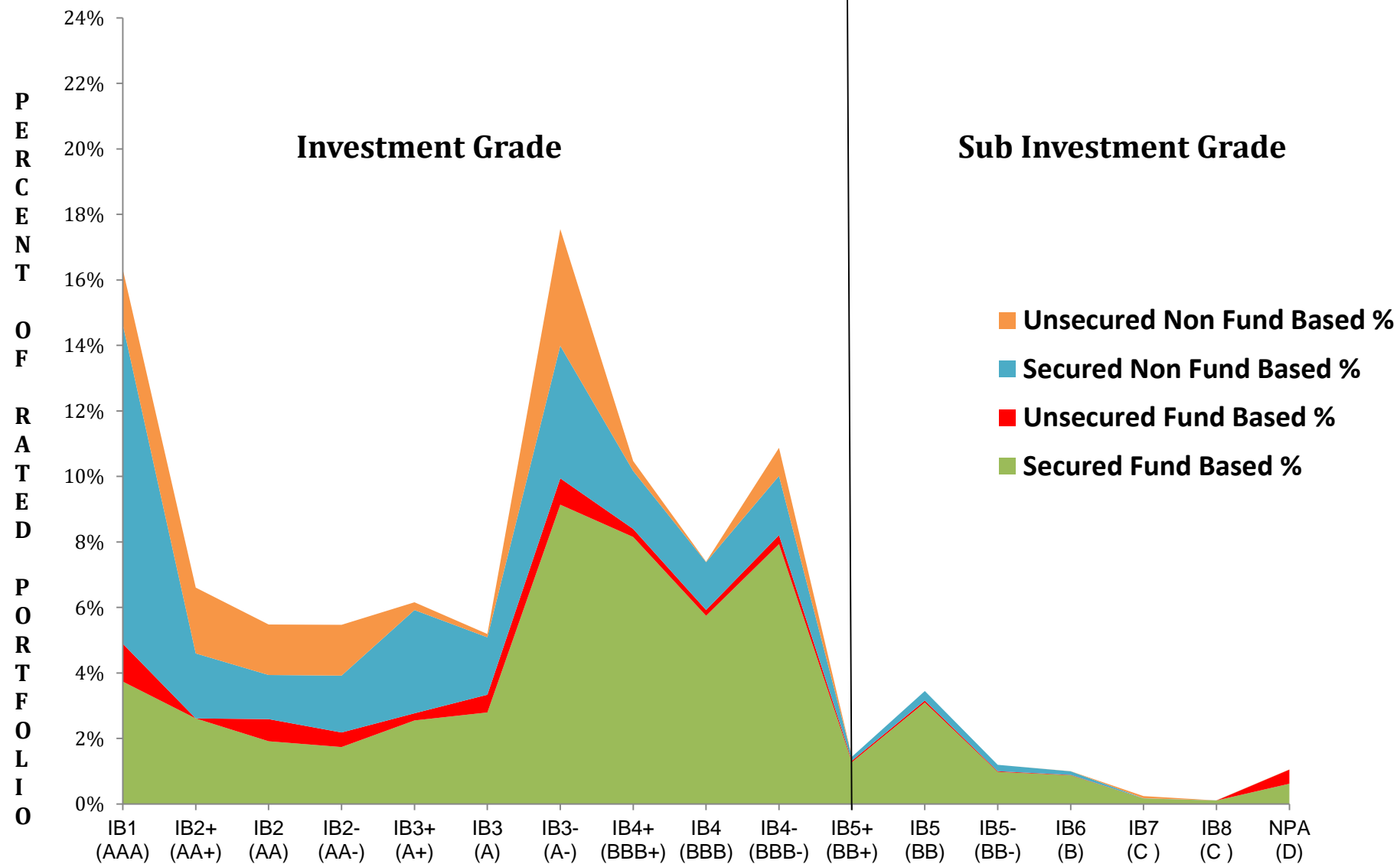
Sector	%	SMA2 (Rs cr)
Microfinance	7.27%	0
Gems and Jewellery	3.94%	5
Real Estate	3.90%	0
Power Generation	3.39%	0
NBFCs (other than HFCs)	3.27%	0
Services	2,68%	7
Lease Rental	2.51%	0
Steel	2.48%	0
Roads/other infra projects	1.89%	0
Constn related to infra.- EPC	1.82%	0
Food Beverages and Food processing	1.30%	9
Telecom- Cellular	1.17%	0
Housing Finance Companies	1.11%	0
Other Industry	24.27%	555
Corporate Banking	61%	576
Consumer Banking	39%	65
Total	100%	641

SMA 1 Outstanding:
0.32% of loans

SMA 2 Outstanding:
0.34% of loans

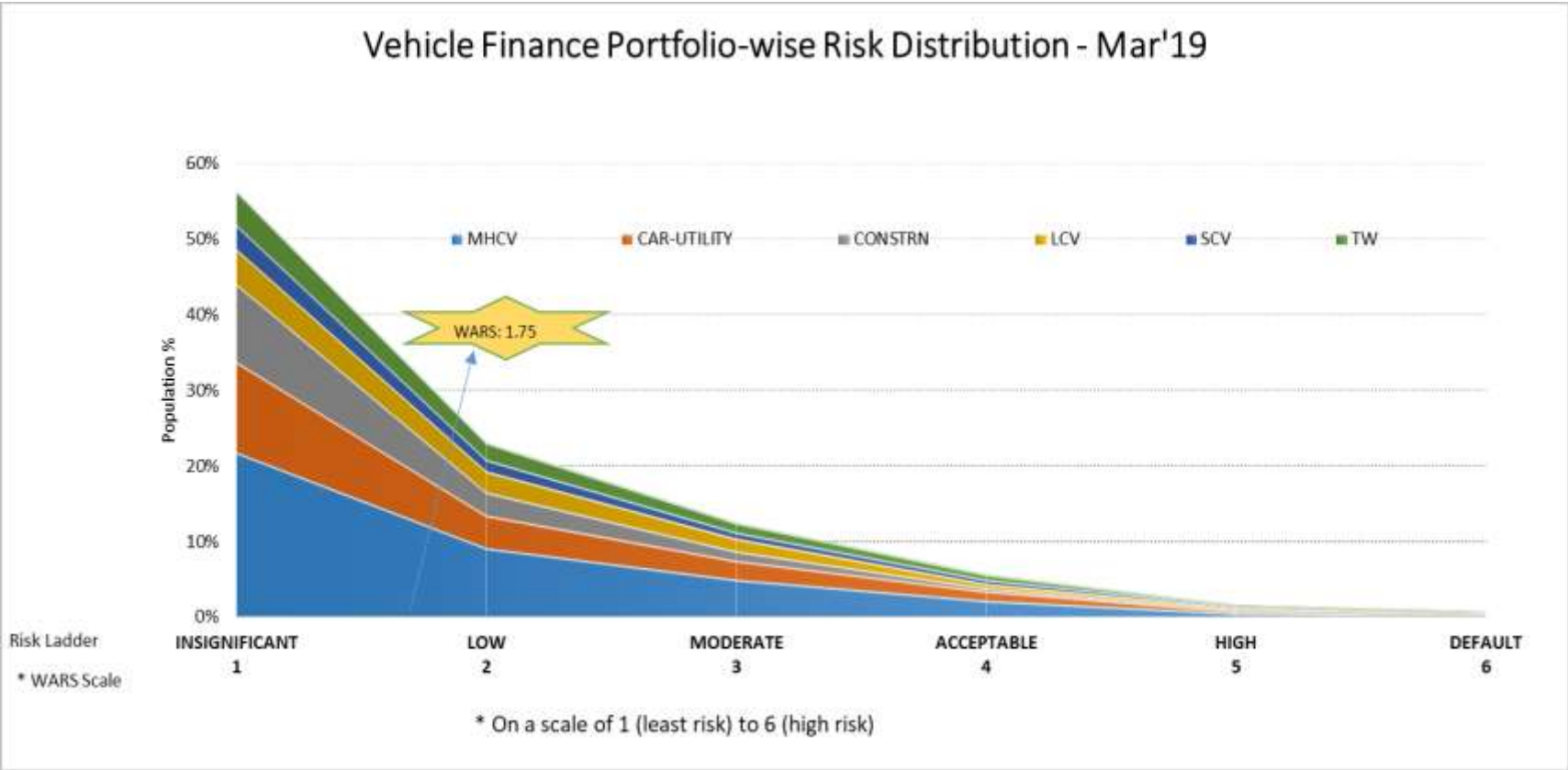
Accounts in SMA1 & SMA2: 45

Well Rated Corporate Portfolio



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
WARS	1.82	1.89	1.89	1.84	1.73	1.77	1.80	1.82	1.75

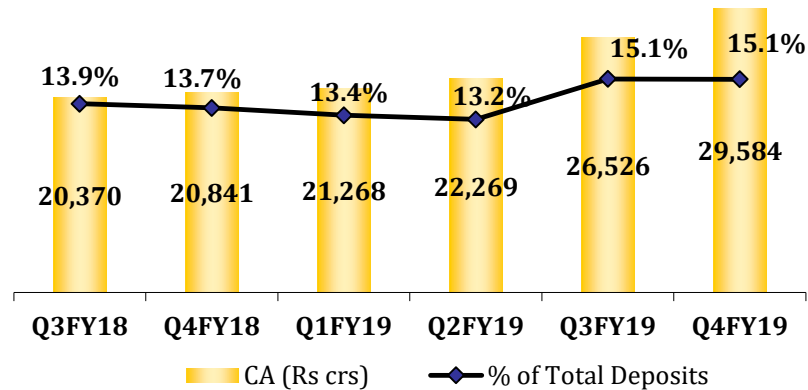


Improving CASA profile

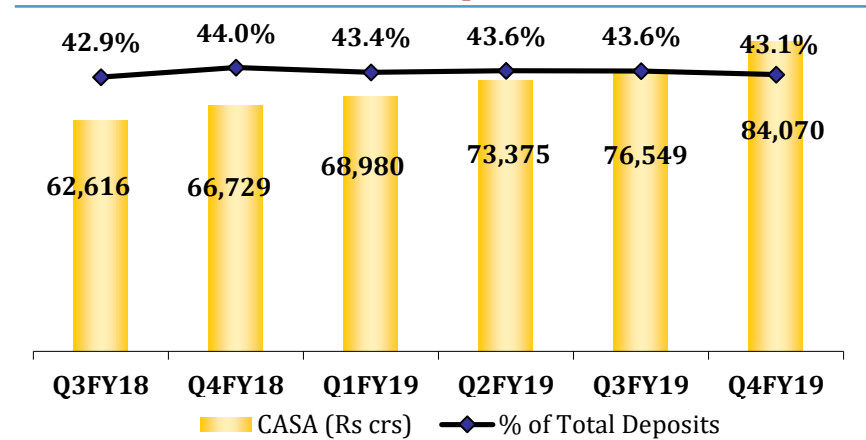
Building CASA traction

- 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

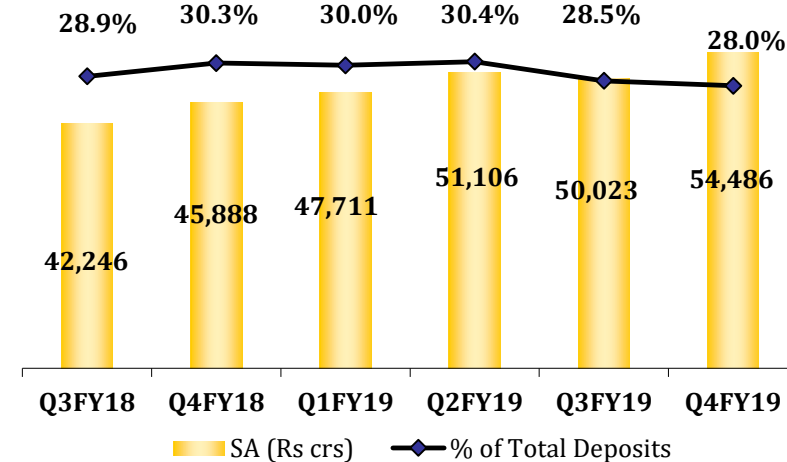
Current Account (CA)



CASA Uptick



Savings Account (SA)



Other Income

(Rs Crs)

	Q4FY19	Q4FY18	Y-o-Y (%)	Q3FY19	Q-o-Q (%)
Core Fee	1,419	1,113	27% ↑	1,266	12% ↑
Securities/MM/FX Trading/Others	140	95	48% ↑	203	(31%) ↓
Total	1,559	1,208	29% ↑	1,469	6% ↑



Diverse Revenues from Core Fee Income

(Rs Crs)

	Q4FY19	Q4FY18	Y-o-Y(%)	Q3FY19	Q-o-Q(%)	FY19	FY18	Y-o-Y(%)
Trade and Remittances	189	153	23% ↑	155	22% ↑	636	540	18% ↑
Foreign Exchange Income	289	197	47% ↑	275	5% ↑	1,015	779	30% ↑
Distribution Fees (Insurance, MF, Cards)	302	273	11% ↑	268	13% ↑	1,128	976	16% ↑
General Banking Fees	84	65	29% ↑	91	(8%) ↓	344	264	30% ↑
Loan Fees	328	228	44% ↑	276	19% ↑	1,095	880	24% ↑
Investment Banking	228	197	16% ↑	201	13% ↑	850	738	15% ↑
Total Core Fee Income	1,419	1,113	27% ↑	1,266	12% ↑	5,068	4,177	21% ↑

Growth momentum continues on regular fee flows

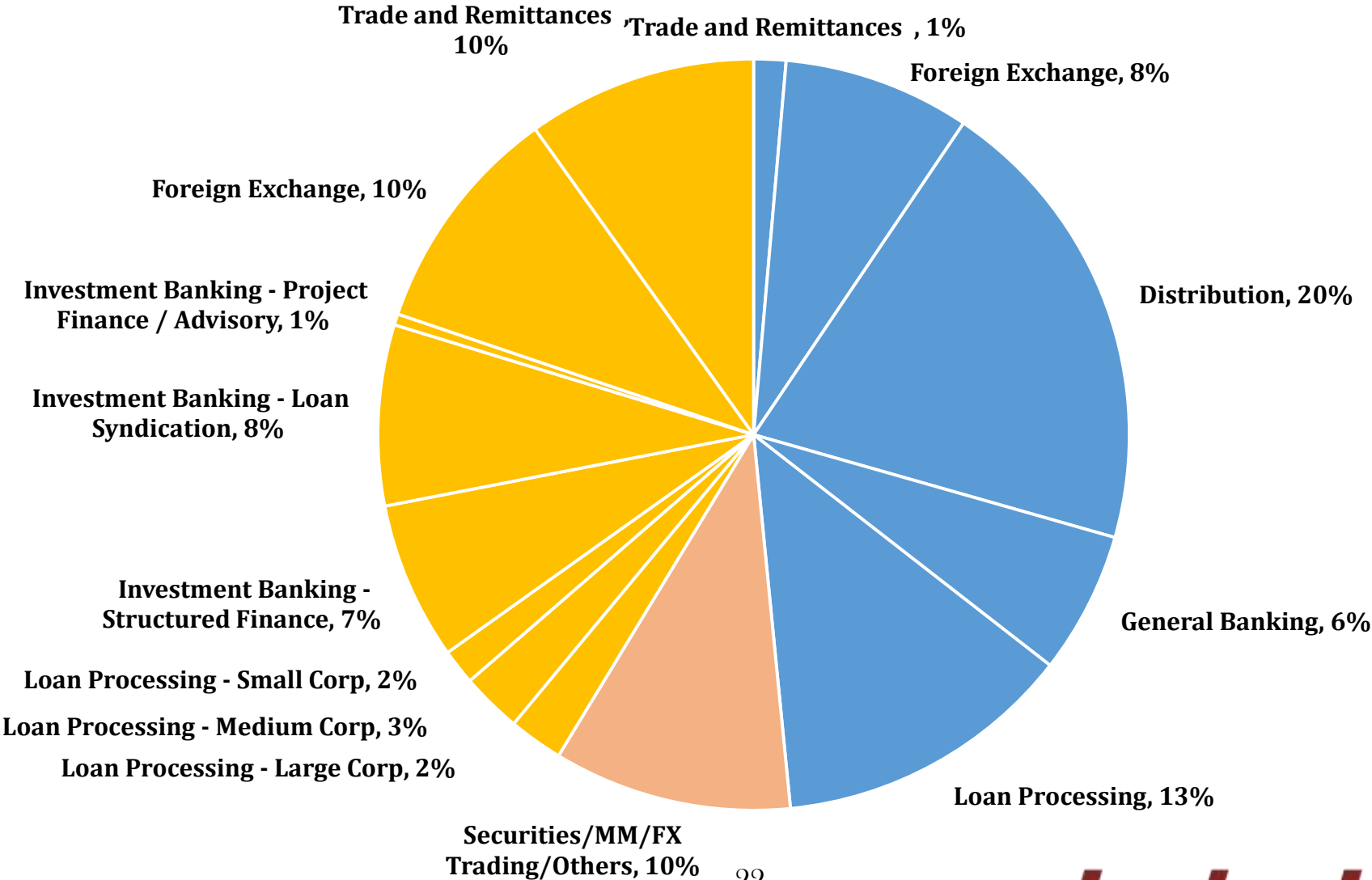


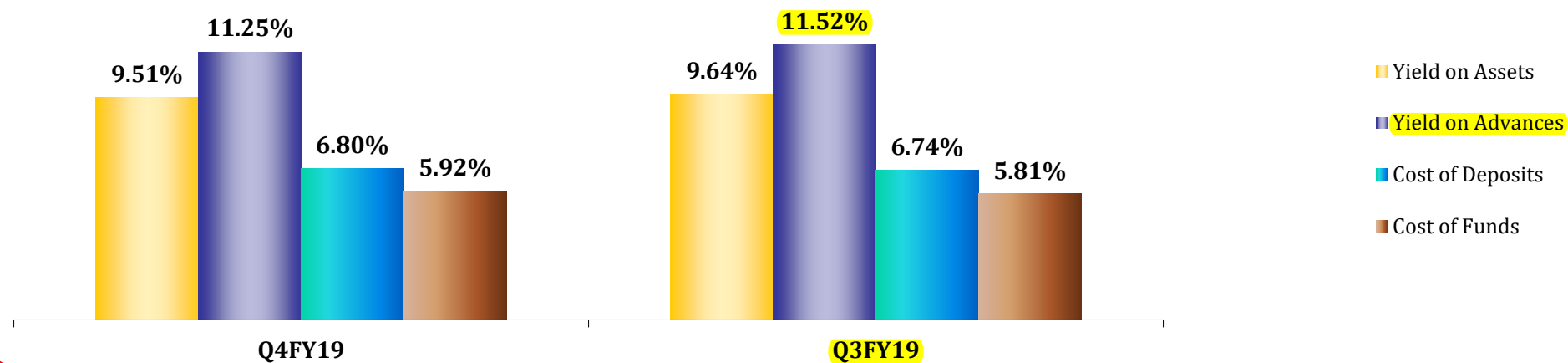
Diversified and Granular Fee Streams – FY19

**Corporate Banking
(42%)**

**Consumer Banking
(48%)**

**Trading and Other Income
(10%)**





•Yield on Assets/Cost of funds are based on Total Assets/Liabilities

Corporate Yield 9.06% (excl MFI, BBG and one off)

Segment-wise Yield

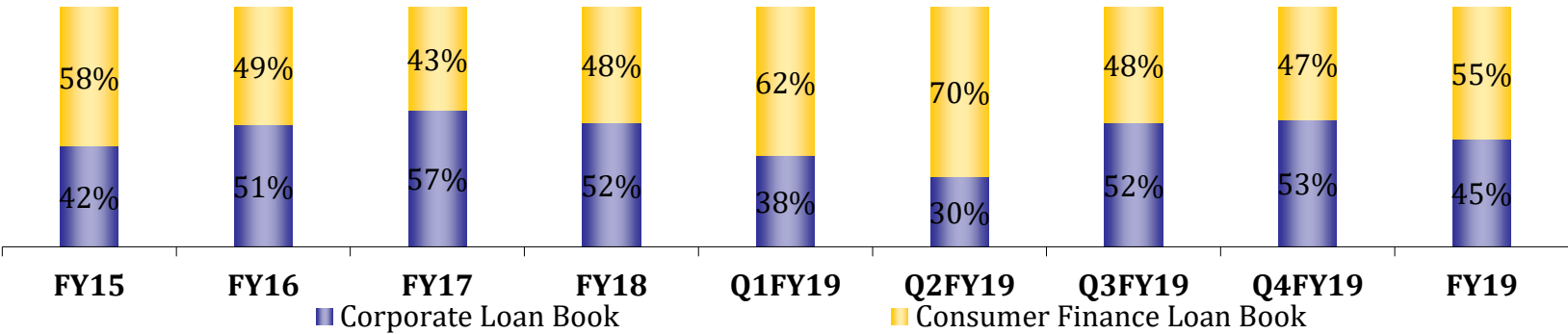
	Q4FY19		Q3FY19	
	Outstanding (Rs crs)	Yield (%)	Outstanding (Rs crs)	Yield (%)
Corporate Bank	1,13,763	9.29%*	1,05,136	9.82%
Consumer Finance	72,684	14.05%	68,033	14.12%
Total	1,86,447	11.25%*	1,73,169	11.52%

* Excl reversal of interest on an infra group company exposure Corporate Yield is 9.87% and Overall Yield is 11.60%



Credit Cost

(Rs Crs)											
	FY15	FY16	FY17	FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q4FY19 (Excl Infra Group provision)	FY19	FY19 (Excl Infra Group provision)
Corporate Bank	144	258	401	468	80	59	158	1,837	186	2,134	483
Consumer Finance	195	244	303	433	129	141	148	167	167	585	585
Gross Credit Costs	339	502	704	901	209	200	306	2,004	353	2,719	1,068
Gross Credit Costs (Basis Points on Advances)	49	57	62	62	14	12	18	108	19	146	57
Net Credit Cost	323	468	672	856	205	193	299	1,992	341	2,689	1,038
Net Credit Costs (Basis Points on Advances)	48	53	59	59	14	12	17	107	18	144	56
PCR	63%	59%	58%	56%	56%	56%	48%	43%	54%	43%	54%



Loan Portfolio - Movement in NPA and Restructured Advances

(Rs Crs)

	Q4FY19			Q3FY19		
	Corporate	Consumer	Total	Corporate	Consumer	Total
Opening Balance	1,203	765	1,968	1,061	720	1,781
Additions	3,230	458	3,688	458	348	806
Deductions	1,345	364	1,709	316	303	619
Gross NPA	3,088	859	3,947*	1,203	765	1,968*
			1,944**			
Net NPA			2,248			1,029
			896**			
% of Gross NPA			2.10%			1.13%
			1.03%**			
% of Net NPA			1.21%			0.59%
			0.48%**			
Provision Coverage Ratio (PCR)			43%			48%
			54%**			
Restructured Advances			0.09%			0.11%
Restructured + Gross NPA to Advances			1.13%			1.24%

Net Slippage
(0.06%)
Excl impact
of a group in
infra sector

*After sale to ARC Rs. 185 crs (Rs. 134 crs)

** Excludes impact of a large group NPA in infra sector



NPA Composition – Consumer Finance

(Rs Crs)

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%

Q3-FY19	Com. Vehicle	Utility	Const. Equip.	Small CV	TW	Cars	LAP/HL/PL	Tractor	Cards	Total
Gross NPA	245	45	52	40	158	52	57	48	68	765
Gross NPA %	1.05%	1.32%	0.76%	1.32%	3.60%	0.82%	0.41%	1.46%	1.90%	1.12%



(Rs Crs)

	31 Mar 19	31 Dec 18
	Basel – III	Basel – III
Credit Risk, CVA and UFCE	1,82,948	1,75,042
Market Risk	8,615	7,973
Operational Risk	22,986	18,840
Total Risk Weighted Assets	2,14,549	2,01,855
Core Equity Tier 1 Capital Funds	25,905	25,809
Additional Tier 1 Capital Funds	3,490	2,000
Tier 2 Capital Funds	975	831
Total Capital Funds	30,370	28,640
CRAR	14.16%	14.19%
CET1	12.07%	12.79%
Tier 1	13.70%	13.78%
Tier 2	0.45%	0.41%



Distribution Expansion to Drive Growth



Note: Numbers given above are total branches in each state

Strengthening Distribution Infrastructure

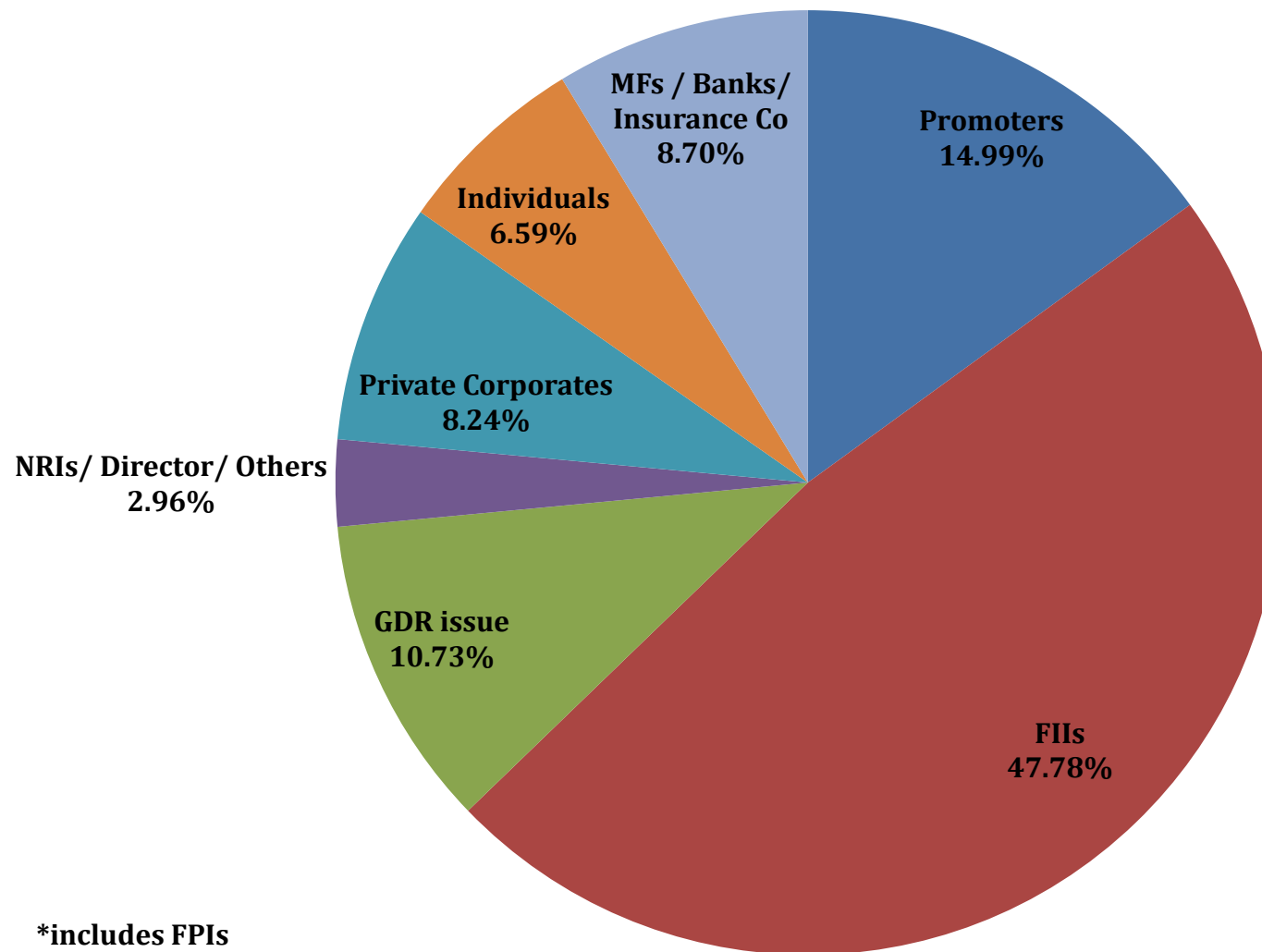
Particulars	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018	Mar. 31, 2019
Branches/Banking Outlets	1,410	1,466	1,558	1,665*
ATMs	2,285	2,372	2,453	2,545

*includes 208 specialized branches and 65 Banking outlets



• Branch/Representative Office
• Strategic Alliance

March 31, 2019



*includes FPIs



Initiatives for FY20

BFIL Merger

- Merger consummation, subject to the NCLT approval
- 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

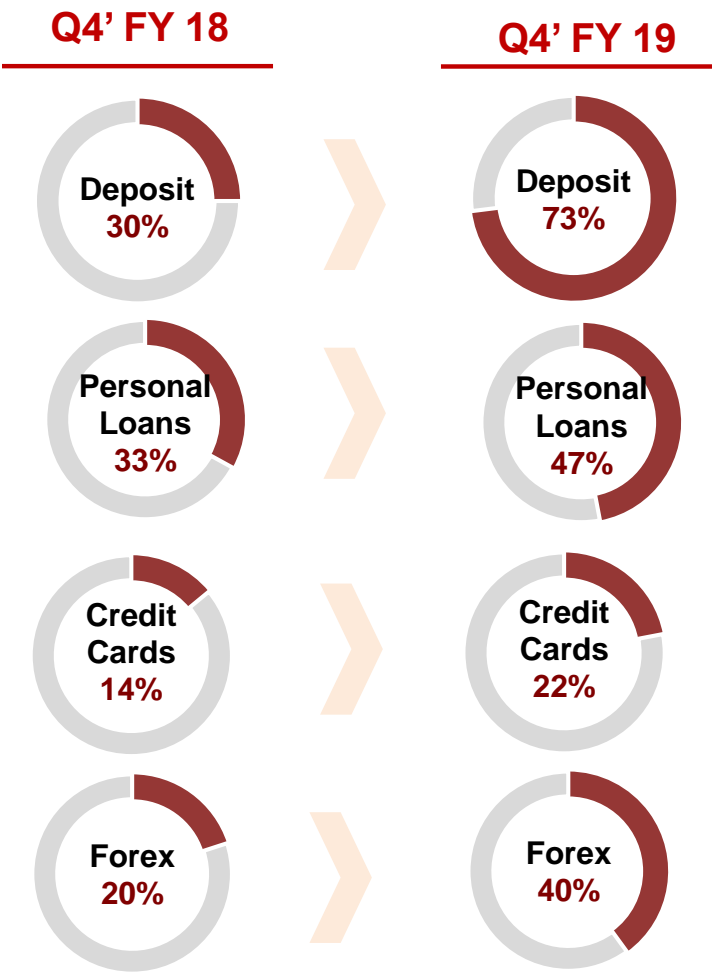
Para-banking

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

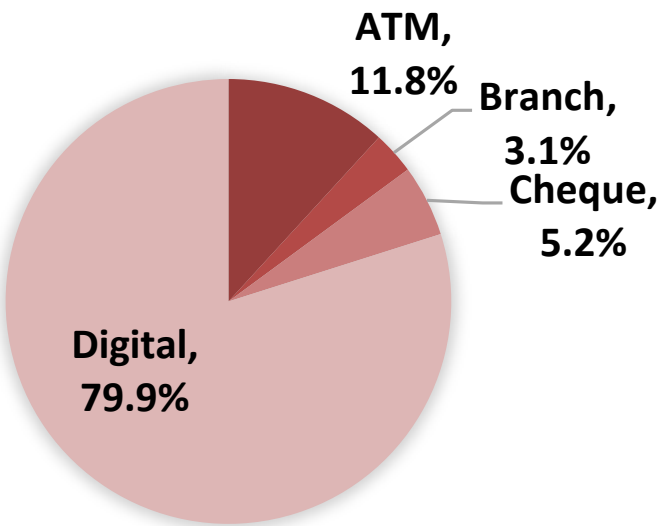


Digital Product and Channel Progress within Consumer Banking

On average, > 50% of major Retail products are Digital



Digital transaction volume up from 73% to 80% YoY



Digital constitutes 92% of total transaction value

Digital constitutes 80% of total transaction volume



Industry / Media Recognition / Awards



IndusInd Bank is the ET Now 'Dream Employer of the Year' at the 8th Edition of the ET Now Dream Companies of Work for Awards Organized by the World HRD Congress In Mumbai



Mr Romesh Sobti, MD and CEO IndusInd Bank bestowed with the 'Banker of the Year' Award at the Financial Express India's Best Banks awards



Mr Romesh Sobti, MD and CEO
IndusInd Bank Honoured with
the 'Banker of the Year' Award at
the Business Standard Annual
Awards

Accolades



IndusInd Bank has been awarded with the Global Digital Marketing Award by World Digital Marketing Congress as

Best Digital Payment Facilitator



IndusInd Bank has been awarded with the Times Now India Digital Awards 2019 for

Innovative Money Transfer Product/Service



IndusInd Bank has been awarded with the IDC FIIA 2019 Financial Insights Innovation Award as

Asia's Leading Partner Bank

Accolades



IndusInd Bank awarded with the Indy's Award for

'Empowerment of Women' for the Legal Literacy Programme and the IndusInd Girl Power Programme



'Support and Improvement of Education' for the Enhanced Education Programme and the Mid-day Meals in the Municipal Schools of Bhubaneshwar Programme

'Environment Excellence' for the Restoration of Water Bodies in Chennai and the Wazirabad Drain in Gurugram, Solid Waste Management (Jagmagaata Uttarakhand) and the Urban Afforestation Programme

Thank You

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