

***IndusInd Bank***

**Investor Presentation  
Q2-2019-20**

**October 10, 2019**

**Q2 – FY20 Performance Highlights**

- Q2 FY 20 marked by strong growth in headline numbers; Consolidated PAT at Rs. 1401 crs up by 52%
- Strengthened Balance Sheet by improving PCR from 43% to 50% with accelerated provisions of Rs. 355 crs
- Q2 PAT without accelerated provisions at Rs. 1,667 crs up by 81% YoY and 16% QoQ
- Revenue growth of 32% YoY ; Core fee up by 21% YoY ; NIM up by 5 bps to 4.10%
- Credit growth up 21% and Deposit growth up 23% , well above industry growth
- Loan book quality stable ; GNPA at 2.19% and NNPA at 1.12%
- Credit Cost for Q2 at 18 bps, SMA2 at 58 bps
- Client base touches 23 million; on boarded 2 million during the quarter
- Strong Capital Adequacy with CRAR at 15.77% (incl H1 FY20 Profits)



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

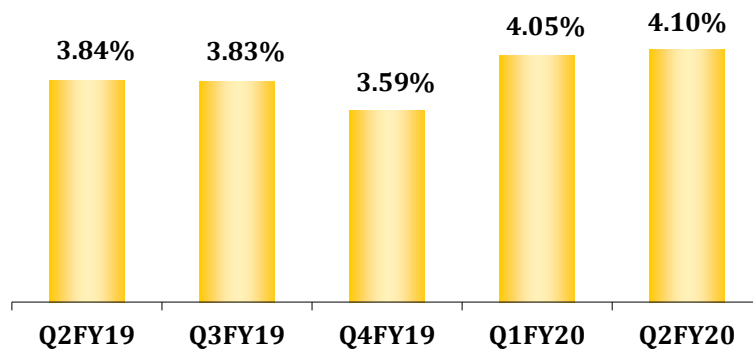
			Q2 FY20 Outcome Consolidated
Resulting in	Loan Growth	▶ 25% - 30%	21%
	CASA Ratio	▶ 40%	41%
	Revenue Growth	▶ Exceed Balance Sheet Growth	32%
	RoRWA	▶ > 2.4%	2.39%
	Branch Network	▶ 2,000	1753*
	Customer Base	▶ Double to >20mn	On track

\* includes 83 banking outlets

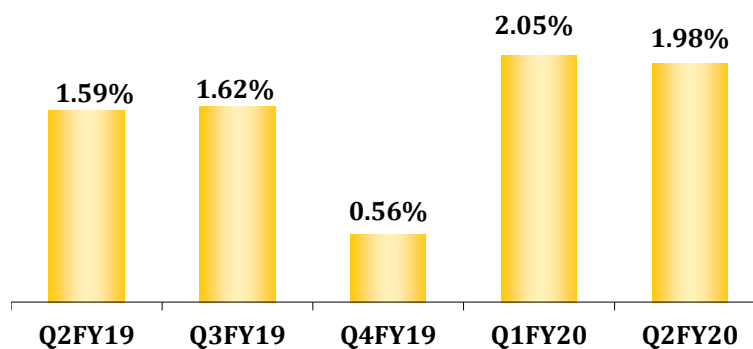


# How We Measure Up On Key Metrics

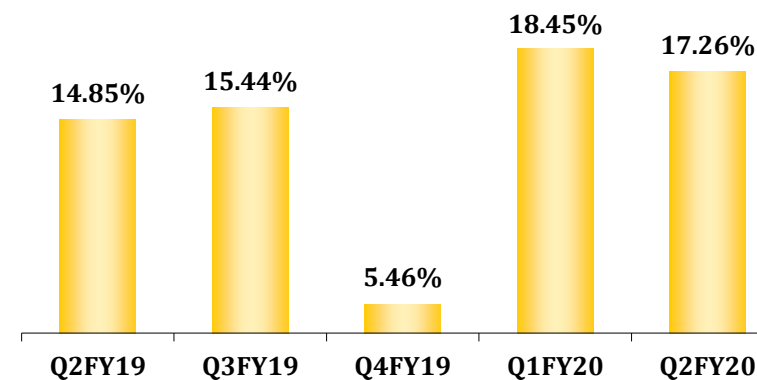
Net Interest Margin (NIM)



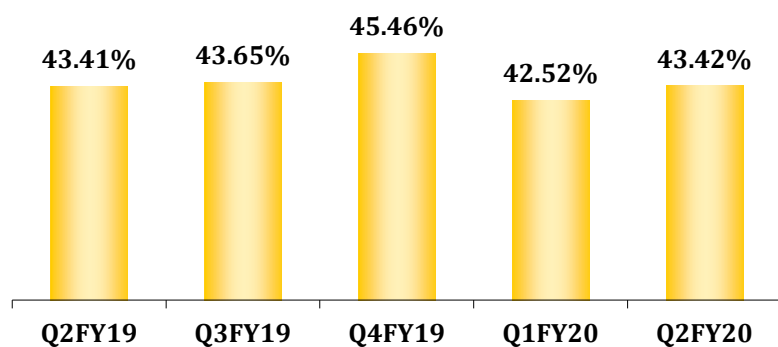
RoA



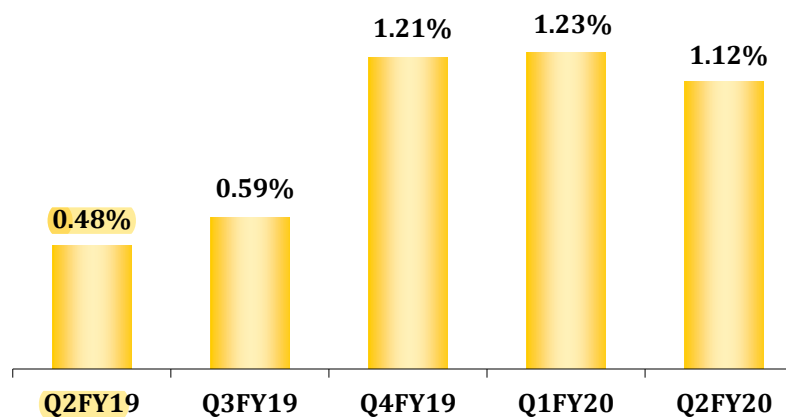
RoE



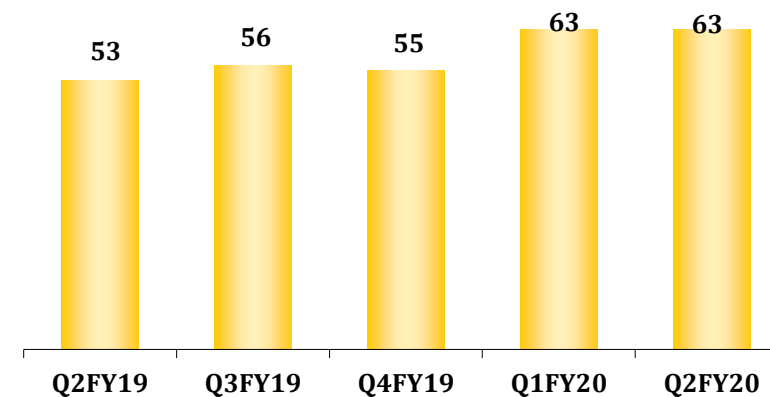
Cost / Income



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



# Consolidated Financial Performance

**Consolidated post merger of BFIL**  
(effective July 04, 2019 with appointed date Jan. 01, 2018) \*

\* Previous year periods not comparable



## Steady Headline Numbers for Q2-FY20

		Y-o-Y Growth	Q-o-Q Growth
Net Interest Income	Rs. 2,909 crs	32%	2%
Total Fee Income	Rs. 1,727 crs	31%	4%
Revenue	Rs.4,637 crs	32%	3%
Operating Profit	Rs. 2,623 crs	32%	1%
Net Profit	Rs. 1,401 crs	52%	(2%)



		Y-o-Y Growth	Q-o-Q Growth
Advances	Rs. 1,97,113 crs	21%	2%
Deposits	Rs. 2,07,193 crs	23%	3%
CASA	Rs. 85,838 crs	17%	(1%)
SA	Rs. 58,117 crs	14%	1%
Borrowings	Rs. 44,558 crs	4%	(10%)



# Balance Sheet

(Rs Crs)

	Q2FY20	Q2FY19	Y-o-Y (%)	Q1FY20	Q-o-Q (%)
<b>Capital &amp; Liabilities</b>					
Capital	693	601	15% ▲	693	- ▲
Reserves and Surplus	32,171	24,763	30% ▲	31,365	3% ▲
Share Warrant Subscription money	674	-	- ▲	-	- ▲
Deposits	2,07,193	1,68,220	23% ▲	2,00,586	3% ▲
Borrowings	44,558	42,828	4% ▲	49,764	(10%) ▼
Other Liabilities and Provisions	9,644	11,908	(19%) ▼	10,638	(9%) ▼
<b>Total</b>	<b>294,933</b>	<b>2,48,320</b>	<b>19% ▲</b>	<b>2,93,046</b>	<b>1% ▲</b>
<b>Assets</b>					
Cash and Balances with RBI	9,973	8,765	14% ▲	9,797	2% ▼
Balances with Banks	5,306	9,567	(45%) ▼	11,645	(54%) ▼
Investments	63,540	50,089	27% ▲	60,734	5% ▲
Advances	1,97,113	1,63,145	21% ▲	1,93,520	2% ▲
Fixed Assets	1,799	1,363	32% ▲	1,774	1% ▲
Other Assets	17,202	15,391	12% ▲	15,576	10% ▲
<b>Total</b>	<b>2,94,933</b>	<b>2,48,320</b>	<b>19% ▲</b>	<b>2,93,046</b>	<b>1% ▲</b>
<b>Business (Advances + Deposit)</b>	<b>4,04,306</b>	<b>3,31,365</b>	<b>22% ▲</b>	<b>3,94,106</b>	<b>3% ▲</b>



# Profit and Loss Account – Q2FY20

	(Rs Crs)				
	Q2FY20	Q2FY19	Y-o-Y (%)	Q1FY20	Q-o-Q (%)
Net Interest Income	2,909	2,204	32% ▲	2,844	2% ▲
Other Income	1,727	1,317	31% ▲	1,663	4% ▲
<b>Total Income</b>	<b>4,636</b>	<b>3,521</b>	32% ▲	<b>4,507</b>	3% ▲
Operating Expenses	2,013	1,529	32% ▲	1,916	5% ▲
<b>Operating Profit</b>	<b>2,623</b>	<b>1,992</b>	32% ▲	<b>2,591</b>	1% ▲
Provisions & Contingencies	737	590	25% ▲	431	71% ▲
Credit Cost	363	200	82% ▲	304	19% ▲
Others	374*	390	(4%) ▼	126	197% ▲
<b>Profit before Tax</b>	<b>1,886</b>	<b>1,402</b>	34% ▲	<b>2,160</b>	(13%) ▼
Provision for Tax	485	482	1% ▲	728	(33%) ▼
<b>Profit after Tax</b>	<b>1,401</b>	<b>920</b>	52% ▲	<b>1,433</b>	(2%) ▼
<b>Profit after Tax (excluding Accelerated provision)</b>	<b>1,667</b>	<b>920</b>	81% ▲	<b>1,433</b>	16% ▲

\* Includes Rs. 355 crs of accelerated provisions



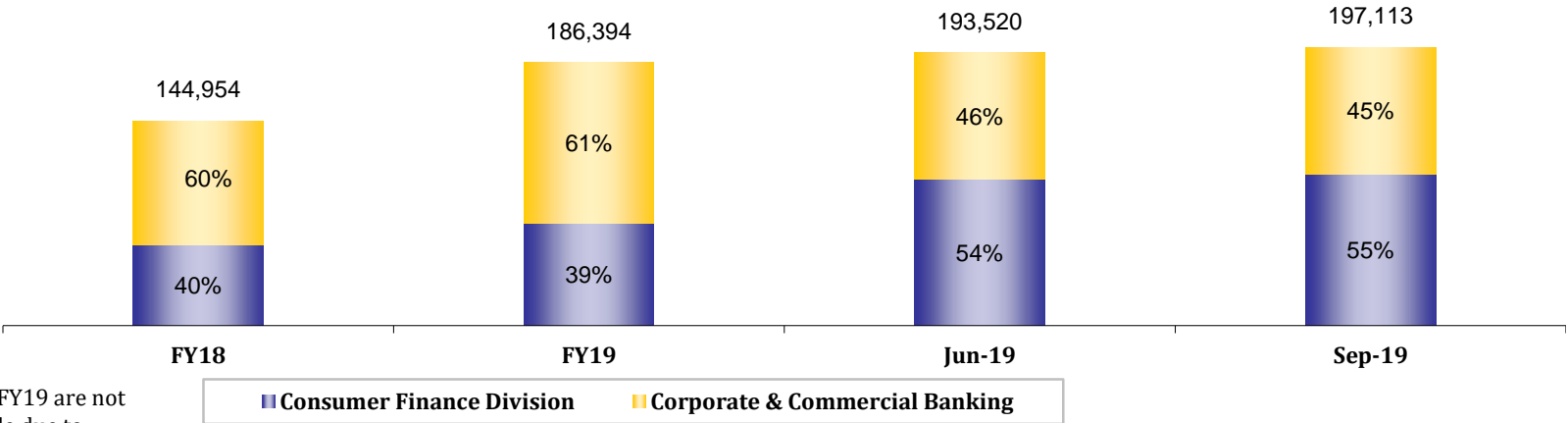
# Key Financial Indicators

	Q2FY20	Q2FY19	Q1FY20
Return on Assets	1.98%	1.59%	2.05%
PPOP	3.57%	3.34%	3.63%
ROE	17.26%	14.85%	18.45%
Cost / Income Ratio	43.42%	43.41%	42.52%
Net Interest Margin	4.10%	3.84%	4.05%
Net NPA	1.12%	0.48%	1.23%
EPS (annualized, Rs. per share)	80.88	61.27	82.74
Capital + Reserves (Excl. Revaluation Reserve) (Rs. in crs)	33,216	25,005	31,734



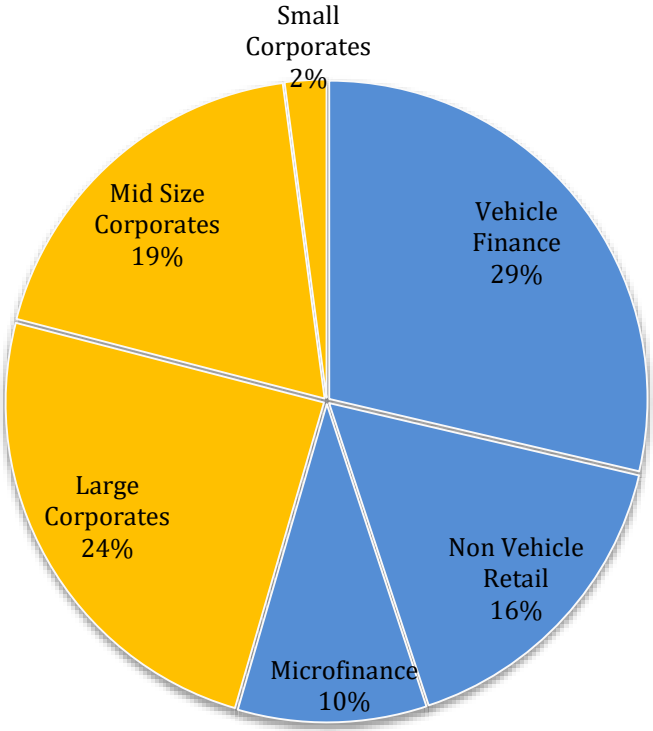
# Well Diversified Loan Book

Loan Book (Rs crs)



FY18 and FY19 are not comparable due to reclassification of BBG & MFI

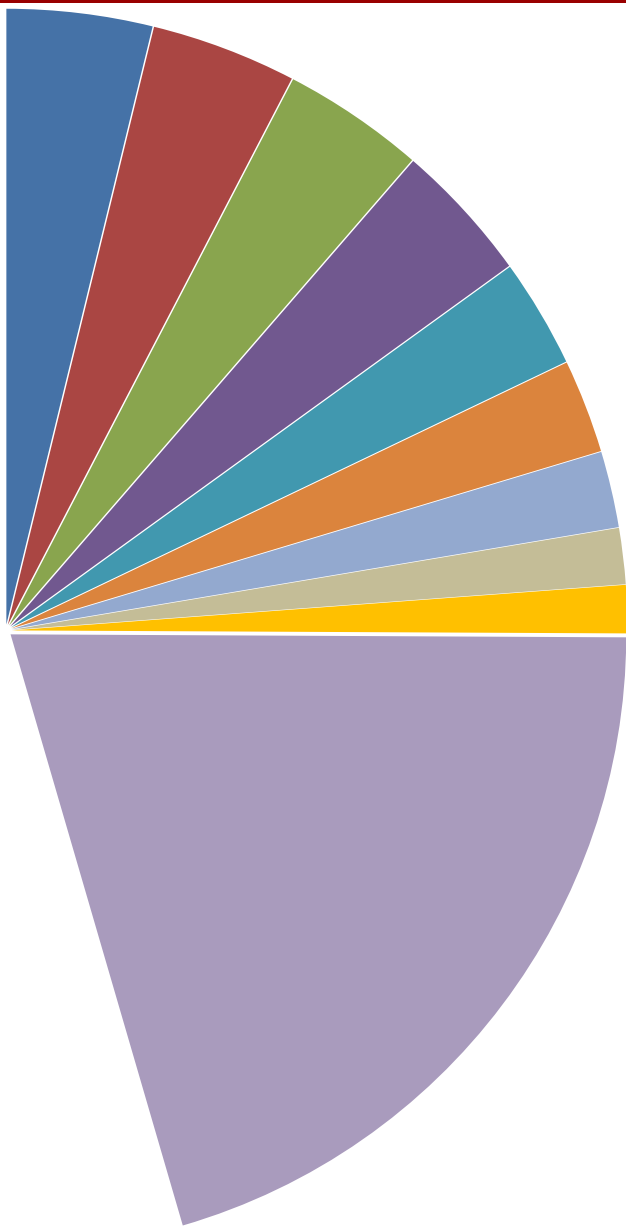
(Rs crs)		
Corporate Banking	Sep-19	
Large Corporates	48,319	25%
Mid size Corporates	37,194	18%
Small Corporates	4,148	2%
Total Advances	89,661	45%



(Rs crs)		
Consumer Finance	Sep-19	
<b>Vehicle Loans</b>	<b>56,472</b>	<b>29%</b>
Comm. Vehicle Loans	25,092	13%
Utility Vehicle Loans	4,009	2%
Small CV	3,386	2%
Two Wheeler Loans	4,799	2%
Car Loans	7,013	4%
Tractor	4,132	2%
Equipment Financing	8,041	4%
<b>Non-Vehicle Loans</b>	<b>32,096</b>	<b>16%</b>
Credit Card	4,203	2%
Loan Against Property	8,785	4%
Business Banking	11,360	6%
BL, PL, GL, AHL, Others	7,748	4%
<b>Microfinance*</b>	<b>18,884</b>	<b>10%</b>
<b>Total Advances</b>	<b>1,07,452</b>	<b>55%</b>

\*includes BFIL





Sector	%	SMA2 (Rs.crs)
Real Estate	3.82%	28
Lease Rental	3.81%	48
Gems and Jewellery	3.73%	
NBFCs (other than HFCs )	3.68%	257*
Power Generation	2.85%	
Steel	2.46%	
Services	2.00%	16
Housing Finance Companies	1.47%	
Telecom- Cellular	1.26%	
Other Industry	20.41%	794
<b>Corporate Banking</b>	<b>45.49%</b>	<b>1,082</b>
<b>Consumer Banking</b>	<b>54.51%</b>	<b>61</b>
<b>Total</b>	<b>100.00%</b>	<b>1143</b>

**SMA 1 Outstanding:**  
0.38% of loans

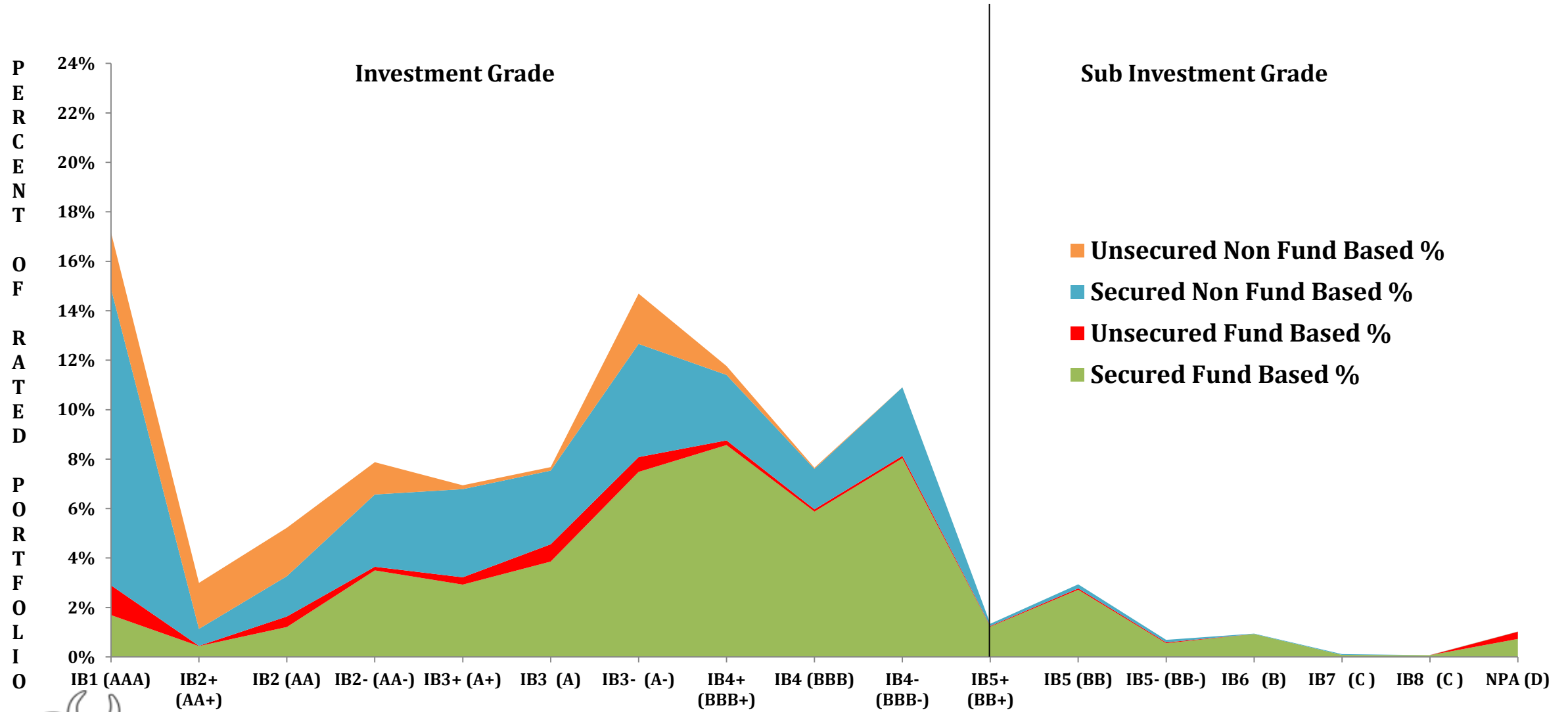
**SMA 2 Outstanding:**  
0.58% of loans

**Accounts in SMA1 & SMA2:**

**\* Full Repayment  
expected by Oct 2019.  
Excl. this SMA2 at  
0.45%**

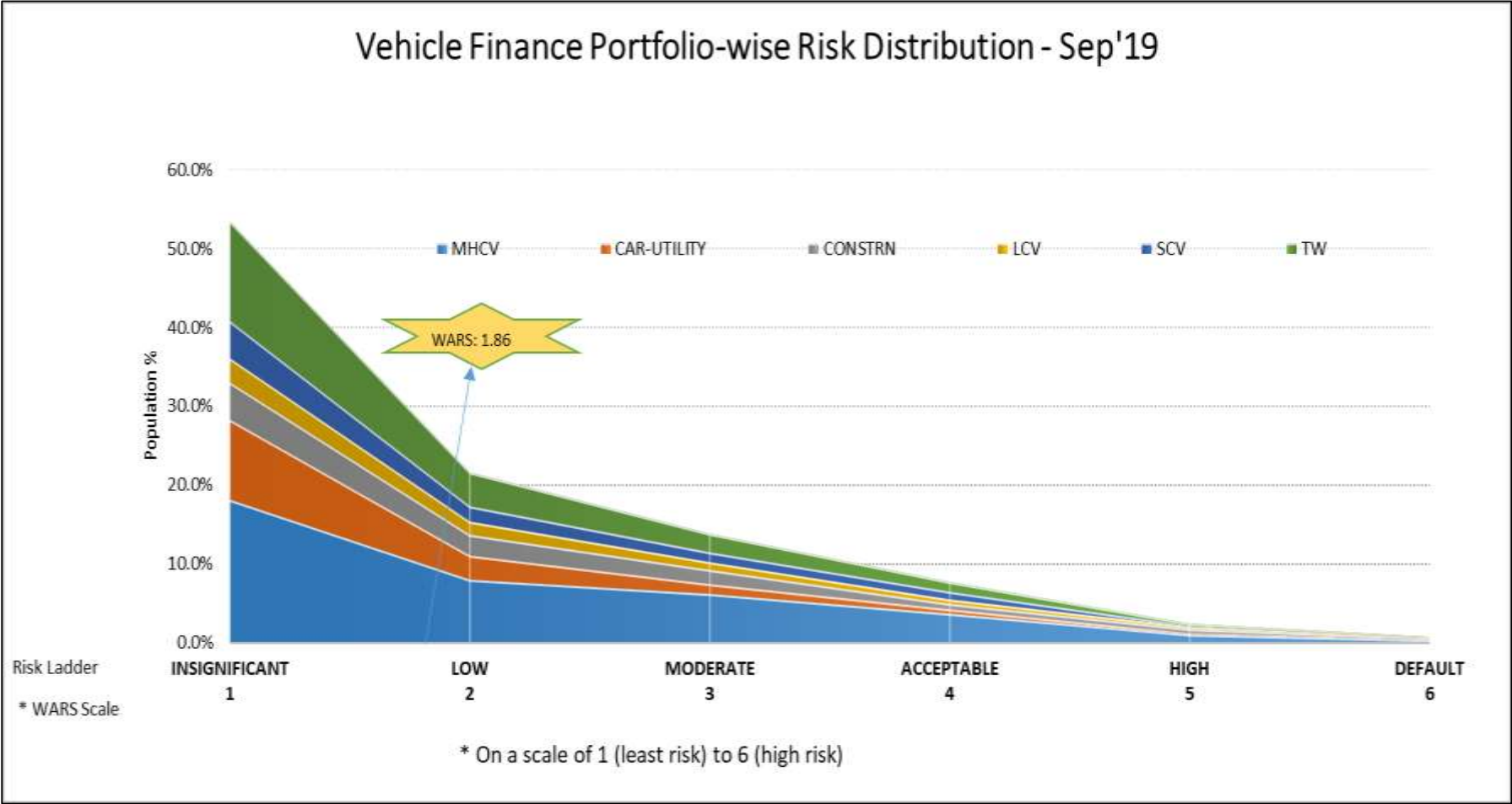


# Well Rated Corporate Portfolio



# 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	Sep'17	Dec'17	Mar'18	Jun'18	Sep'18	Dec'18	Mar'19	Jun'19	Sep'19
WARS	1.89	1.84	1.73	1.77	1.80	1.82	1.75	1.82	1.86



## Market rumours / comments on Exposure to Potentially Stressed Groups

- Three groups, one each in Media / Diversified / Housing Finance sectors speculated as being stressed
- Bank's net funded and non-funded exposure to these groups is 1.1% of the loan book net of provisions held as under:

% of Loans	Q4FY19	Q1FY20	Q2FY20
Media Group	0.4%	0.4%	0.3% <sup>(1)</sup>
Diversified Group	1.0%	1.0%	0.5%
HFC	0.4%	0.3%	0.3%
<b>Total</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.1%</b>

Note 1: Holding Company exposures at 0.17% and OpCo Cash Flow exposures at 0.13%

- Consolidated security cover of 160% for the exposures held by us, of which marketable security in the form listed shares covers 37% of the total exposure as on date
- Total exposure expected to reduce to 0.8% by end of October 2019 through repayments.
- All above accounts remain standard in the Bank's books



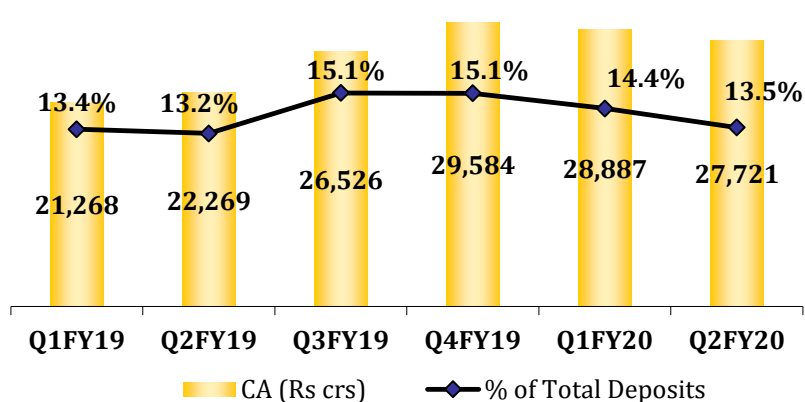
- Bank's CRE exposure comprises of 3.8% Real Estate Developer Loans (RE) and 3.8% Lease Rental Discounting (LRD)
- RE exposure is diversified across 71 projects with average ticket size of INR 108 cr
- LRD exposure is diversified across 122 projects with average ticket size of INR 61 cr. Exposures are effectively to cash-flows of lessee, typically across industries such as MNC hubs & IT.
- Interpreting MCA charges / dated prospectus for assessing banking exposures may not be reliable as evident in recent speculation on a HFC-RE Developer Group:
  - In relation to this Group, the Bank disclosed to Stock Exchanges exposure of 0.35% of loans to their financing businesses. As on date this has reduced to 0.27% .
  - Exposure to Real Estate businesses of the Group as on date is at 0.45% and expected to reduce to 0.2% with scheduled repayments / prepayments during the quarter.
  - All exposures are fully / strongly collateralised with no overdues.



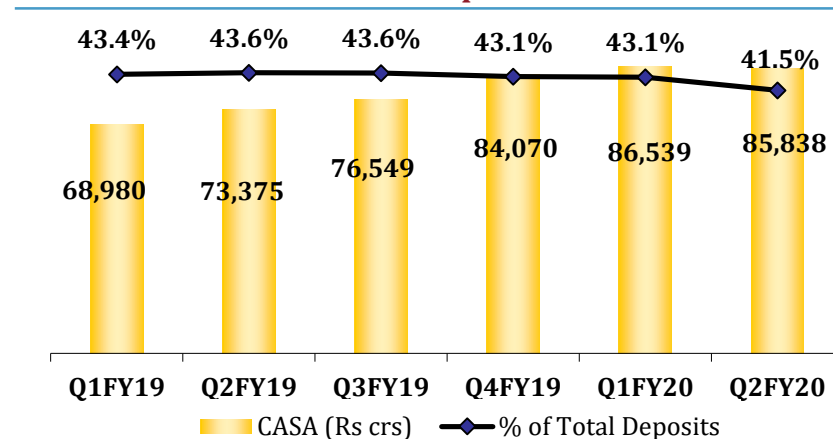
## Building CASA traction

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

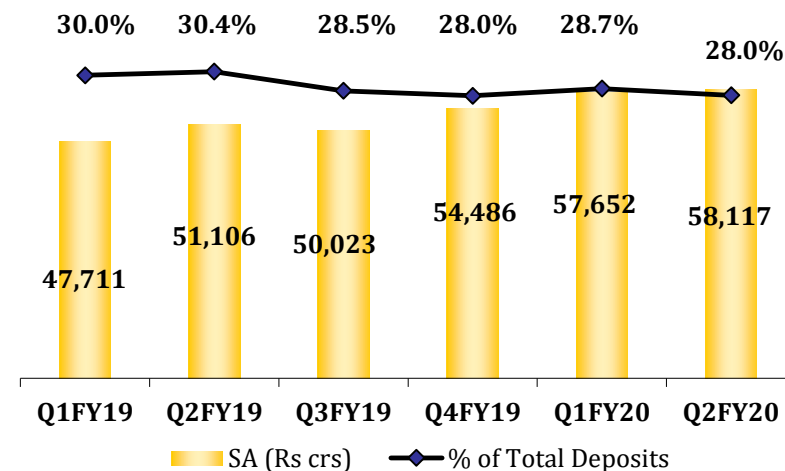
### Current Account (CA)



### CASA Uptick



### Savings Account (SA)



# Other Income

(Rs Crs)

	Q2FY20	Q2FY19	Y-o-Y (%)	Q1FY20	Q-o-Q (%)
Core Fee	1,468	1,218	21% ▲	1,422	3% ▲
Securities/MM/FX Trading/Others	259	99	162% ▲	241	8% ▲
<b>Total</b>	<b>1,727</b>	<b>1,317</b>	<b>31% ▲</b>	<b>1,663</b>	<b>4% ▲</b>



# Diverse Revenues from Core Fee Income

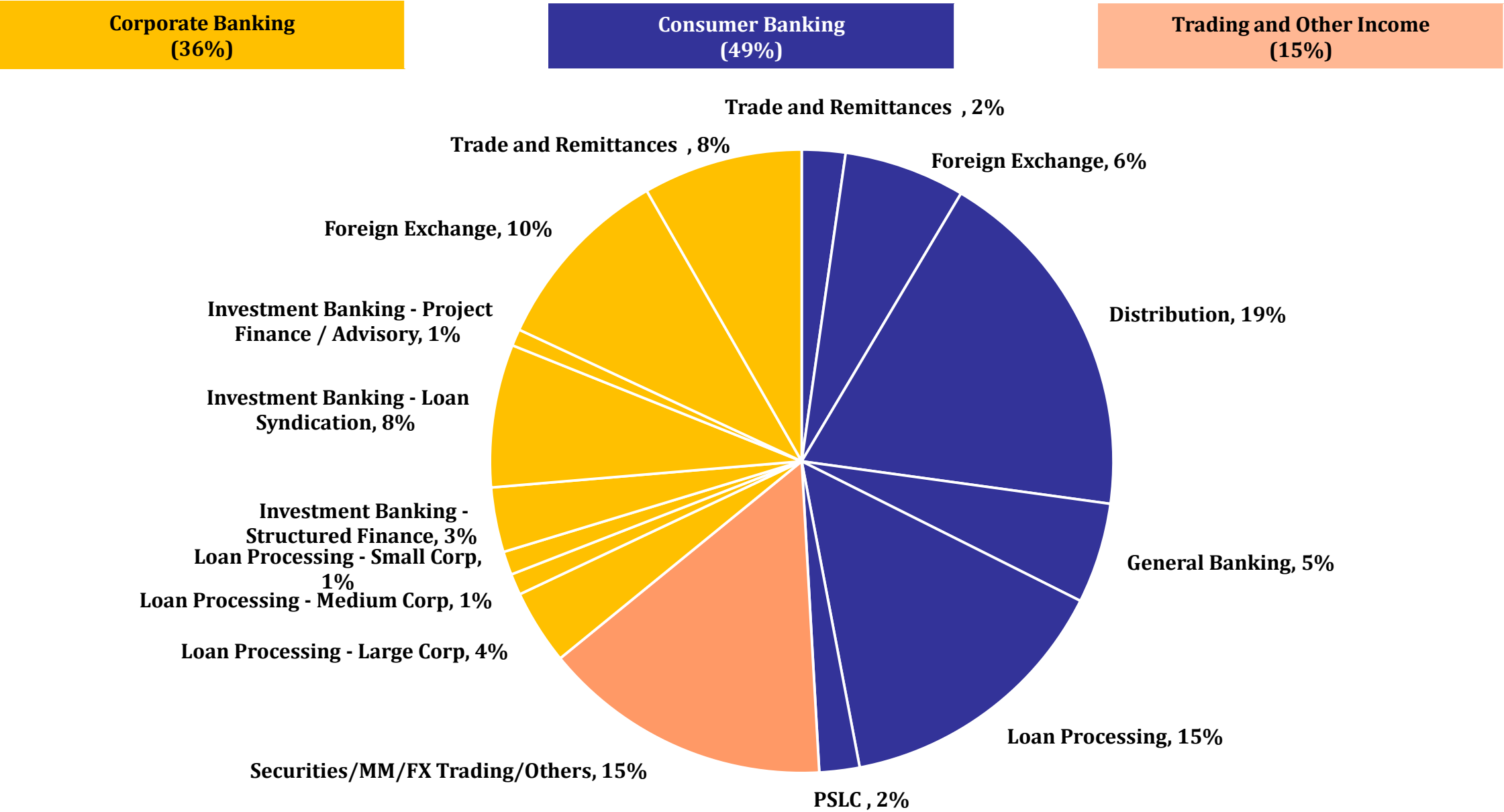
(Rs Crs)

	Q2FY20	Q2FY19	Y-o-Y(%)	Q1FY20	Q-o-Q(%)
Trade and Remittances	182	151	20% ▲	164	11% ▲
Foreign Exchange Income	277	223	24% ▲	250	11% ▲
Distribution Fees (Insurance, MF, Cards)	322	280	15% ▲	302	7% ▲
General Banking Fees	90	91	(1%) ▼	90	-
Loan Fees	360	260	38% ▲	338	7% ▲
Investment Banking	201	213	(6%) ▼	235	(14%) ▼
PSLC	36	-	-	43	(16%) ▼
<b>Total Core Fee Income</b>	<b>1,468</b>	<b>1,218</b>	<b>21% ▲</b>	<b>1,422</b>	<b>3% ▲</b>

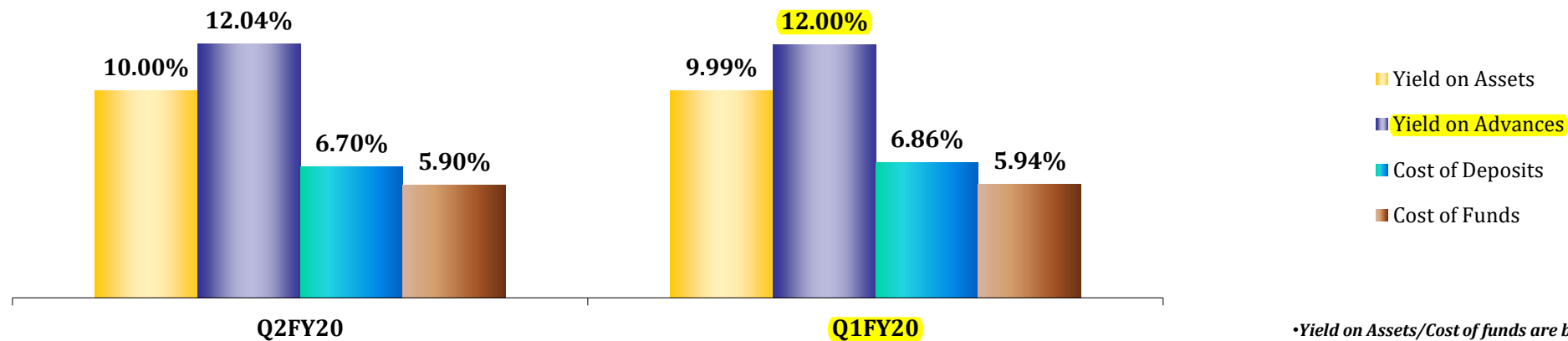
**Growth momentum continues on regular fee flows**



# Diversified and Granular Fee Streams – Q2-FY20



# Yield / Cost Movement



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

## Segment-wise Yield

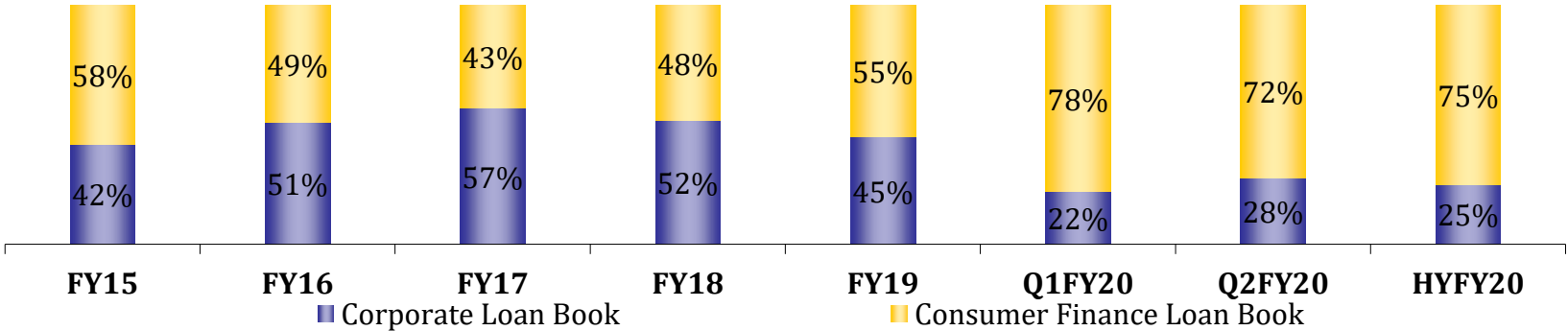
	Q2FY20		Q1FY20	
	Outstanding (Rs crs)	Yield (%)	Outstanding (Rs crs)	Yield (%)
Corporate Bank	89,661	9.02%	89,664	9.06%
Consumer Finance	1,07,452	14.65%	1,03,856	14.57%
<b>Total</b>	<b>1,97,113</b>	<b>12.04%</b>	<b>1,93,520</b>	<b>12.00%</b>



# Credit Cost

	(Rs Crs)							
	FY15	FY16	FY17	FY18	FY19	Q1FY20	Q2FY20	HY FY20
Corporate Bank	144	258	401	468	2,134	67	101	168
Consumer Finance	195	244	303	433	585	237	262	499
Gross Credit Costs	339	502	704	901	2,719	304	363*	667*
Gross Credit Costs (Basis Points on Advances)	49	57	62	62	146	16	18*	34*
Net Credit Cost	323	468	672	856	2,689	293	348*	641*
Net Credit Costs (Basis Points on Advances)	48	53	59	59	144	15	18*	33*
PCR	63%	59%	58%	56%	43%	43%	50%	50%

\* Excluding accelerated provision of Rs. 355 crs (18 bps)



# Loan Portfolio - Movement in NPA and Restructured Advances

(Rs Crs)

	Q2FY20			Q1FY20		
	Corporate	Consumer	Total	Corporate	Consumer	Total
Opening Balance	2,903	1,297	4,200	2,841	1,106	3,947
Additions	479#	623	1,102	175	550	725
Deductions	450#	482	932	113	359	472
Gross NPA	2,932	1,438	4,370*	2,903	1,297	4,200*
Net NPA			2,203			2,381
% of Gross NPA			2.19%			2.15%
% of Net NPA			1.12%			1.23%
Provision Coverage Ratio (PCR)			50%			43%
Restructured Advances			0.11%			0.08%
Restructured + Gross NPA to Advances			2.33%			2.25%

\*After sale to ARC Rs. 103 crs (Rs. 47 crs)

# Corporate Technical slippage Rs. 142 crs



# NPA Composition – Consumer Finance

(Rs Crs)

Q2-FY20	Com. Vehicle	Utility	Const. Equip.	Small CV	TW	Cars	Tractor	BBG/LAP	HL/PL/O thers	Cards	MFI	Total
Gross NPA	361	48	79	59	155	52	65	258	81	102	178	<b>1,438</b>
Gross NPA %	1.43%	1.20%	0.97%	1.72%	3.16%	0.73%	1.57%	1.27%	1.04%	2.40%	0.94%	<b>1.34%</b>

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



(Rs Crs)

	30 Sep 19	30 Sep 19	30 Jun 19	30 Jun 19
	Basel – III	Incl. H1 FY 20 PAT	Basel – III	Incl. Q1 PAT
Credit Risk, CVA and UFCE	2,04,955	2,04,955	1,99,418	1,99,418
Market Risk	9,282	9,282	8,690	8,690
Operational Risk	22,986	22,986	22,986	22,986
<b>Total Risk Weighted Assets</b>	<b>2,37,223</b>	<b>2,37,223</b>	<b>2,31,094</b>	<b>2,31,094</b>
Core Equity Tier 1 Capital Funds	30,363	32,912	29,955	31,261
Additional Tier 1 Capital Funds	3,490	3,490	3,490	3,490
Tier 2 Capital Funds	1,016	1,016	993	993
<b>Total Capital Funds</b>	<b>34,869</b>	<b>37,418</b>	<b>34,438</b>	<b>35,744</b>
<b>CRAR</b>	<b>14.70%</b>	<b>15.77%</b>	<b>14.90%</b>	<b>15.47%</b>
<b>CET1</b>	<b>12.80%</b>	<b>13.87%</b>	<b>12.96%</b>	<b>13.53%</b>
<b>Tier 1</b>	<b>14.27%</b>	<b>15.34%</b>	<b>14.47%</b>	<b>15.04%</b>
<b>Tier 2</b>	<b>0.43%</b>	<b>0.43%</b>	<b>0.43%</b>	<b>0.43%</b>



# Distribution Expansion to Drive Growth



## Strengthening Distribution Infrastructure

Particulars	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019
IBL Branches/Banking Outlets	1,558	1,665	1,701	1,753*
BFIL Branches	-	-	1,938	2,028
Vehicle Finance Marketing Outlets	869	845	855	842
Total Branches/Outlets	2,427	2,510	4,494	4,623
ATMs	2,453	2,545	2,605	2,662

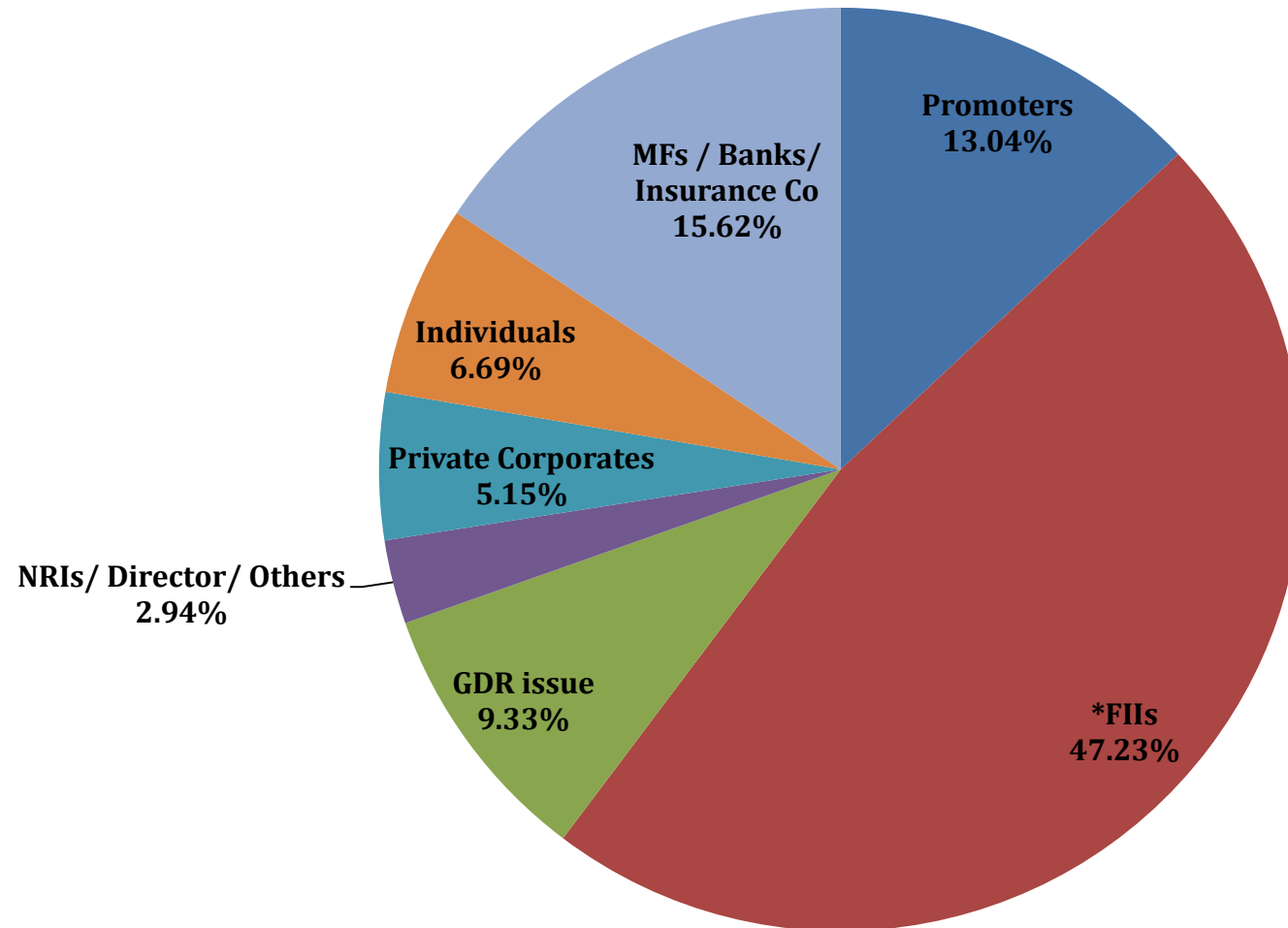
\*includes 208 specialized branches and 83 Banking outlets



• Branch/Representative Office  
• Strategic Alliance



September 30, 2019



\*includes FPIs



# 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



Mr. Romesh Sobti, MD & CEO Honoured with the 'Lifetime Achievement Award' at the Financial Express India's Best Banks Awards held in Mumbai on September 30, 2019.





IndusInd Bank has been awarded with the Best Corporate Social Responsibility Practices (CSR) Award by the Haryana Government





IndusInd bank wins three awards at CMO Asia Awards 2019 ceremony held in Singapore

- Best Search Campaign – IndusForex campaign
- Best Digital Campaign – IndusInd Bank NEXXT Card
- Best Digital Integrated Campaign – IndusInd Bank DUO CARD





IndusInd Bank received 2 awards at JCB Awards 2018.

- BEST FINANCIER FOR 2018
- BEST FINANCIER – BACKHOE LOADER 2018



**Thank You**

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