

**IndusInd Bank**



Investor Presentation

October 11, 2010

## Disclaimer

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Certain statements in these slides are forward-looking statements. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements due to a variety of factors.

Please also refer to the statement of quarterly financial results required by Indian regulations that has been filed with the stock exchanges in India where IndusInd Bank's equity shares are listed and is available on our website [www.indusind.com](http://www.indusind.com).





## Stated Ambition

**IndusInd Bank**



## Stated Ambition with Measurable Targets

### Mission Statement

***To position IndusInd Bank as a Top 3 performer in the new private sector bank space in 3 years***

#### Objectives

Profitability

Productivity

Efficiency

#### Measured By

RoA

RoE

Net Interest Margins

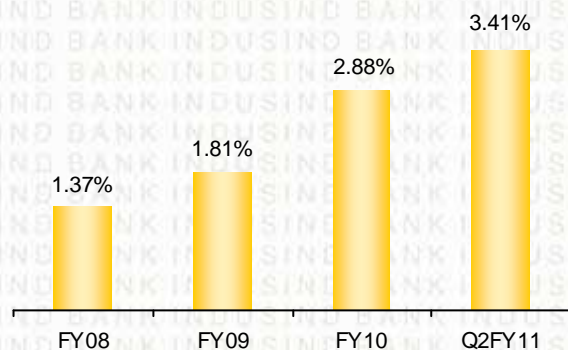
Cost to Income Ratio

Revenue per Employee

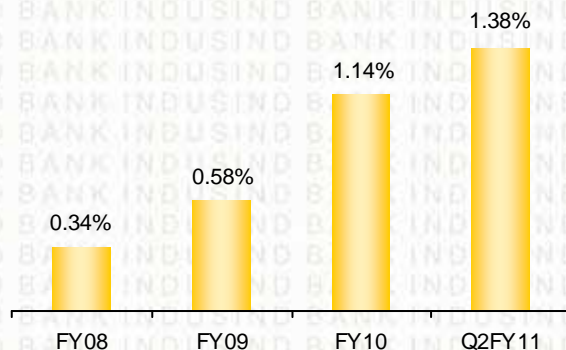
Net NPAs

# How We Measure Up On Key Metrics

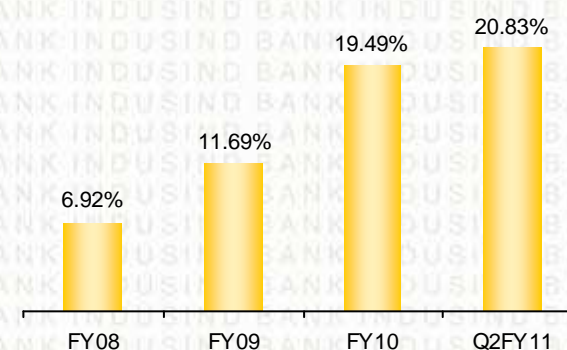
**Net Interest Margin (NIM)**



**RoA**

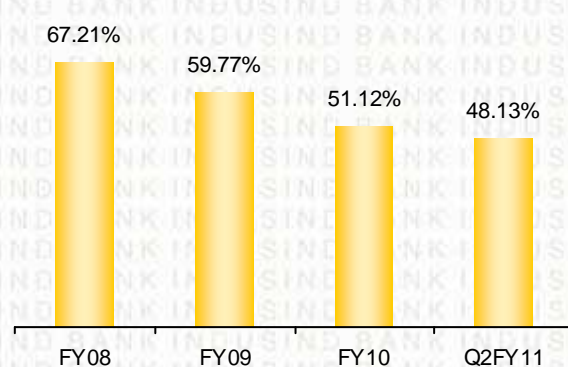


**RoE\***

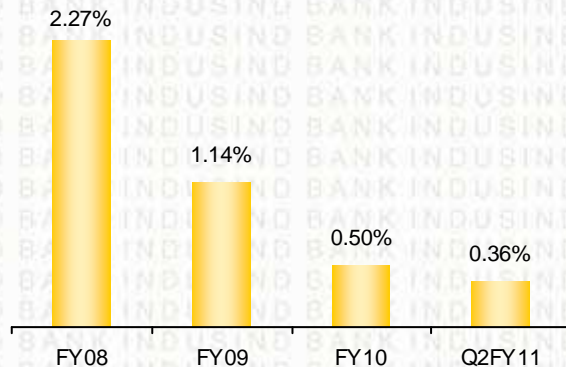


\*on average equity

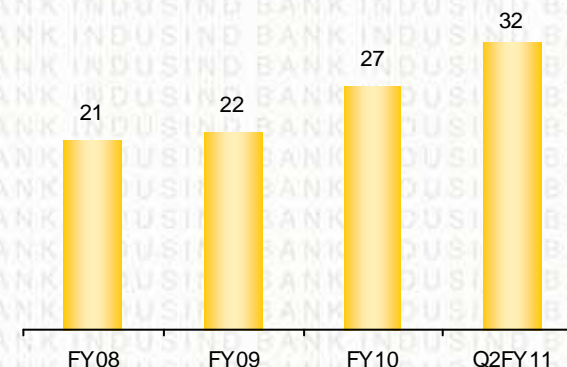
**Cost to Income Ratio**



**Net NPA**



**Revenue/Employee (Rs Lacs)**

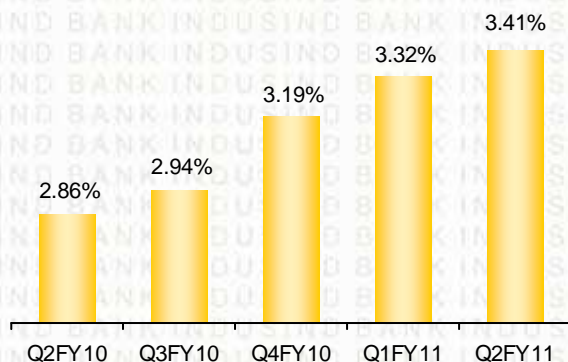


**Improvement in all the key operating metrics**

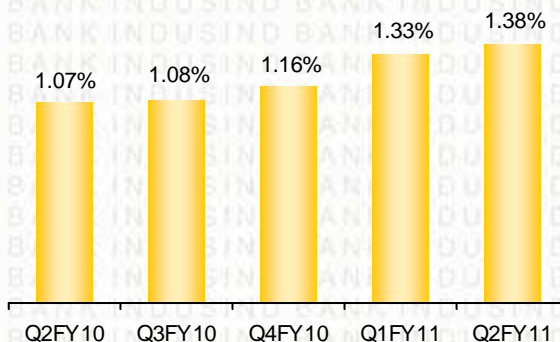


# How We Measure Up On Key Metrics

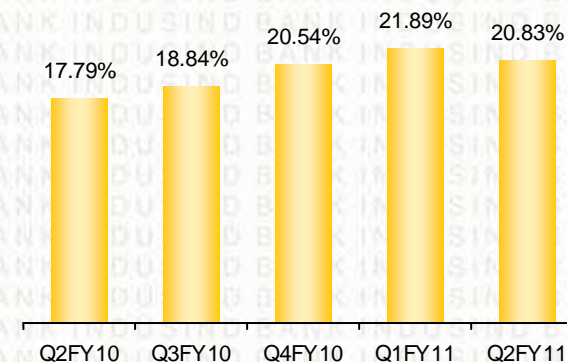
**Net Interest Margin (NIM)**



**RoA**

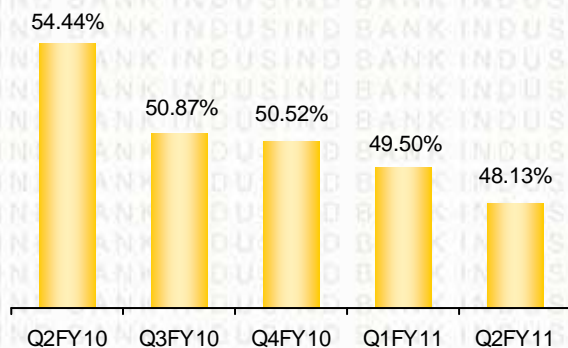


**RoE\***

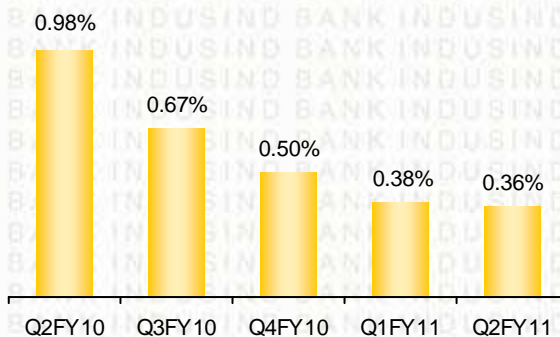


\*on average equity

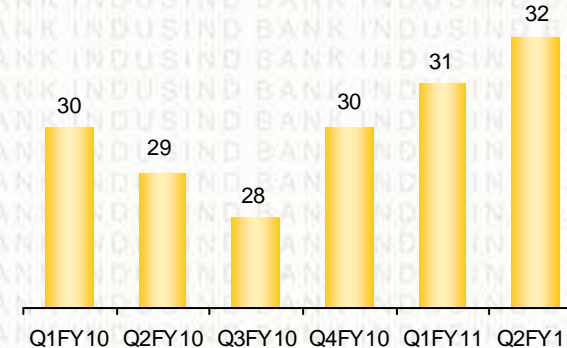
**Cost to Income Ratio**



**Net NPA**



**Revenue/Employee (Rs Lacs)**



**QoQ delivery of strong operating performance**

# Recognition for our Performance

## Awards & Recognition

- Awarded the “Best Priority Sector Bank” amongst the private sector banks by Dun & Bradstreet
- The State Forum of Bankers’ Clubs, Kerala, bestowed on the Bank the ‘Excellence Award’, as the second best new generation bank in Kerala
- Recognised for ‘Best Performance in Credit Quality’ by Financial Express/Ernst & Young
- Received the ISO 27001 certification for IT operations which conform to the Information Management System Standard - ISO/IEC 27001

## Ratings

- P1+ for certificate of deposit program by CRISIL
- ‘LAA-’ for Lower Tier II subordinate debt program and ‘LA+’ for Upper Tier II bond program by ICRA
- ‘AA-’ for Lower Tier II subordinate debt program by CARE
- ‘A+(ind)’ for Lower Tier II subordinate debt program and ‘A-(ind)’ for Upper Tier II bond program by Fitch Ratings





## Financial Performance

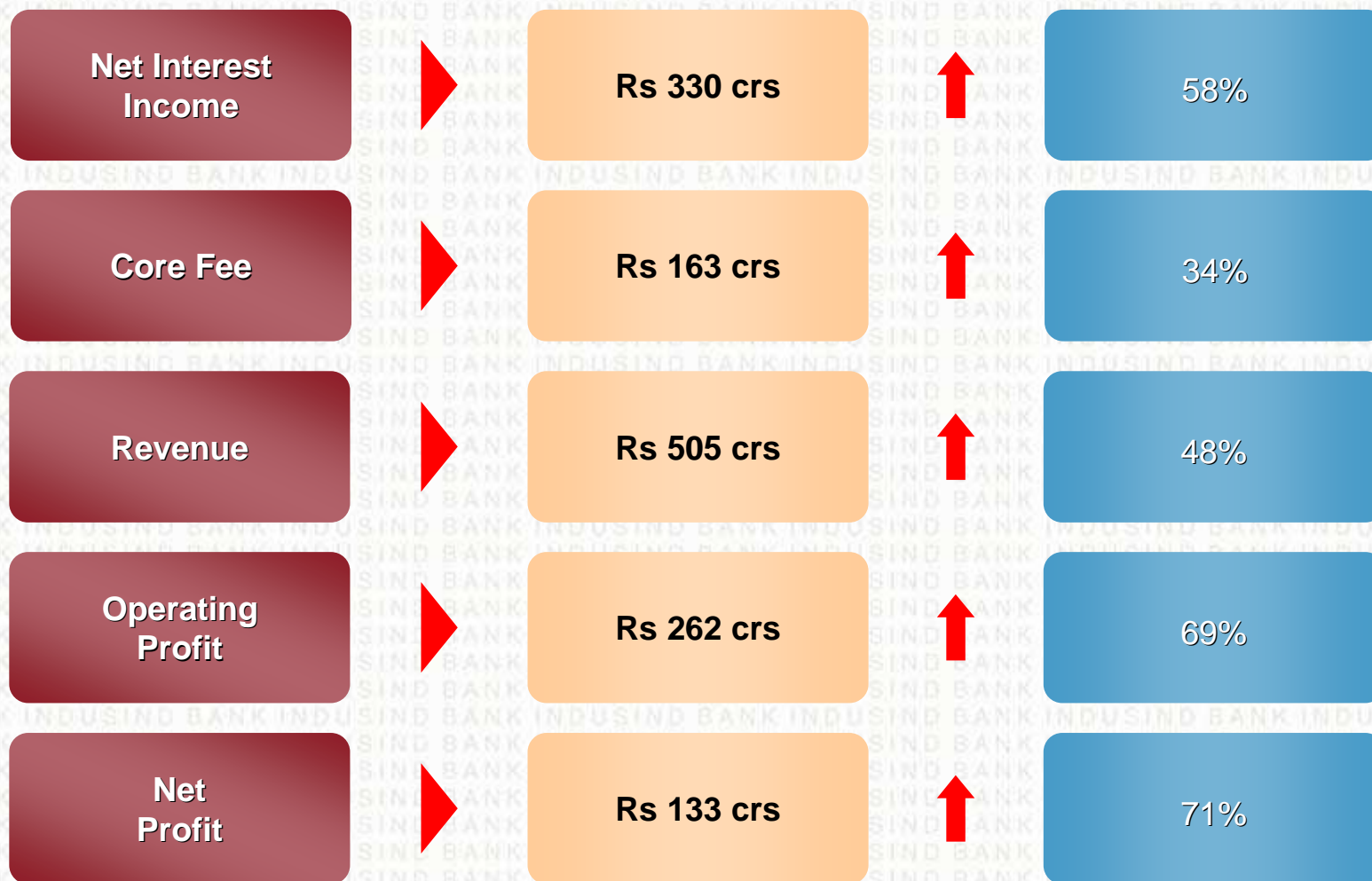
**IndusInd Bank**





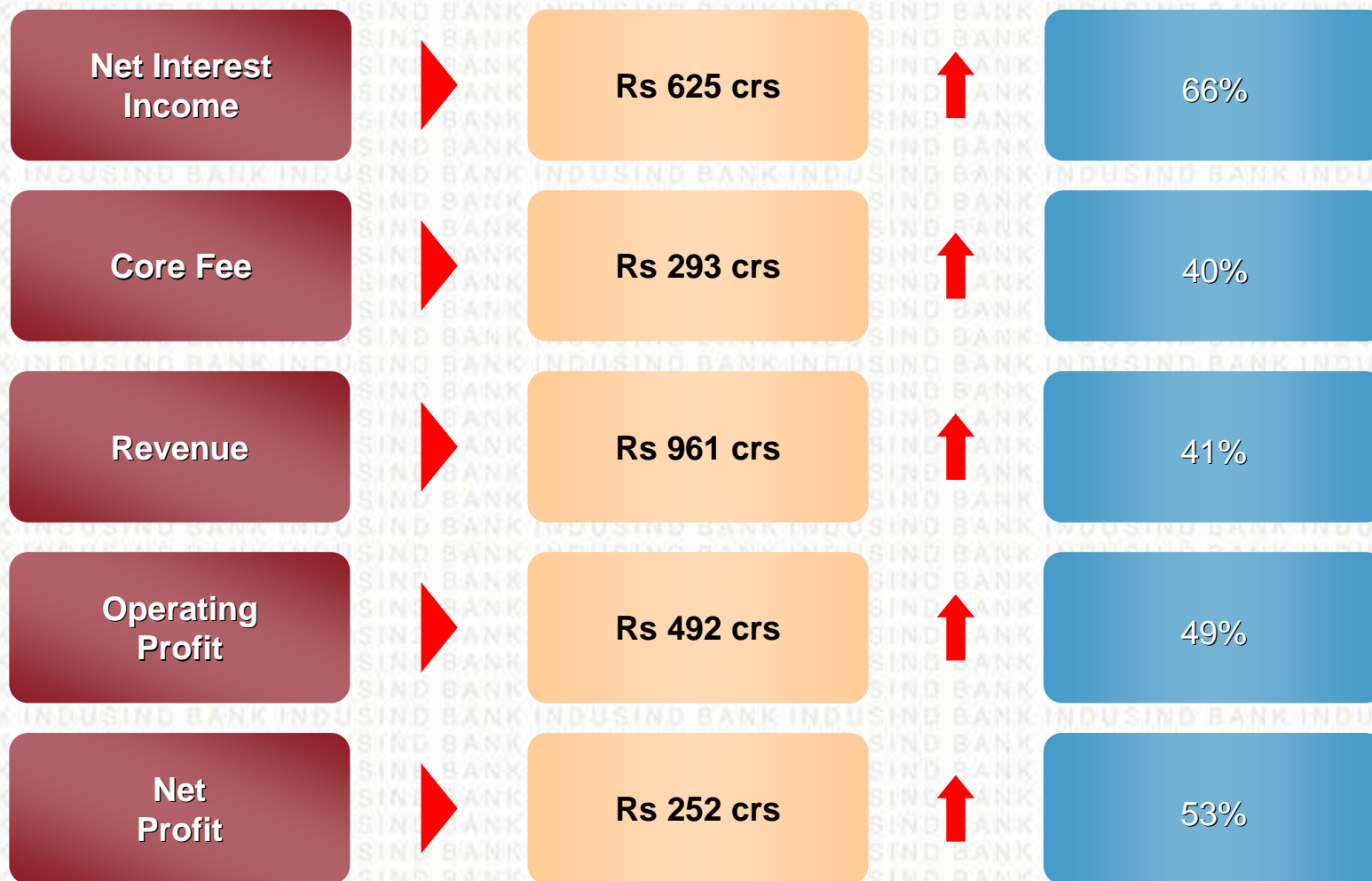
## Strong Headline Numbers for Q2FY11

### Y-o-Y Growth



## Strong Headline Numbers for HYFY11

### Y-o-Y Growth





## Balance Sheet

(Rs crs)

|                                       | Q211          | Q210          | Y-o-Y (%)    | Q1FY11        | Q-o-Q (%)    |
|---------------------------------------|---------------|---------------|--------------|---------------|--------------|
| <b>Capital &amp; Liabilities</b>      |               |               |              |               |              |
| Capital                               | 461           | 410           | 11% ↑        | 411           | 12% ↑        |
| Reserves and Surplus (incl. ESOP o/s) | 3,350         | 1,898         | 77% ↑        | 2108          | 59% ↑        |
| Deposits                              | 31,290        | 22,815        | 37% ↑        | 27,382        | 14% ↑        |
| Borrowings                            | 3,632         | 2,687         | 35% ↑        | 4,185         | -14% ↓       |
| Other Liabilities and Provisions      | 2,015         | 2,351         | -14% ↓       | 1,419         | 42% ↑        |
| <b>TOTAL</b>                          | <b>40,748</b> | <b>30,161</b> | <b>35% ↑</b> | <b>35,505</b> | <b>15% ↑</b> |
| <b>Assets</b>                         |               |               |              |               |              |
| Cash and Balances with RBI            | 2,638         | 1,674         | 58% ↑        | 2,089         | 26% ↑        |
| Balances with Banks                   | 807           | 712           | 13% ↑        | 435           | 86% ↑        |
| Investments                           | 12,000        | 8,295         | 45% ↑        | 9,422         | 27% ↑        |
| Advances                              | 23,452        | 17,583        | 33% ↑        | 21,608        | 9% ↑         |
| Fixed Assets                          | 651           | 623           | 4% ↑         | 649           | 1% ↑         |
| Other Assets                          | 1200          | 1,274         | -6% ↓        | 1,302         | -8% ↓        |
| <b>TOTAL</b>                          | <b>40,748</b> | <b>30,161</b> | <b>35% ↑</b> | <b>35,505</b> | <b>15% ↑</b> |
| Core Banking (Advances + Deposit)     | 54,742        | 40,398        | 35% ↑        | 48,990        | 12% ↑        |

## Profit and Loss Account

|                            | (Rs crs) |        |           |        |        |           |
|----------------------------|----------|--------|-----------|--------|--------|-----------|
|                            | Q2FY11   | Q2FY10 | Y-o-Y (%) | HYFY11 | HYFY10 | Y-o-Y (%) |
| Net Interest Income        | 330      | 209    | 58% ↑     | 625    | 376    | 66% ↑     |
| Other Income               | 175      | 132    | 32% ↑     | 336    | 305    | 10% ↑     |
| Total Income               | 505      | 341    | 48% ↑     | 961    | 681    | 41% ↑     |
| Operating Expenses         | 243      | 186    | 31% ↑     | 469    | 351    | 33% ↑     |
| Operating Profit           | 262      | 155    | 69% ↑     | 492    | 330    | 49% ↑     |
| Provisions & Contingencies | 57       | 39     | 46% ↑     | 105    | 74     | 44% ↑     |
| Profit before Tax          | 205      | 116    | 76% ↑     | 387    | 256    | 51% ↑     |
| Provision for Tax          | 72       | 39     | 85% ↑     | 135    | 92     | 46% ↑     |
| Profit after Tax           | 133      | 77     | 72% ↑     | 252    | 164    | 54% ↑     |

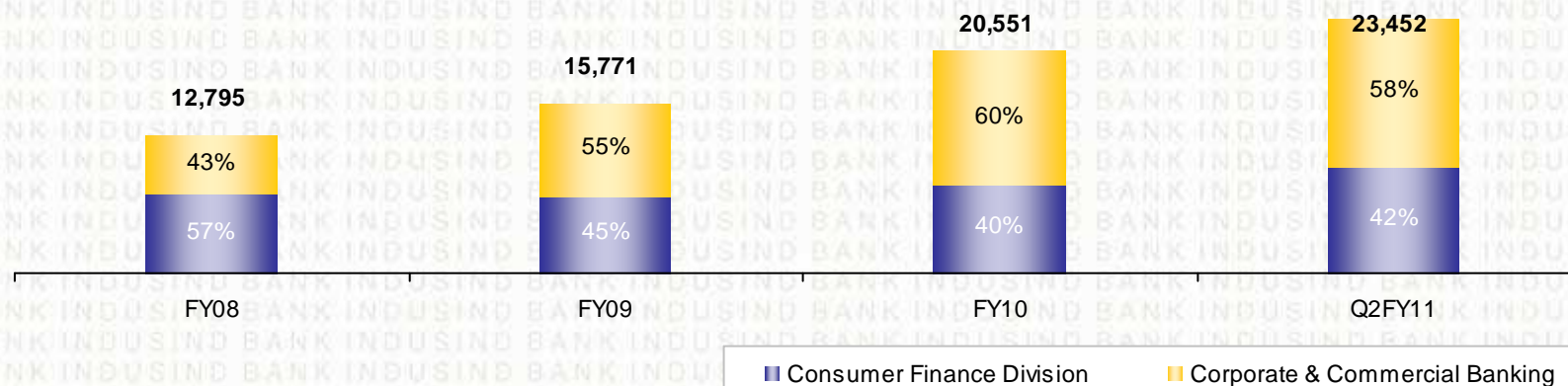


## Key Financial Indicators

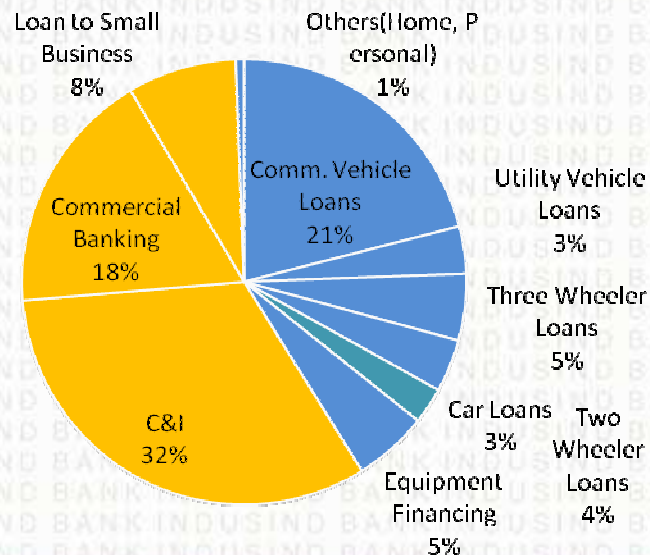
|  | Q2-11  | Q2-10  | Q1-11  |
|--|--------|--------|--------|
| ROA  | 1.38%  | 1.07%  | 1.33%  |
| ROE  | 20.83% | 17.79% | 21.89% |
| Revenue/Employee (Rs. in lacs)                         | 32     | 30     | 31     |
| Efficiency Ratio                                       | 48.13% | 54.44% | 49.50% |
| NIM  | 3.41%  | 2.86%  | 3.32%  |
| Net NPA  | 0.36%  | 0.98%  | 0.38%  |
| EPS (annualized-Rs. per share)                         | 12.84  | 8.20   | 11.56  |
| Net Worth (Rs. in crs.)- excluding Revaluation Reserve | 3,583  | 2,074  | 2,288  |
| Book Value (Rs. per share.)                            | 77.69  | 50.60  | 55.68  |

# Well Diversified Loan Book

Loan Book (Rs crs)



|                        | (Rs crs)      |           |
|------------------------|---------------|-----------|
|                        | 30 Sep-10     | %         |
| C&I                    | 7,625         | 32        |
| Comm. Banking          | 4,186         | 18        |
| Loan to Small Business | 1,852         | 8         |
| <b>Total</b>           | <b>13,663</b> | <b>58</b> |



| Consumer Finance       | (Rs crs)     |           |
|------------------------|--------------|-----------|
|                        | 30 Sep-10    | %         |
| Comm. Vehicle Loans    | 4,918        | 21        |
| Utility Vehicle Loans  | 807          | 3         |
| Three Wheeler Loans    | 1,138        | 5         |
| Two Wheeler Loans      | 901          | 4         |
| Car Loans              | 619          | 3         |
| Equipment Financing    | 1,268        | 5         |
| Other (Home, Personal) | 138          | 1         |
| <b>Total Advances</b>  | <b>9,789</b> | <b>42</b> |



# Diversified Corporate Loan Book

## Industry-wise Advances

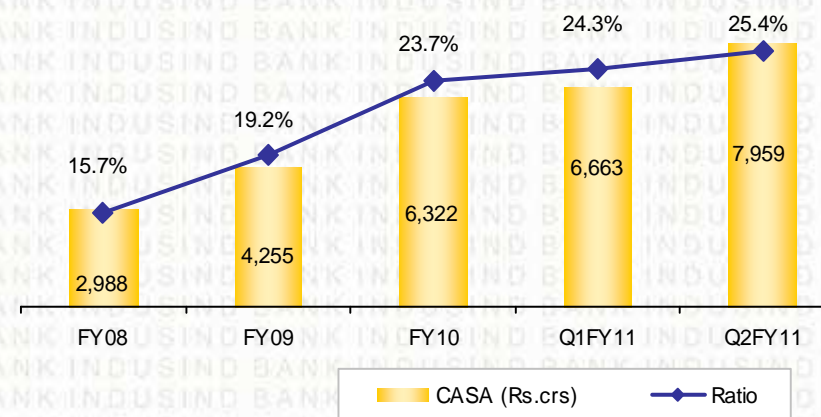


|                                |        |
|--------------------------------|--------|
| NBFCs (other than HFCs)        | 4.77%  |
| Construction                   | 3.44%  |
| Pharmaceuticals                | 3.30%  |
| Housing Finance Companies      | 2.01%  |
| Power Generation - Private     | 1.68%  |
| Textiles                       | 1.63%  |
| Microfinance Institution       | 1.56%  |
| Automobiles-Commercial Vehicle | 1.53%  |
| Steel                          | 1.38%  |
| Rubber & Rubber Products       | 1.32%  |
| Other Industry                 | 35.57% |

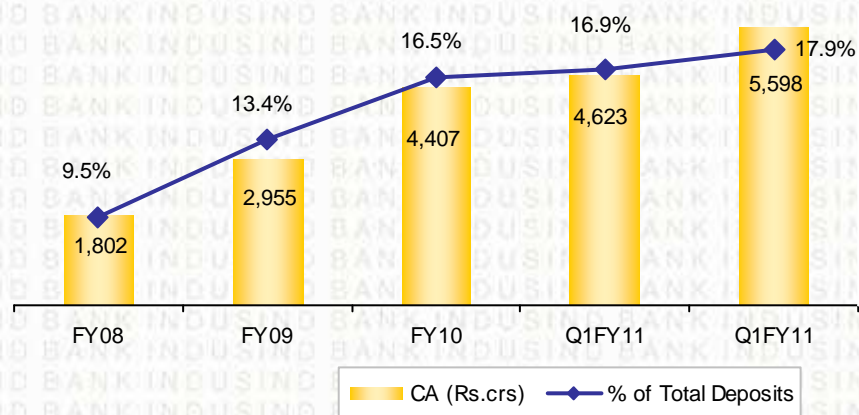
## And Improving Liability and CASA

- Strong management focus on
  - Building CASA through
    - New product launches
    - restructuring of branch network
    - focus on self employed and small business
    - Targeting CA pools
    - Focus on IPO and Dividend Mandate
  - Broad basing the wholesale deposits
  - Tenor mapping

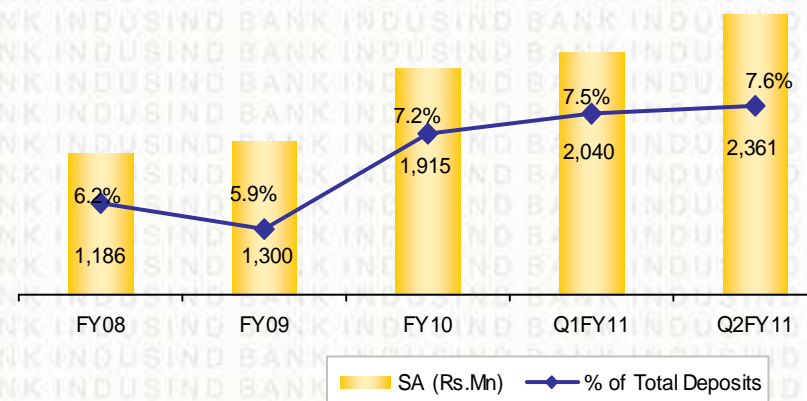
### CASA Uptick



### Current Account (CA)



### Savings Account (SA)





## Other Income

(Rs crs)

|  | Q2FY11     | Q2FY10     | Y-o-Y (%)    | HYFY11     | HYFY10     | Y-o-Y(%)     |
|--|------------|------------|--------------|------------|------------|--------------|
| Core Fee   | 163        | 122        | 34% ↑        | 293        | 209        | 40% ↑        |
| Securities/MM/FX Trading                         | 13         | 16         | -19% ↓       | 41         | 109        | -63% ↓       |
| NPA Recovery                                     | -          | 2          | -            | 3          | 3          | -            |
|  | 176        | 140        | 25% ↑        | 337        | 321        | 5% ↑         |
| Loss on sale of Repossessed Vehicle/Other Assets | -1         | -8         | -            | -1         | -16        | -            |
| <b>Total</b>                                     | <b>175</b> | <b>132</b> | <b>32% ↑</b> | <b>336</b> | <b>305</b> | <b>10% ↑</b> |

## Diverse Revenues from Core Fee Income

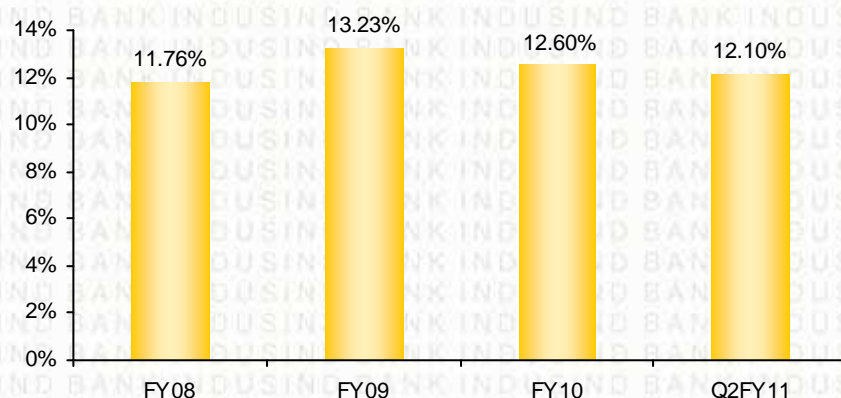
|   | Q2FY11     | Q2FY10     | Y-o-Y(%)     | HYFY11     | HYFY10     | Y-o-Y(%)     |
|---|------------|------------|--------------|------------|------------|--------------|
|   |            |            |              |            |            | (Rs crs)     |
| Trade & Remittances                     | 22         | 14         | 57% ↑        | 43         | 26         | 65% ↑        |
| Loan Processing fees                    | 29         | 23         | 26% ↑        | 60         | 45         | 33% ↑        |
| Foreign Exchange Income                 | 30         | 20         | 50% ↑        | 49         | 29         | 69% ↑        |
| TPP Distribution Income (Insurance, MF) | 40         | 33         | 21% ↑        | 76         | 50         | 52% ↑        |
| Investment Banking Income               | 19         | 7          | 71% ↑        | 21         | 10         | 110% ↑       |
| General Banking Fees                    | 23         | 25         | -8% ↓        | 45         | 49         | -9% ↓        |
| <b>Total core fee</b>                   | <b>163</b> | <b>122</b> | <b>34% ↑</b> | <b>293</b> | <b>209</b> | <b>40% ↑</b> |

- Broadened the fee income base
- Revamped Transaction Banking products suite: cash management, trade financing, supply chain financing, global remittances, commodity financing, and electronic banking services to clients across business groups
- Realignment of pricing of General Banking products
- Thrust on cross selling to existing client base using Relationship Managers and Managed Sales
- Third Party Products distribution capabilities developed

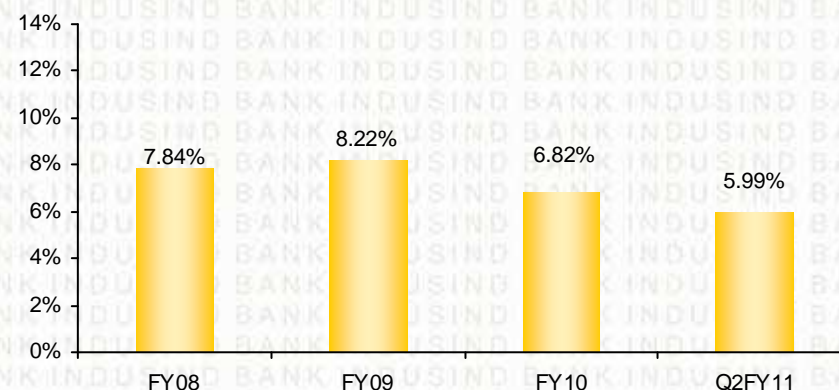


# Favourable Yield / Cost Movement

## Yield on Advances



## Cost of Deposits

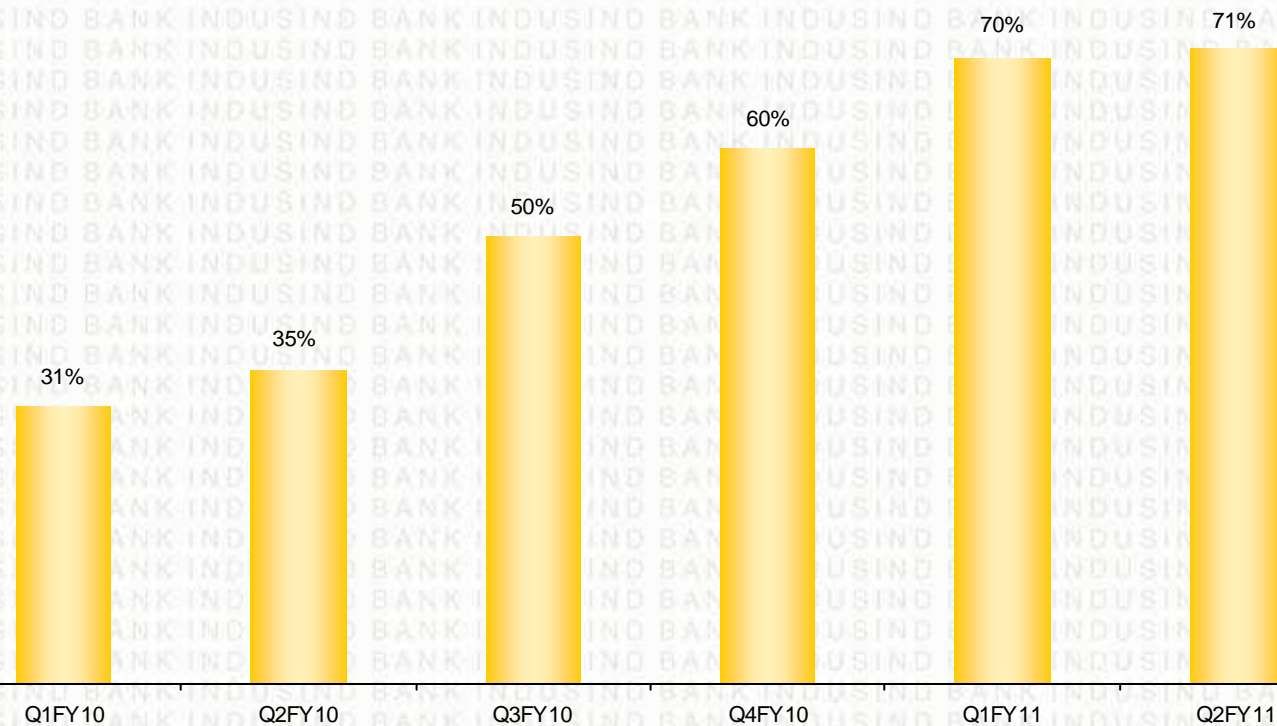


\* Yield / Cost based on daily averages

## Segment-wise Yield

|  | Q2FY11                  |              | Q2FY10                  |              |
|--|-------------------------|--------------|-------------------------|--------------|
|  | Outstanding<br>(Rs crs) | Yield<br>(%) | Outstanding<br>(Rs crs) | Yield<br>(%) |
| <b>Corporate and Commercial Banking(CCB)</b> | 13,686                  | 9.24         | 10,051                  | 10.98        |
| <b>Consumer Finance Division(CFD)</b>        | 9,789                   | 16.08        | 7,531                   | 15.53        |
| <b>Total</b>                                 | <b>23,475</b>           | <b>12.10</b> | <b>17,582</b>           | <b>13.08</b> |

## Provision Coverage Ratio



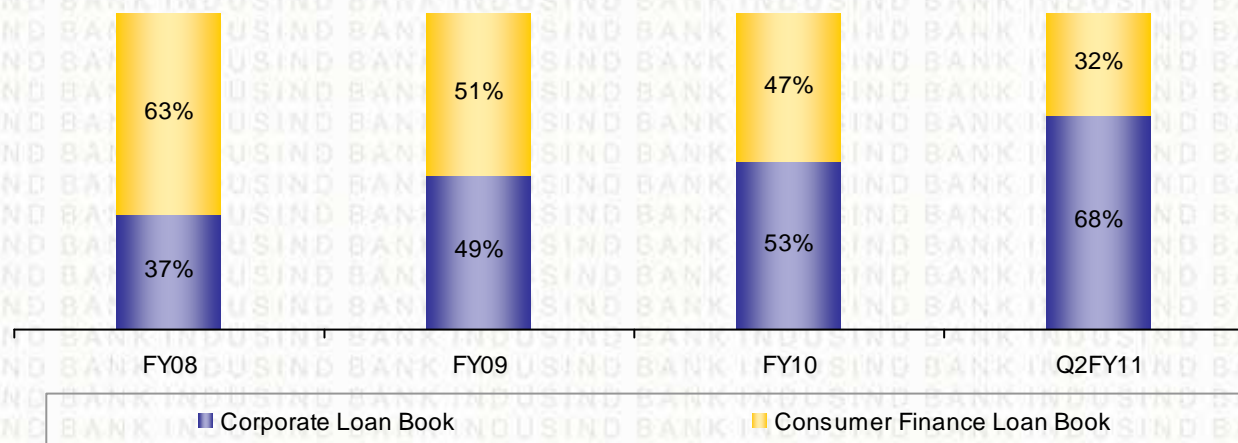
*Achieved regulatory norm of 70% ahead of stipulated time frame*



## Cost of Credit

(Rs crs)

|  | FY08         | FY09          | FY10          | Q2FY11       |
|--|--------------|---------------|---------------|--------------|
| Bad Debts Written Off and Provisions for NPA – Corporate Loan Book   | 29.82        | 78.08         | 85.86         | 22.52        |
| Bad Debts Written Off, Diminution in value/ Loss on sale of Repossessed vehicles and Provisions for NPA – Consumer Finance Loan Book | 50.80        | 82.70         | 75.77         | 10.60        |
| <b>Total Credit Costs</b>  | <b>80.62</b> | <b>160.78</b> | <b>161.63</b> | <b>33.12</b> |
| <b>Credit Costs<br/>(Basis Points on Advances)</b>   | <b>63</b>    | <b>102</b>    | <b>79</b>     | <b>14</b>    |



## Loan Portfolio - Movement in NPA and Restructured Advances

|                              | Q2FY11       |             |              | Q2FY10       |             |              |
|------------------------------|--------------|-------------|--------------|--------------|-------------|--------------|
|                              | CCB          | CFD         | Total        | CCB          | CFD         | Total        |
| Opening Balance              | 90           | 185         | 275          | 56           | 185         | 241          |
| Additions                    | 25           | 50          | 75           | 34           | 51          | 85           |
| Deduction                    | 21           | 43          | 64           | 4            | 57          | 61           |
| Gross NPA                    | 94           | 192         | 286          | 113          | 174         | 286          |
| Provisions                   | 94           | 108         | 202          | 113          | 90          | 203          |
| Net NPA                      | -            | 84          | 84           | -            | 84          | 84           |
| <b>Total Advances</b>        | <b>13663</b> | <b>9789</b> | <b>23452</b> | <b>10051</b> | <b>7532</b> | <b>17583</b> |
| % of Gross NPA               | 0.68%        | 1.94%       | 1.21%        | 0.85%        | 2.37%       | 1.50%        |
| % of Net NPA                 | -            | 0.86%       | 0.36%        | 0.26%        | 1.93%       | 0.98%        |
| <b>Restructured Advances</b> | <b>0.18%</b> |             |              | <b>0.41%</b> |             |              |



## NPA Composition - CFD

(Rs crs)

|                    | Com.<br>Vehicle | Utility | Const.<br>Equip. | 3W    | TW    | Cars  | Others | Total |
|--------------------|-----------------|---------|------------------|-------|-------|-------|--------|-------|
| <b>Gross NPA</b>   | 68              | 8       | 21               | 7     | 52    | 17    | 19     | 192   |
| <b>Net NPA</b>     | 32              | 5       | 11               | 5     | 24    | 7     | -      | 84    |
| <b>Gross NPA %</b> | 1.39%           | 0.95%   | 1.67%            | 0.61% | 5.62% | 2.74% | 12.10% | 1.94% |
| <b>Net NPA %</b>   | 0.67%           | 0.56%   | 0.84%            | 0.45% | 2.62% | 1.19% | -      | 0.86% |

## CRAR - Basel II

(Rs crs)

|                            | 30 Sep-10 | 30 Sep-09 |
|----------------------------|-----------|-----------|
| Credit Risk RWA            | 25,030    | 18,015    |
| Market Risk RWA            | 1,578     | 1,095     |
| Operational Risk RWA       | 458       | 280       |
| Total Risk Weighted Assets | 27,066    | 19,390    |
| Tier I                     | 3,294     | 2,062     |
| Tier II                    | 1,096     | 830       |
| Total Capital              | 4,390     | 2,892     |
| CRAR                       | 16.22%    | 14.91%    |
| Tier I                     | 12.17%    | 10.63%    |
| Tier II                    | 4.05%     | 4.28%     |



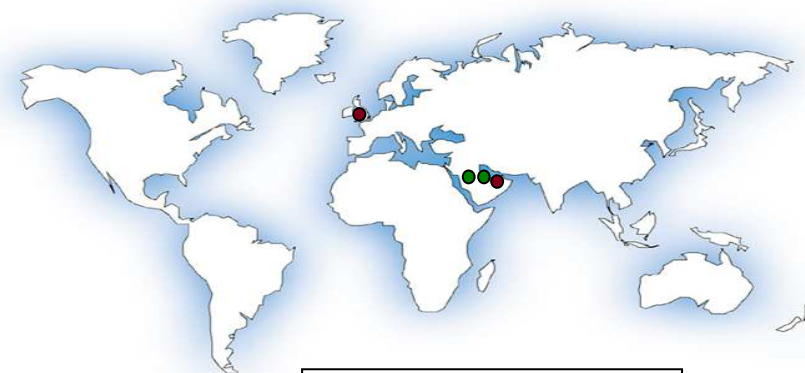
# Distribution Expansion to Drive Growth



## Strengthening Distribution Infrastructure

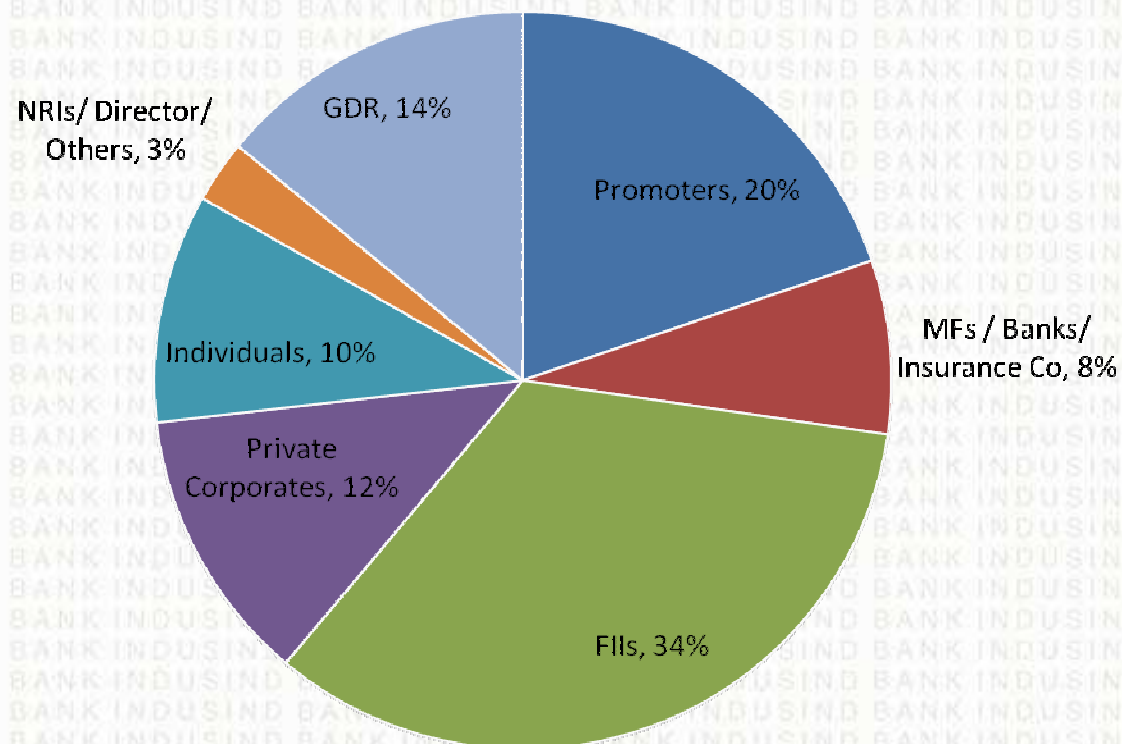
| As at, end     | FY08 | FY09 | FY10 | Q1FY11 | As on date |
|----------------|------|------|------|--------|------------|
| Branch Network | 180  | 180  | 210  | 224    | 238        |
| ATMs           | 336  | 356  | 497  | 533    | 544        |

**Regulatory clearances for 127 new branches in place:28 already opened**



- Branch/Representative Office
- Strategic Alliance

## Shareholding Pattern



As at September 30, 2010





Thank you