

# Corporate Presentation

January 2011



# Presentation Path

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**Key Highlights**

Financial Performance

Business Strategy

Appendix

# ING Vysya Bank Limited (IVBL) - Key highlights

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Banking franchise with ~8 decades of experience



Strong pedigree of investors



Diversified distribution with growing footprint



Consistent improvement in operating metrics

# Key Performance Highlights – Q3 FY2011

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- Q3' 2011 Net Profit up 37.04% YoY at Rs. 830.08 million
- CASA up 20.67% and CASA Ratio at 33.47%; up from 32.24%
- Gross Advances up 23.73% YoY at Rs. 218,934 million
- Deposits up 16.22% YoY at Rs. 272,678 million
- ROA at 0.88%
- Capital Adequacy at 12.69% and Tier I Capital Adequacy Ratio at 8.82%
- Net NPA at 0.64% against 1.67% in Q3 FY2010
- Provision Cover improved to 76.41% against 45.10% in Q3 FY2010
- The Market Capitalization as on 31<sup>st</sup> December 2010 was Rs. 44.51 Bn

# Key Performance Metrics

	Q3 11	Q3 10	YTD FY 10-11	YTD FY09-10	FY 09-10	FY 08-09
CASA Ratio	33.47%	32.24%	33.47%	32.24%	32.58%	26.97%
Adjusted Net Interest Margin*	3.26%	3.55%	3.33%	3.22%	3.36%	2.99%
Cost of Deposits	5.44%	5.00%	4.98%	5.61%	5.33%	6.83%
Fee Income / Total Income	40.41%	37.25%	39.62%	43.11%	42.77%	45.74%
Cost Income Ratio	61.37%	58.32%	59.74%	57.87%	55.73%	64.52%
Net NPA Ratio	0.64%	1.67%	0.64%	1.67%	1.20%	1.20%
Return on Assets	0.88%	0.80%	0.86%	0.79%	0.80%	0.70%
Return on Equity	13.04%	10.63%	12.37%	11.82%	11.81%	11.63%
Provision Cover Ratio	76.41%	45.10%	76.41%	45.10%	60.18%	36.01%
Capital Adequacy Ratio	12.69%	14.47%	12.69%	14.47%	14.91%	11.65%

\*Adjusted NIM – NIM adjusted for income from Mutual Funds; Adjusted NIM for September 2010 was 3.39%

Financials are on a standalone basis and prior year data is restated/re-classified for comparison purposes



# Presentation Path

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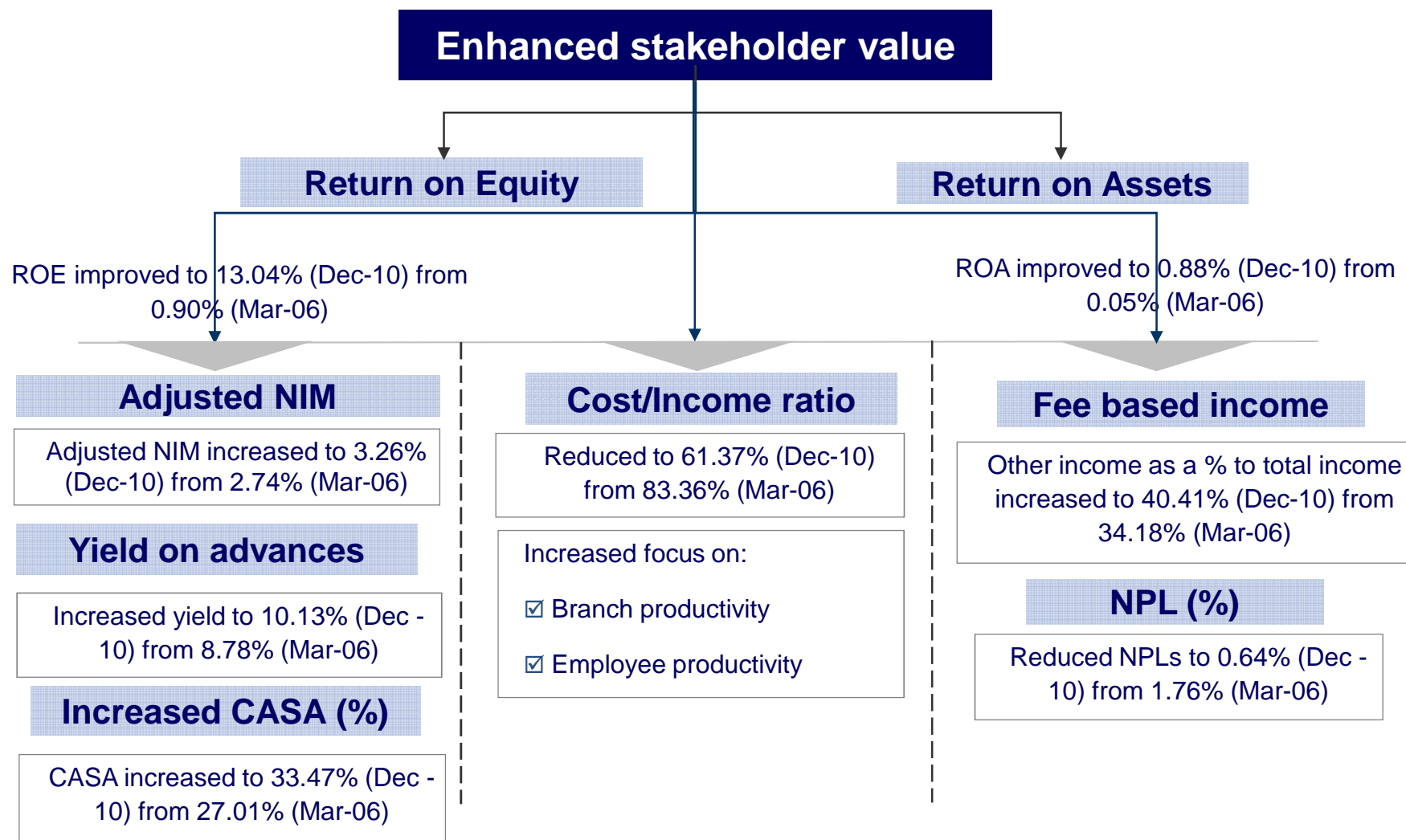
Key Highlights

**Financial Performance**

Business Strategy

Appendix

# Consistent Improvement in Operating Metrics



\* Numbers are for Qtr ended 31<sup>st</sup> December 2010

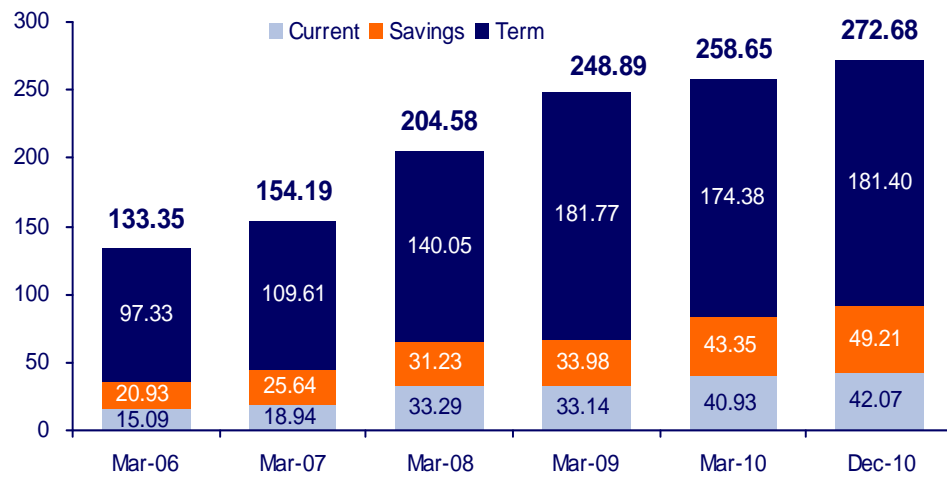
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# Deposit Trends

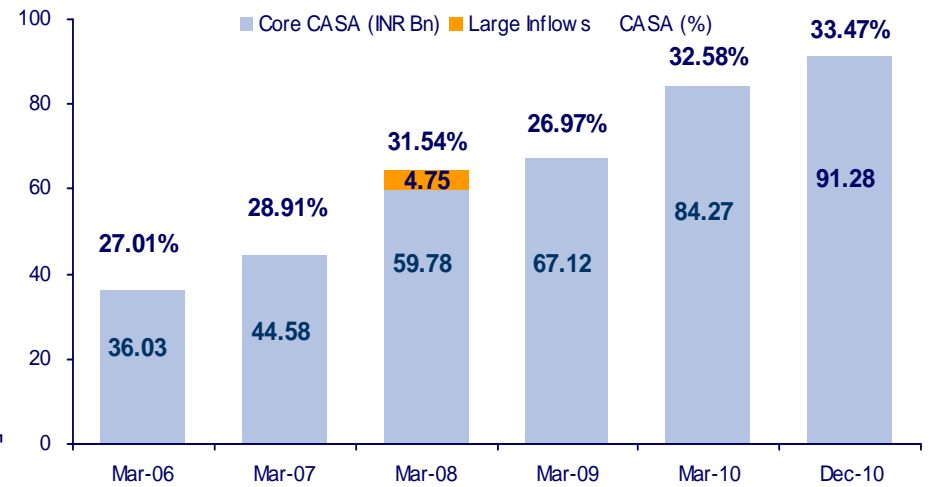
## Growth in Deposits

INR Bn

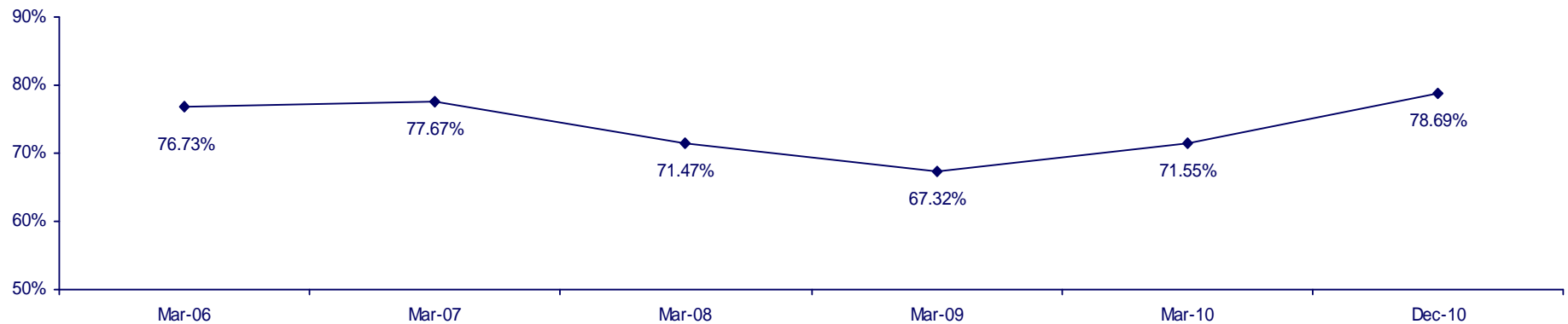


## Growth in CASA

INR Bn



## Credit-Deposit Ratio (%)

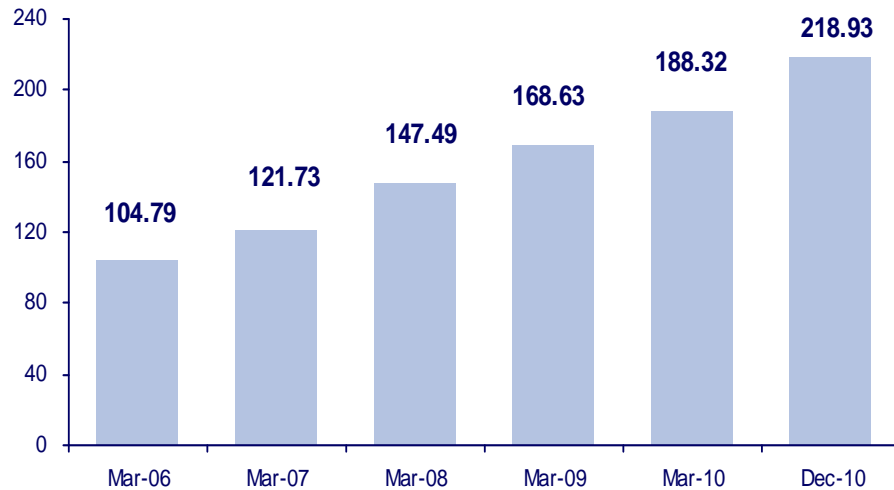


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# Advances Trends

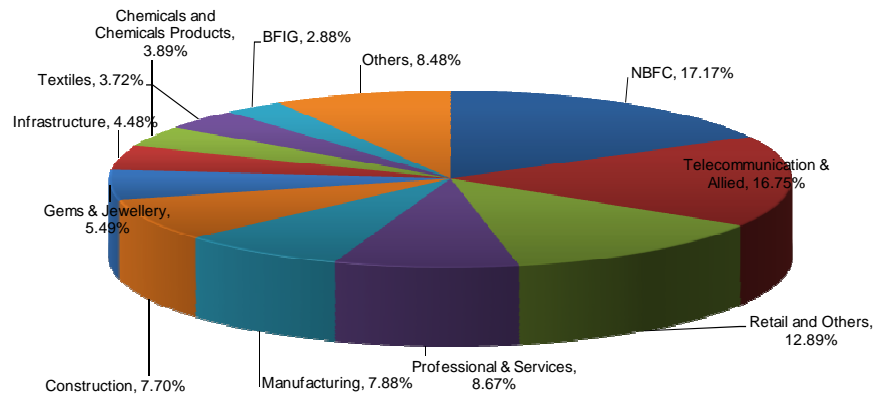
## Growth in Gross Advances INR Bn



## Gross Advances Composition (Dec 10)

	Composition	YoY Growth	QoQ Growth
Wholesale Banking	40.80%	↑ 17.92%	↑ 2.82%
Business Banking (SME)	28.40%	↑ 45.38%	↑ 12.42%
ARB (Agriculture)	7.94%	↑ 0.21%	↑ 5.21%
Mortgages	19.26%	↑ 26.59%	↑ 6.56%
Personal Loans	0.97%	↓ 31.84%	↓ 12.06%
Commercial & Auto	1.27%	↑ 20.95%	↑ 8.55%
Others	1.24%	↑ 29.41%	↓ 14.01%
<b>Total Bank Gross Advances</b>		<b>↑ 23.73%</b>	<b>↑ 5.91%</b>
<b>Total Bank excluding run off portfolio</b>		<b>↑ 24.77%</b>	<b>↑ 6.09%</b>

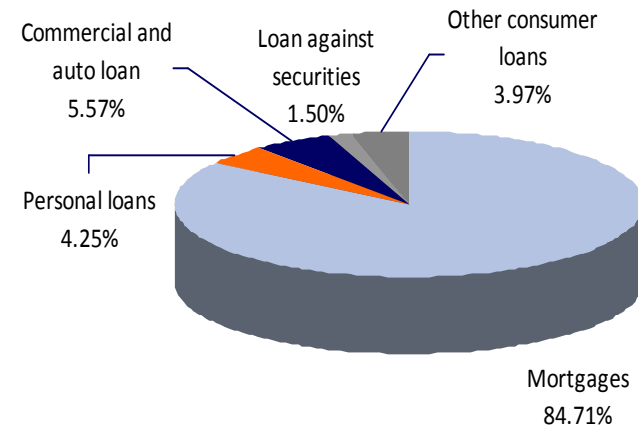
## Wholesale Banking Industry Exposure (Dec 10)



Others include Basic Metals 2.38%, Petroleum & Coals Products – 1.92%, Vehicle & Transport 1.63%, Rubber & Plastic products at 1.62%, Mining and Quarrying and– 0.93%

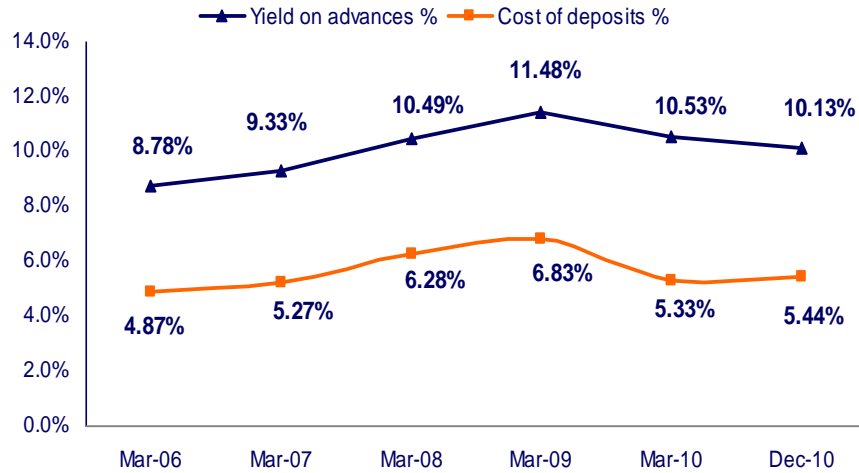
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## Consumer Banking Portfolio (Dec 10)

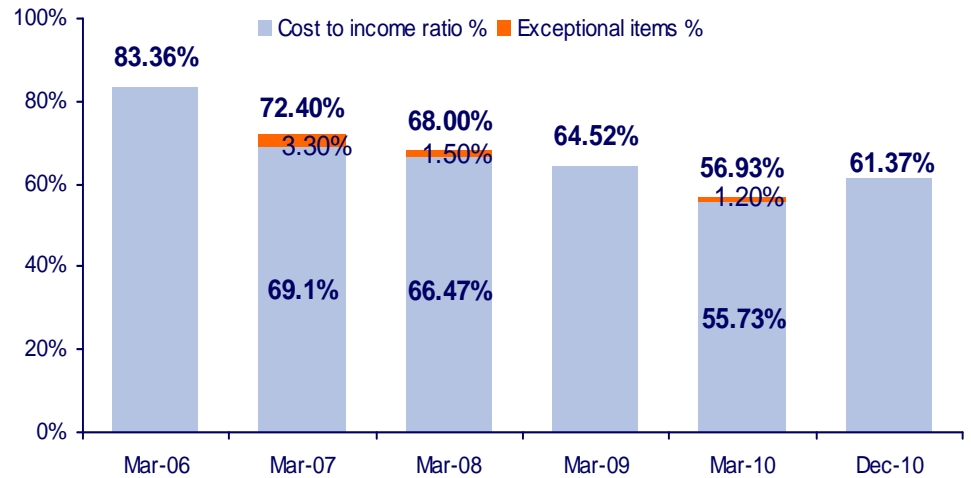


# Operating Efficiency

## Yield on Advances & Cost of Deposits



## Cost Income Ratio

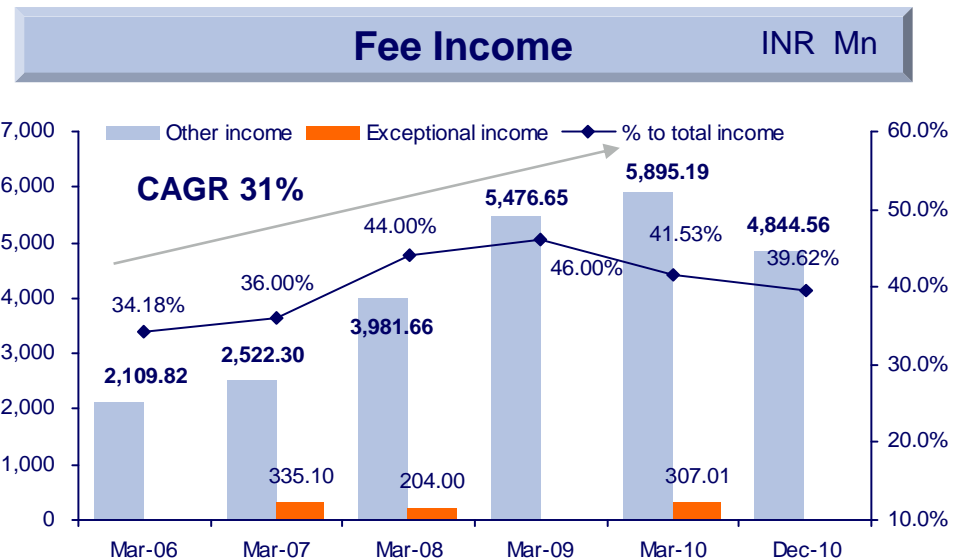
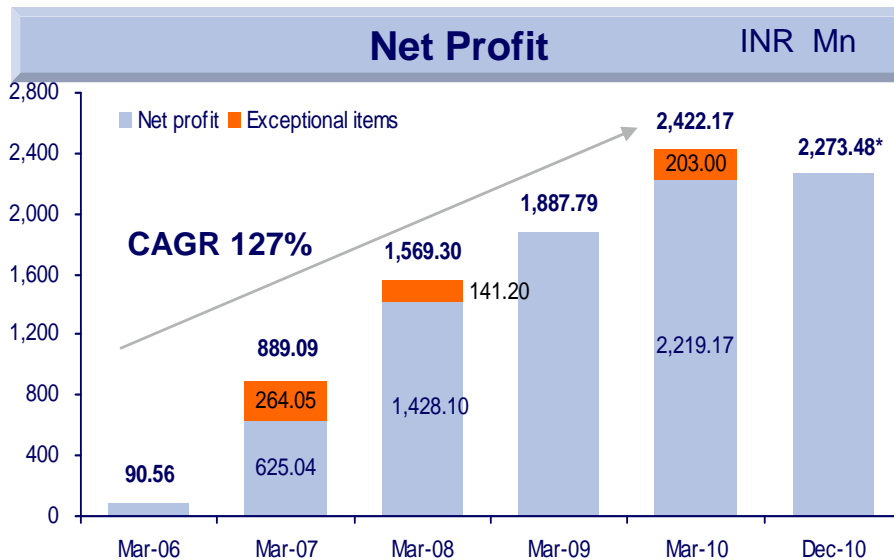
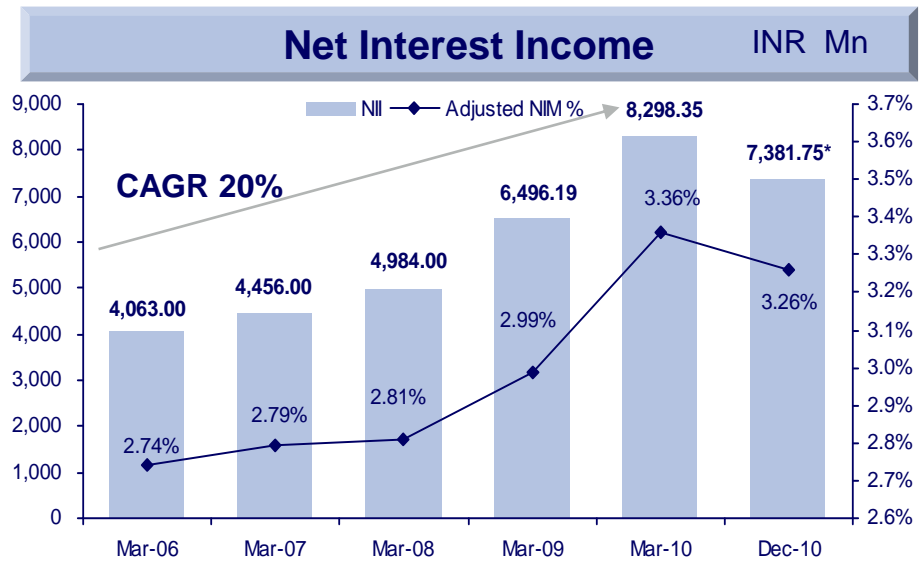
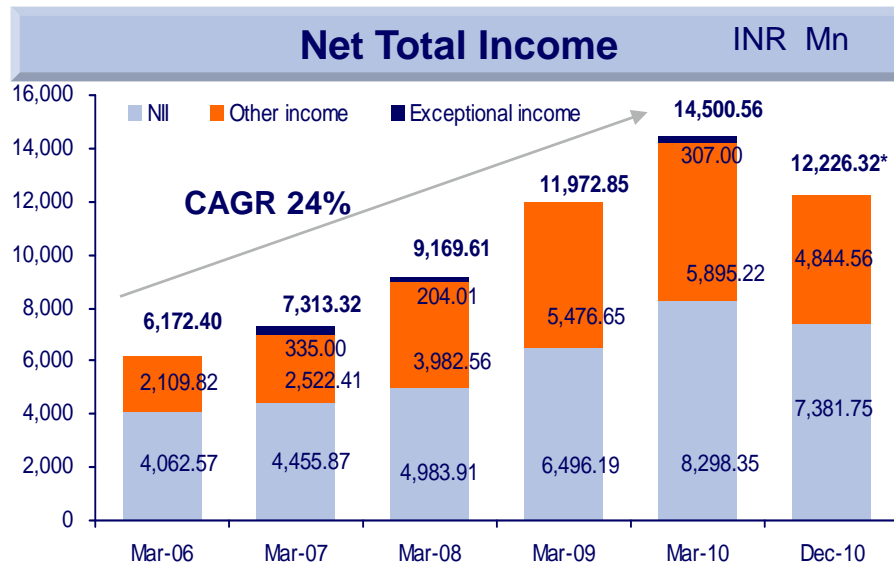


\* Numbers are for Quarter ended 31<sup>st</sup> December 2010

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# Income & Profit Performance



\* Numbers are for 9 months ending 31<sup>st</sup> December 2010

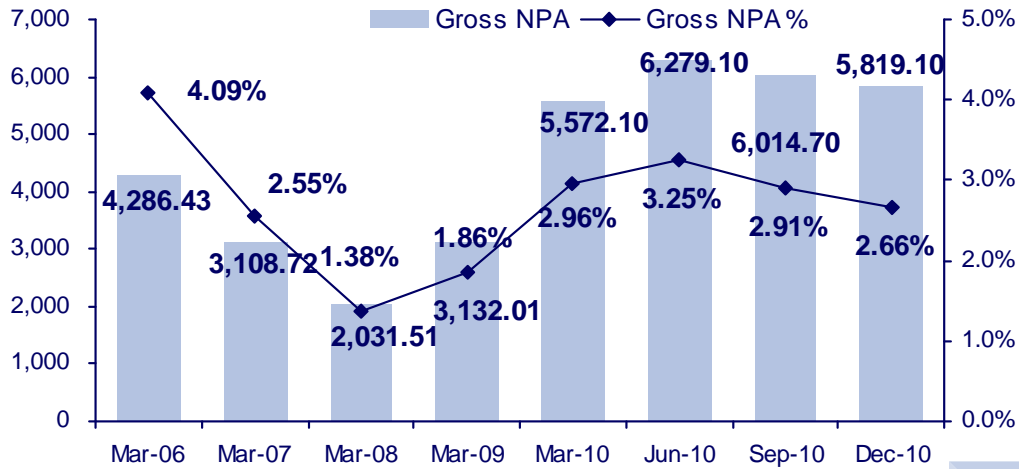
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# Asset Quality

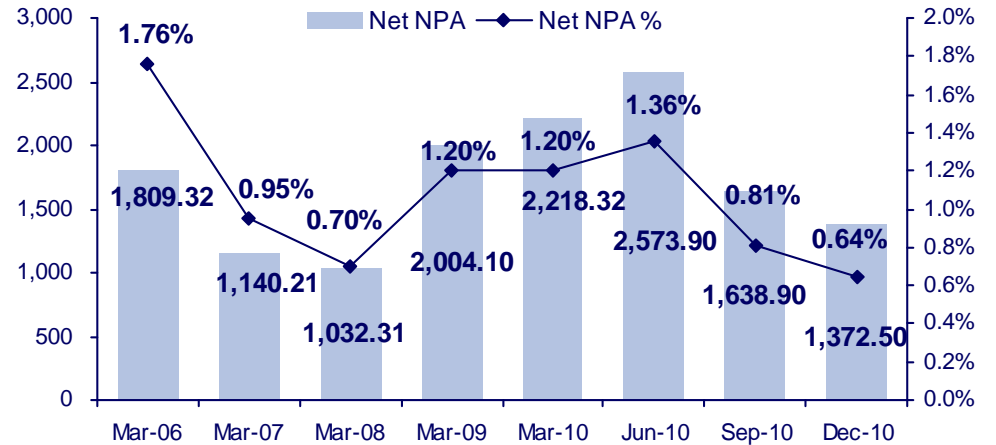
## Gross NPA

INR Mn



## Net NPA

INR Mn

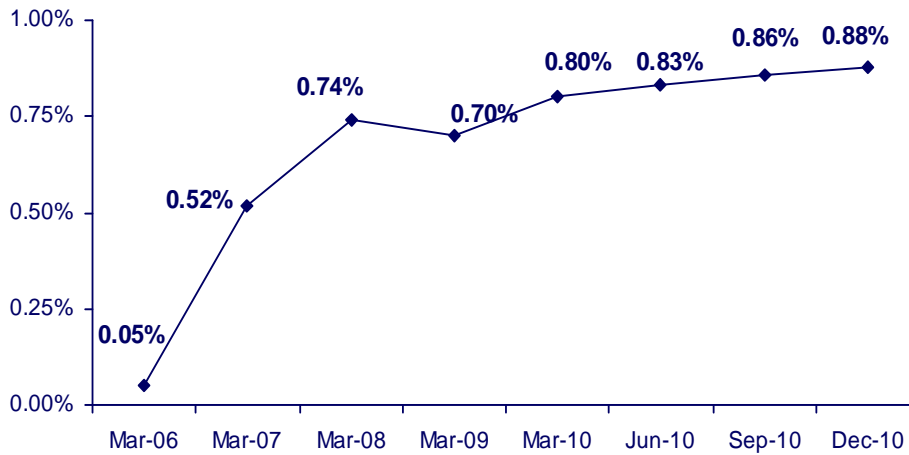


\* In FY 2010, the Bank revised its policy for writing off fully provided loans and accordingly discontinued prudential write-off of loans with 100% provision

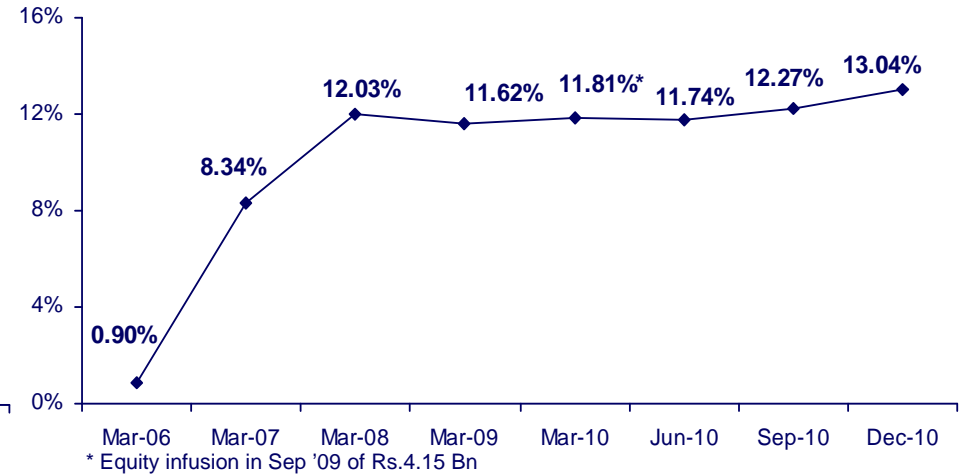


# Returns to Stakeholders

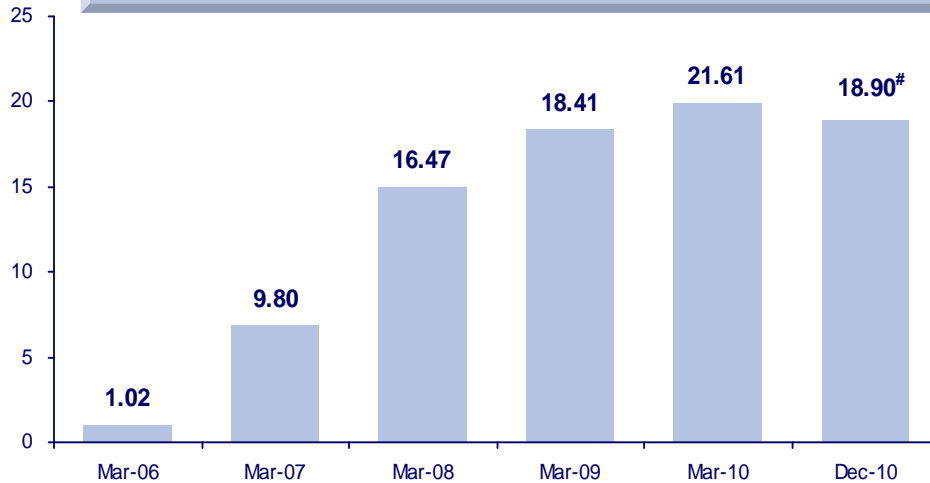
### Return On Assets



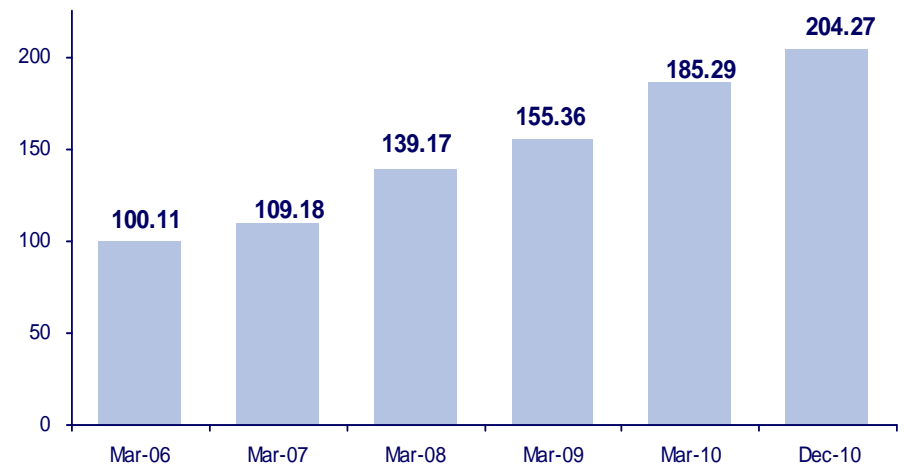
### Return On Equity



### Earnings Per Share INR



### Book Value per Share INR



# For 9 months ending 31<sup>st</sup> December 2010

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**Business Strategy**

Appendix

# Business Strategy

## Grow and leverage the distribution franchise

- Current branch distribution concentrated 73% in southern states which accounts for only 24% business of the Indian Banking business. Grow distribution in northern and western parts of the country, while consolidating in the South
- Derive value from investments made in branch expansion and increase penetration within existing network
- Leverage network to grow transaction banking platform to meet client needs
- Cater to high growth wealth management advisory business

## Increase low cost/retail liabilities

- Deepening of customer relationships with product aligned to target segments including a strategic push on current account of the business banking customer
- Focusing on operating account for corporate/salaried segment

## Focus on creating Asset growth engines

- **Wholesale:** Leverage ING Global relationships to service domestic clients, greater support and co-ordination with EBD and increase lending to large Indian corporate.
- **Retail:** Focus on growth in Individual mortgages, Small and Medium Enterprises (SME); Explore opportunities of launching secured retail lending products

## Enhance operating efficiency

- Increase overall profitability both from legacy network and growing footprint in North and West
- Continuous improvement in technology platform to build a cost efficient and customer centric model
- Increase per branch productivity closer to best in class

## Reposition as ING in select markets

- To position as bank of choice to chosen customer segments
- Continue investment in the brand as we expand footprint outside South India
- Migrate global best practices and knowledge

\* As of June 2010



# Increasing Brand Awareness

Above the line advertising : TV, Outdoor, Internet	Mar, 2008	Mar, 2009	March, 2010	December 2010
<b>Impact on awareness of brand</b>				
Top of Mind (unaided recall, top bank recalled)	1	1	2	4
Spontaneous Awareness (unaided recall, top 7 banks recalled)	1	16	44	50
Total Awareness (aided recall)	84	87	100	100
Brand Consideration (likelihood of considering ING for next purchase)	NA	NA	12	13

Source : Millward Brown -Global Research Agency

- Sustained momentum in Brand Awareness and Consideration
- Ongoing advertising on news channels, product led radio and internet advertising



# Enhancing Brand Awareness



**Airport branding - Hyderabad**



**Airport Security check areas**



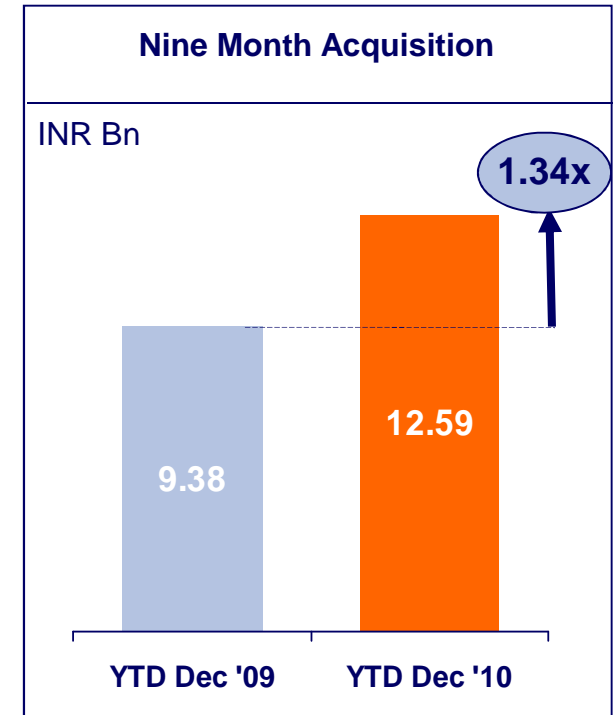
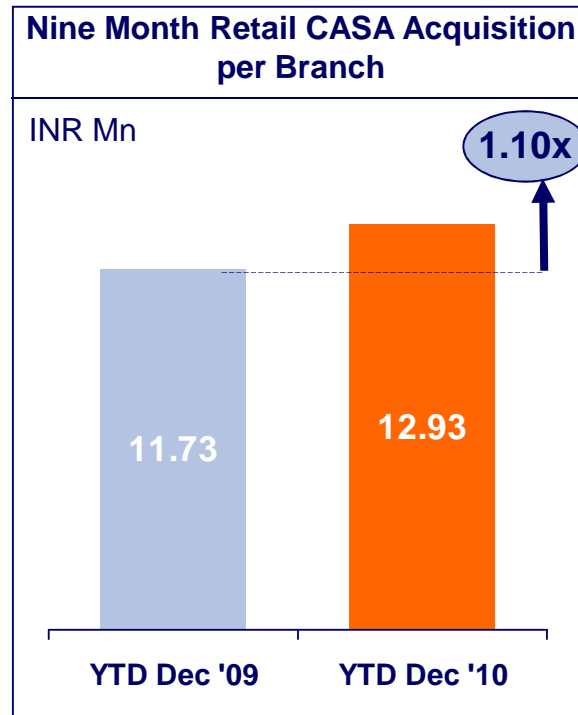
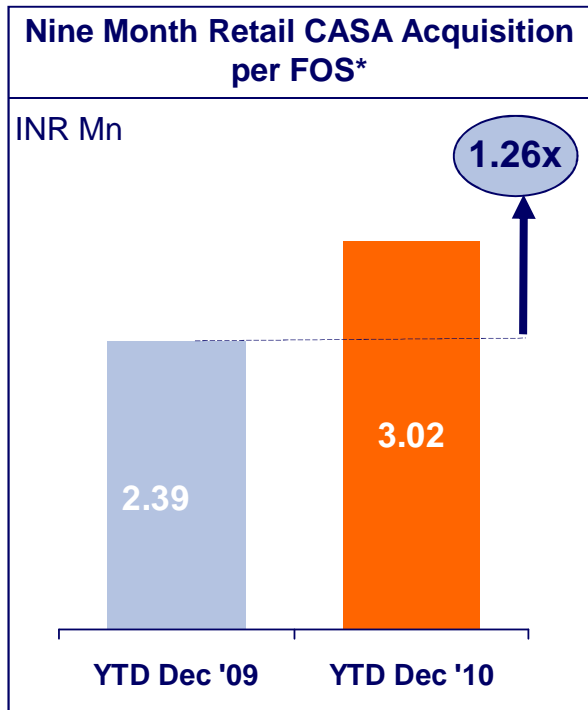
**ATM Machines at Malls**



**Aerobridges**



# Retail CASA Growth



\* FOS – Feet on Street



# Retail CASA Growth Momentum

INR Bn

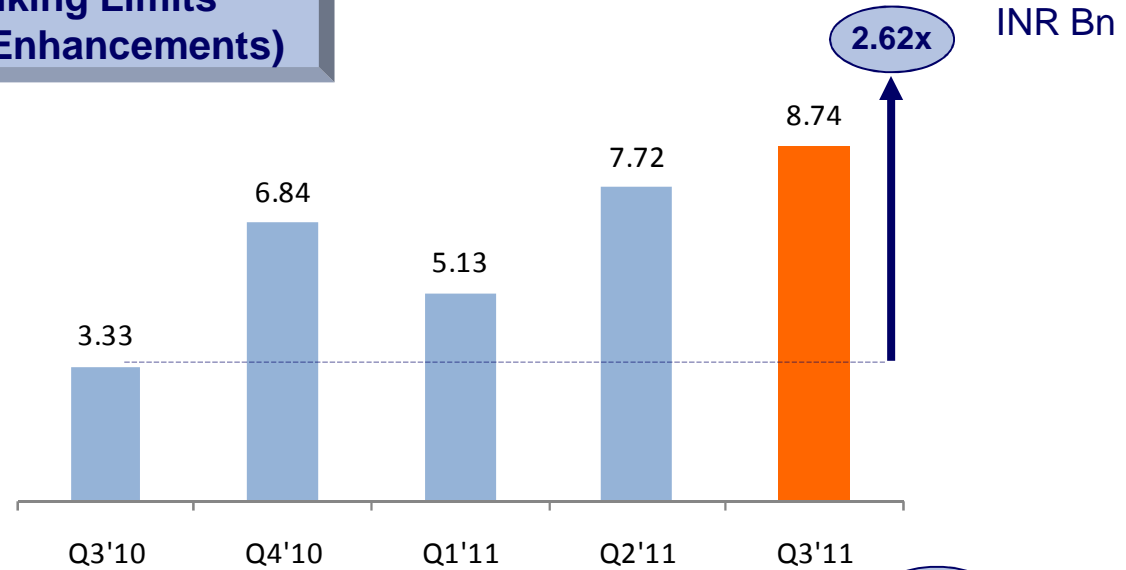
	Q1 '10	Q2 '10	Q3 '10	Q4 '10	Q1 '11	Q2 '11	Q3'11
Retail Bank CASA Average	52.10	57.00	60.10	65.80	69.20	73.95	77.60
Quarterly CASA Growth	3.00	4.90	3.10	5.70	3.40	4.75	3.65
CASA New to Bank (NTB)	2.53	3.43	3.40	4.70	3.72	5.07	3.79
Feet on Street (FOS) #	1,826	1,726	1,635	1,848	1,896	2,227	2,301
Branches #	477	474	474	481	483	488	491

# Includes Branches and ECs

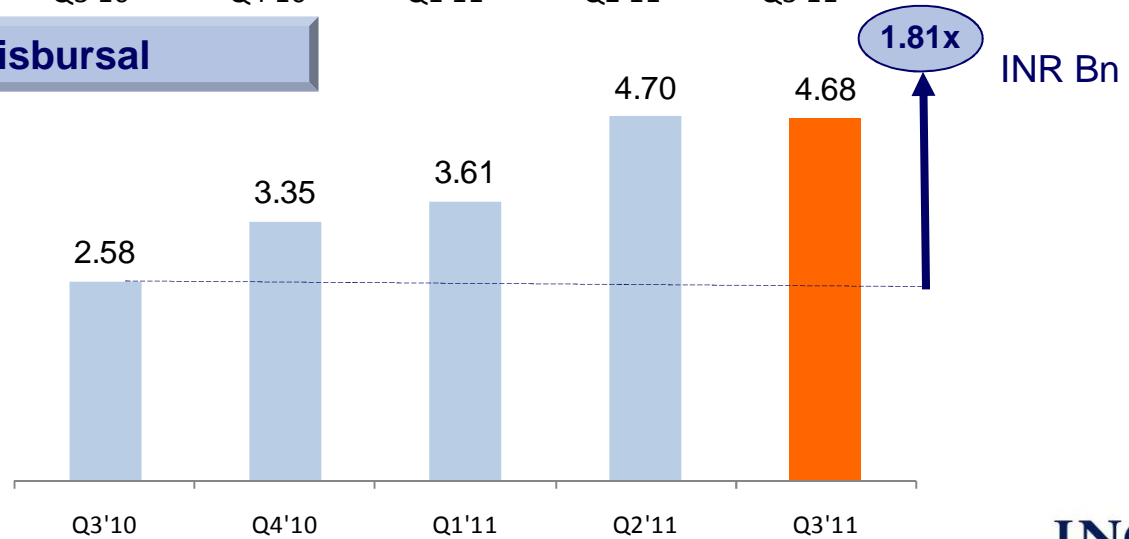


# Retail Asset Momentum

## Quarterly Business Banking Limits Sanctions (New to Bank + Enhancements)

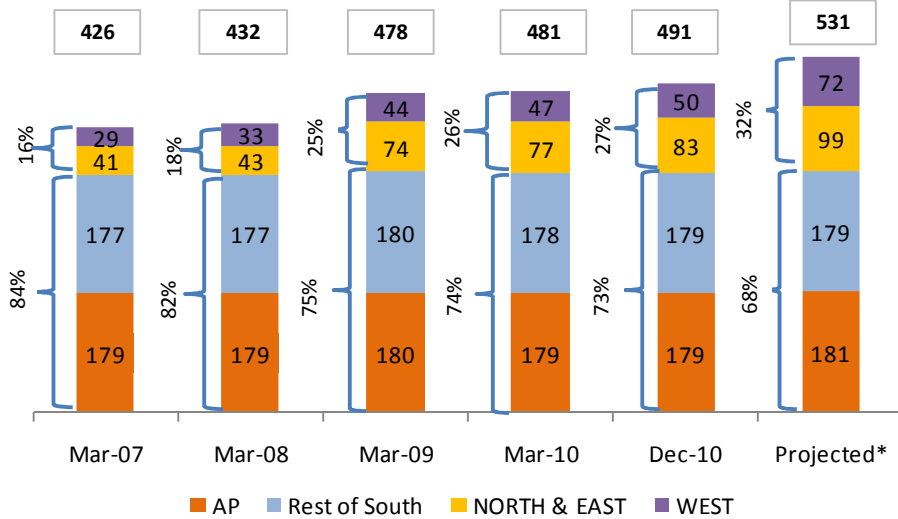


## Quarterly Mortgage Disbursal

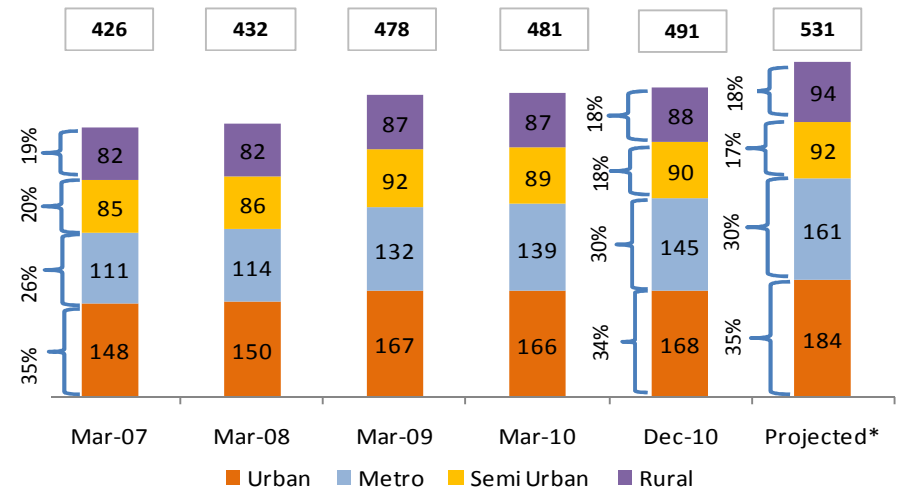


# Distribution of Retail Branches

**Geographical Distribution, No. of Branches, % share**



**Population wise Distribution, No. of Branches, % share**

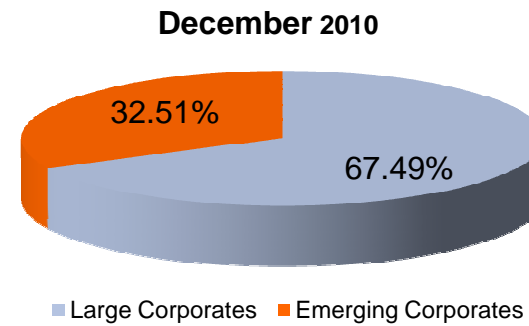
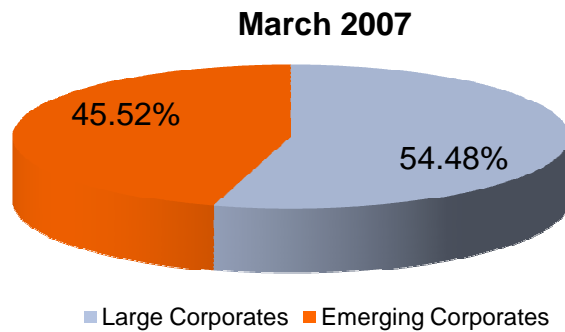
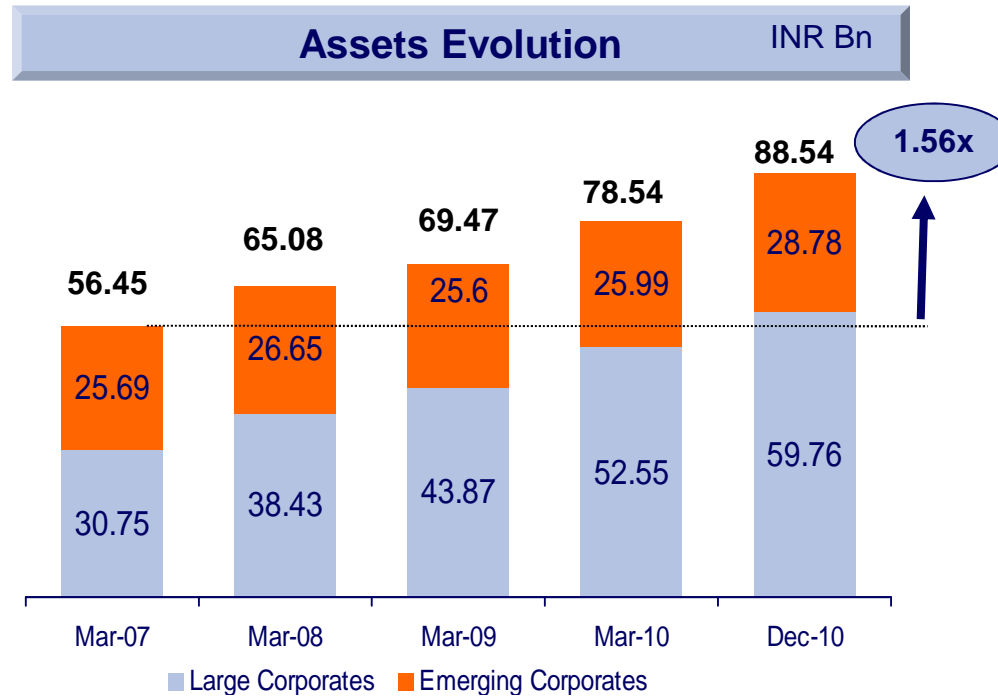


\*Projected – On complete utilization of all licenses

## Includes Branches and ECs

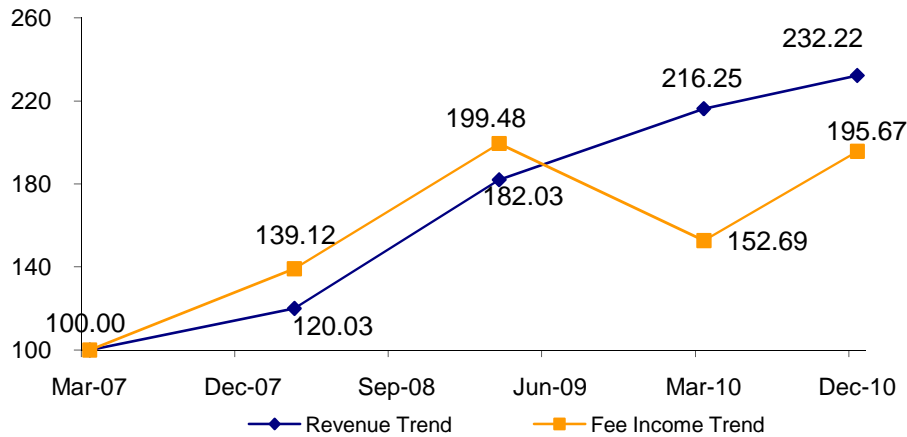


# Wholesale Bank Momentum

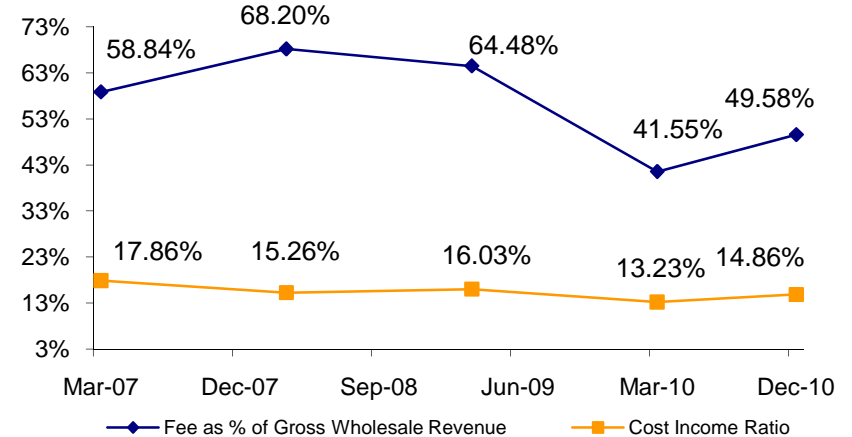


# Wholesale Bank Momentum

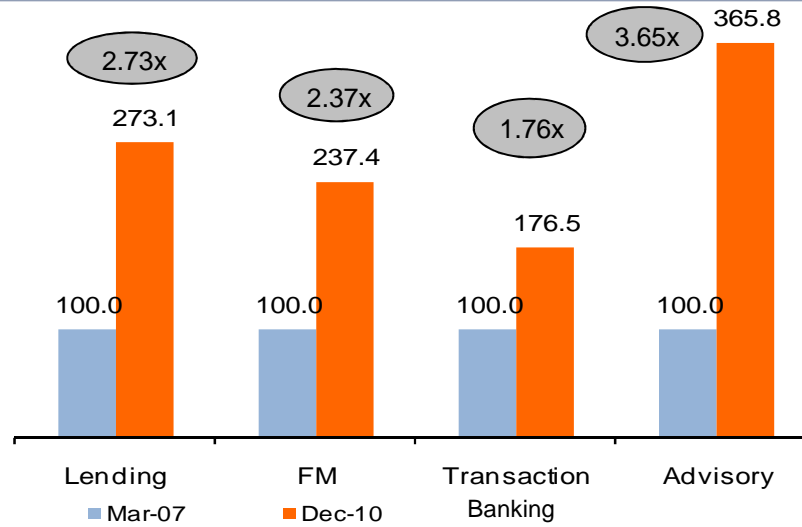
## Revenue Momentum\*



## Key Ratios



## Product Momentum \*



### NOTE for Product Momentum

- Lending includes NII on advances
- FM includes FX and derivatives
- Transaction Banking includes the NII on the float, CMS fees and trade finance fee revenues
- Advisory includes fees from corporate finance, DCM, and structure finance











\*December 2010 numbers have been annualized

\* From a base of 100 in March - 2007

# Wholesale Bank – Debt Capital Markets Credentials

## Recent Deals executed

<b>NBFC</b> <span style="float: right;">Nov'10</span> <b>Shriram Transport Corp.</b>  <b>INR 5.0Bn</b> Syndicated Working Capital Facility  Get us going <b>Mandated Lead Arranger</b>	<b>Public Sector</b> <span style="float: right;">Oct'10</span> <b>Rural Electrification Corp.</b>  <b>INR 21.2 Bn</b> Syndicated Bond Issue  <b>Joint Arranger</b>	<b>Public Sector</b> <span style="float: right;">Oct'10</span> <b>SIDBI</b>  <b>INR 6 Bn</b> Syndicated Bond Issue  भारतीय लघु उद्योग विकास बैंक SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA <b>Joint Arranger</b>	<b>Public Sector</b> <span style="float: right;">Nov '10</span> <b>Power Finance Corp</b>  <b>INR 19.2 Bn</b> Syndicated Bond Issue  <b>Joint Arranger</b>
<b>Steel</b> <span style="float: right;">Jun'10</span> <b>PSL</b>  <b>INR 1.0Bn</b> Syndicated Loan  <b>Mandated Lead Arranger</b>	<b>Banking</b> <span style="float: right;">Jun'10</span> <b>Bank of India</b>  <b>INR 10.0Bn</b> Syndicated Bond Issue  <b>Joint Arranger</b>	<b>Banking</b> <span style="float: right;">Dec '10</span> <b>Indian Overseas Bank</b>  <b>INR 9.67 Bn</b> Tier II Capital Bonds  <b>Joint Arranger</b>	<b>Real Estate</b> <span style="float: right;">Oct '10</span> <b>DLF</b>  <b>INR 5.5Bn</b> Syndicated Project Finance  <b>Mandated Lead Arranger</b>

*Ranked 15<sup>th</sup> in the Bond Underwriter's League Table published by Bloomberg (Apr - Dec 2010)*



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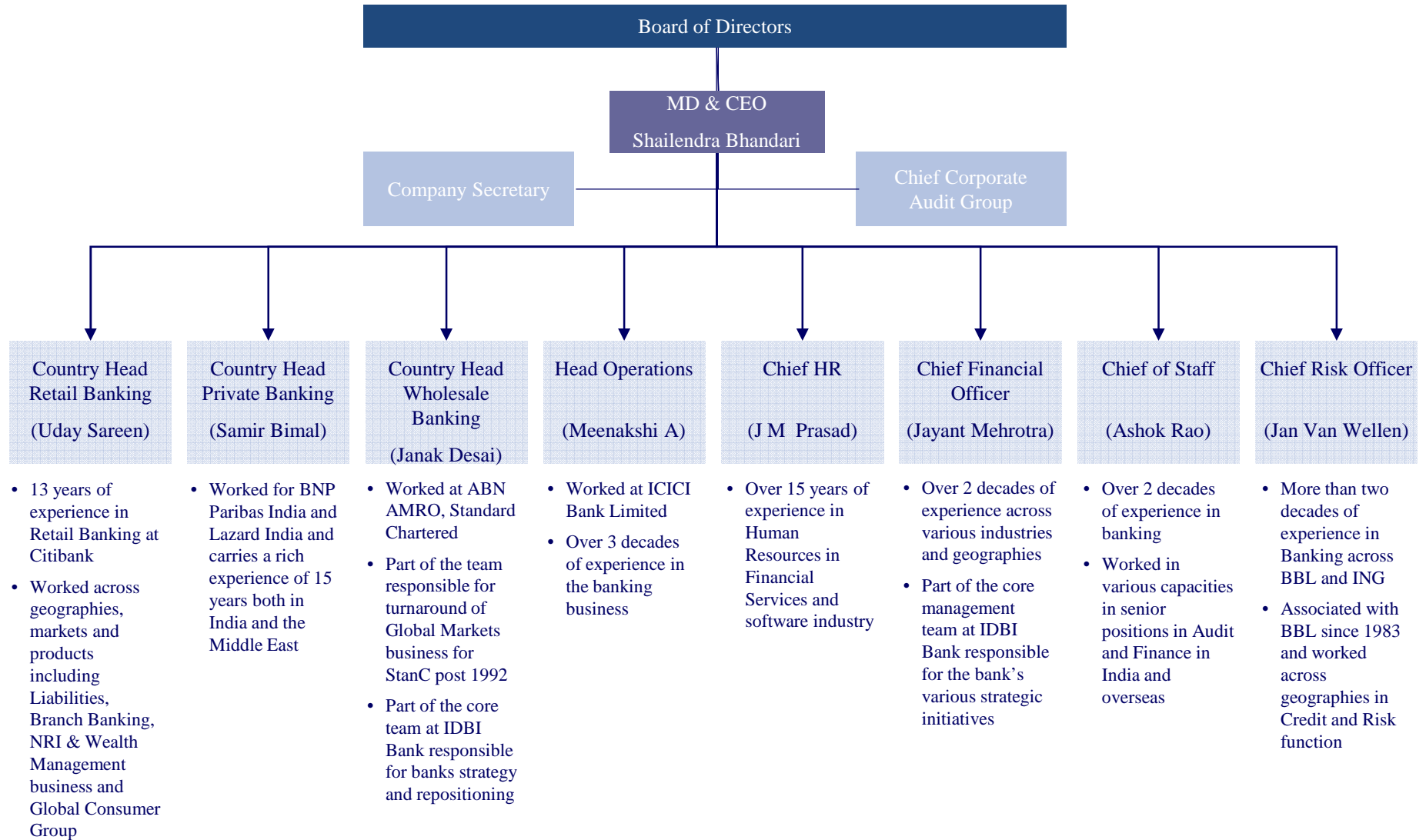
**Appendix**

# Banking Franchise with ~8 Decades of Experience

- Incorporated in 1930, ING Groep NV became the single largest shareholder in ING Vysya Bank Limited (IVBL) with board and management control in Oct 02
- One of India's premier private sector bank offering a wide variety of wholesale and retail banking products and services
- Pan-India network of 883 outlets servicing over 2 mn customers as on Jun 10
- Balance sheet size of ~INR 353 Bn as on Sep10



# Professional Management Team



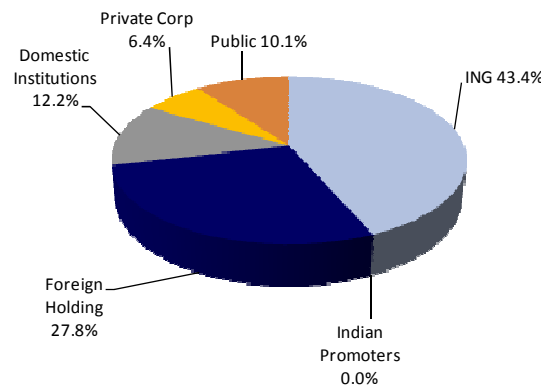
# Strong Pedigree of Investors



- ING is a global financial institution of Dutch origin offering banking, investments, life insurance and retirement services
- Customer base of ~85 million private, corporate and institutional customers spread across Europe, North and Latin America, Asia and Australia
- Key statistics \* – Total Income – € 48 Bn, Total Assets – € 1.2Trn, AuM – € 343 Bn, Employees – 107,173
- With the financial backing of its largest shareholder, ING Vysya Bank can leverage the ING Groep NV's relationship for its:
  - Deep understanding of the industry across markets
  - Product knowledge and domain expertise
  - Access to global clients
  - Presence across other BFSI verticals to allow cross selling opportunities

\* As of Dec 31 2009 Annual Report

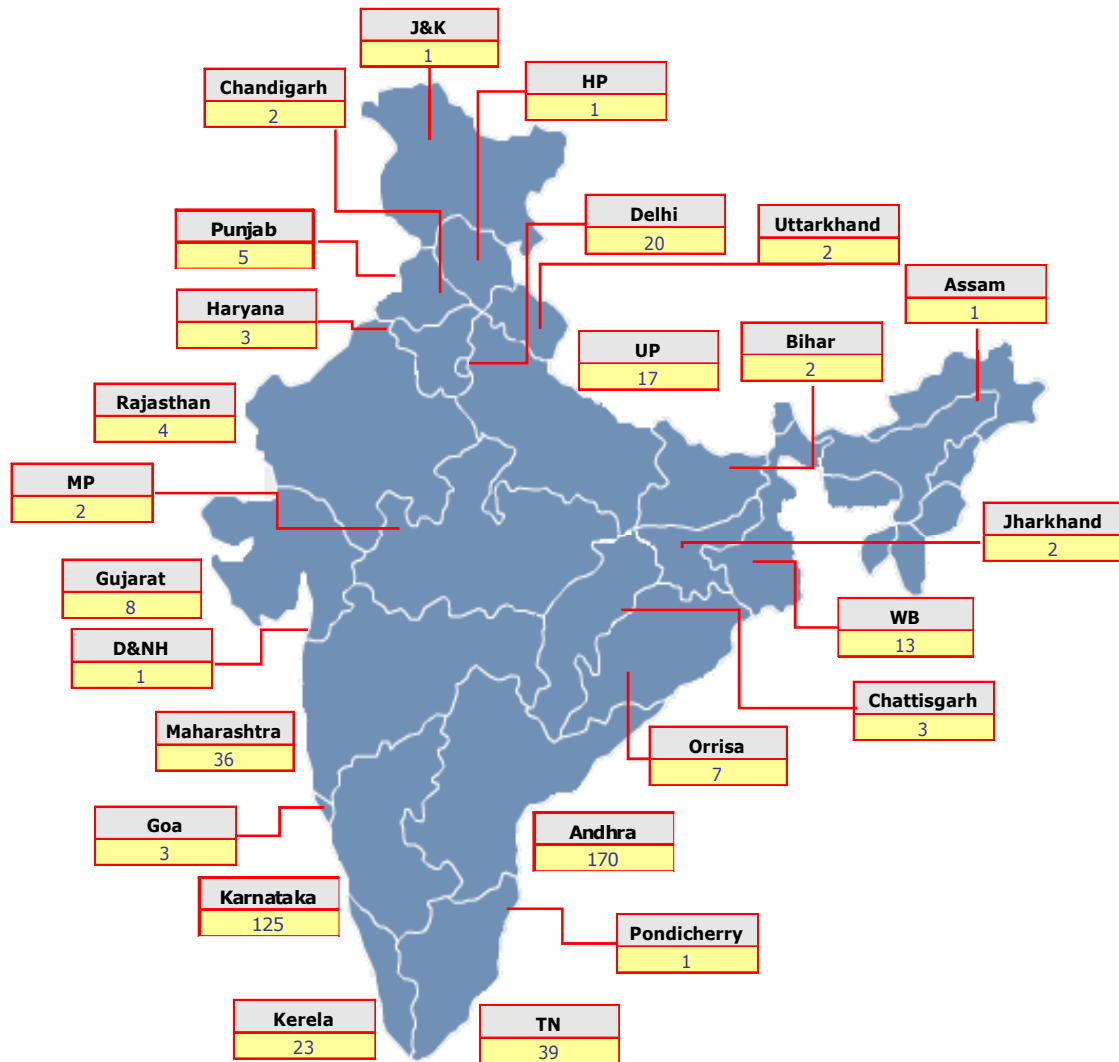
## IVBL Shareholding pattern#



# As on 31st Dec '10



# Network Distribution



## Break-up of 910 Outlets

Particulars	No.
Branches*	491
ARMBs and RCCs	14
Satellite Office	28
ATMs	377

\* Includes branches and 13 ECs



# Balance Sheet

	INR Mn								
	Actual 31 Dec10	Actual 31 Dec 09	As at 31 Mar 10	As at 31 Mar 09	As at 31 Mar 08	As at 31 Mar 07	As at 31 Mar 06	As at 31 Mar 05	CAGR FY05-10 (%)
Capital and Reserves	25,726.97	22,998.87	23,309.15	17,028.95	15,356.58	11,032.87	10,196.74	8,417.90	22.59% ↑
Deposits	272,677.49	234,618.95	258,653.01	248,894.70	204,575.56	154,185.89	133,352.55	125,693.05	15.52% ↑
Borrowings	47,793.45	27,835.04	36,713.88	31,853.20	17,467.50	14,811.84	15,694.46	11,807.76	25.46% ↑
Liab. & Provisions	21,185.01	19,753.67	20,126.36	20,859.97	18,015.09	12,832.37	8,422.92	7,986.96	20.30% ↑
	<b>367,382.92</b>	<b>305,206.53</b>	<b>338,802.40</b>	<b>318,636.80</b>	<b>255,414.72</b>	<b>192,862.97</b>	<b>167,666.68</b>	<b>153,905.68</b>	17.09% ↑
Cash, Inter-bank, etc	25,957.37	19,626.26	30,270.44	22,816.28	31,851.71	15,922.57	11,233.34	11,144.98	22.12% ↑
Investments	107,375.60	91,275.72	104,729.19	104,955.39	62,933.20	45,278.13	43,723.36	41,958.93	20.07% ↑
Advances	214,579.45	175,152.52	185,071.90	167,563.80	146,495.48	119,761.65	102,315.25	90,805.92	15.30% ↑
Fixed Assets	4,938.28	4,522.29	4,959.33	4,372.00	3,992.15	3,959.70	4,054.09	3,140.04	9.57% ↑
Other Assets	14,532.22	14,629.75	13,771.54	18,929.35	10,142.19	7,940.92	6,340.64	6,855.81	14.97% ↑
	<b>367,382.92</b>	<b>305,206.53</b>	<b>338,802.40</b>	<b>318,636.80</b>	<b>255,414.72</b>	<b>192,862.97</b>	<b>167,666.68</b>	<b>153,905.68</b>	17.09% ↑

	Actual 31 Dec10	Actual 31 Dec 09	As at 31 Mar 10	As at 31 Mar 09	As at 31 Mar 08	As at 31 Mar 07	As at 31 Mar 06	As at 31 Mar 05	CAGR FY05-10 (%)
CA	42,070.92	35,758.95	40,920.65	33,140.52	33,292.59	18,936.34	15,090.47	13,381.81	25.05% ↑
SA	49,206.81	39,881.30	43,349.63	33,984.17	31,231.66	25,639.04	20,934.55	17,077.26	20.47% ↑
TD	128,970.18	134,438.74	131,454.00	163,643.90	118,980.37	103,177.19	81,400.67	78,814.89	10.77% ↑
CD	52,429.58	24,539.97	42,928.73	18,126.11	21,070.94	6,433.32	15,926.86	16,419.09	21.19% ↑
Total Deposits	<b>272,677.49</b>	<b>234,618.95</b>	<b>258,653.01</b>	<b>248,894.70</b>	<b>204,575.56</b>	<b>154,185.89</b>	<b>133,352.55</b>	<b>125,693.05</b>	15.52% ↑
<b>CASA%</b>	33.47%	32.24%	<b>32.58%</b>	<b>26.97%</b>	<b>31.54%</b>	<b>28.91%</b>	<b>27.01%</b>	<b>24.23%</b>	-

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# Profit & Loss

INR Mn

	Actual Q3 FY 10-11	Actual Q3 FY 09 – 10	FY 09- 10	FY 08- 09	FY 07-08	FY 06- 07	FY 05- 06	FY 04- 05	CAGR FY05-10 (%)	
Net Interest Income	2,459.04	2,194.39	8,298.36	6,496.20	4,983.91	4,455.87	4,062.57	3,334.48	20.03%	↑
Other Income	1,667.84	1,302.70	5,895.01	5,476.66	3,981.66	2,517.40	2,109.83	1,149.43	38.67%	↑
<b>Total Income</b>	<b>4,126.89</b>	<b>3,497.08</b>	<b>14,193.37</b>	<b>11,972.86</b>	<b>8,965.58</b>	<b>6,973.27</b>	<b>6,172.40</b>	<b>4,483.91</b>	25.91%	↑
Staff expenses	1,453.55	1,112.28	4,288.53	3,922.20	3,023.85	2,272.34	2,250.10	1,761.08	19.48%	↑
Other Expenses	1,078.93	927.34	3,792.51	3,802.49	3,071.04	2,777.84	2,895.43	2,018.12	13.44%	↑
<b>Total Expenses</b>	<b>2,532.47</b>	<b>2,039.62</b>	<b>8,081.04</b>	<b>7,724.70</b>	<b>6,095.89</b>	5,050.17	5,145.53	<b>3,779.20</b>	16.41%	↑
Operating Profit	<b>1,594.42</b>	<b>1,457.46</b>	<b>6,112.32</b>	<b>4,248.16</b>	<b>2,869.68</b>	<b>1,928.10</b>	<b>1,026.87</b>	<b>704.71</b>	54.04%	↑
Exceptional Items	-	-	<b>307.20</b>	-	<b>204.00</b>	<b>340.00</b>	-	-	-	
Op Profit after Excep. Items	<b>1,594.42</b>	<b>1,457.46</b>	<b>6,419.52</b>	<b>4,248.16</b>	<b>3,073.68</b>	<b>2,263.10</b>	<b>1,026.87</b>	<b>704.71</b>	55.56%	↑
Provisions	336.42	527.86	2,704.50	1,301.63	560.09	986.75	811.69	1,439.15	13.44%	↑
Profit before tax	<b>1,257.99</b>	<b>929.60</b>	<b>3,715.03</b>	<b>2,946.53</b>	<b>2,518.59</b>	<b>1,276.34</b>	<b>215.17</b>	<b>-734.44</b>	-	
Taxes	427.91	323.88	1,292.85	1,058.73	945.28	387.24	124.61	-352.65	-	
Net Profit	<b>830.08</b>	<b>605.72</b>	<b>2,422.17</b>	<b>1,887.80</b>	<b>1,573.30</b>	<b>889.10</b>	<b>90.56</b>	<b>-381.78</b>	-	

Financials are on a standalone basis and prior year data is restated/re-classified for comparison purposes



# Key Ratios

	Q3 FY 11	Q3 FY 10	FY 09-10	FY 08-09	FY 07-08	FY 06-07	FY 05-06	FY 04-05
Adjusted Net Interest Margin	3.26%	3.55%	3.36%	2.99%	2.81%	2.79%	2.74%	
Yield on Advances	10.13%	10.17%	10.53%	11.48%	10.49%	9.33%	8.78%	8.62%
Cost of Deposits	5.44%	5.00%	5.33%	6.83%	6.28%	5.27%	4.87%	4.90%
Cost Income Ratio	61.37%	58.32%	55.73%	64.52%	66.47%	69.06%	83.36%	84.28%
Return on Assets	0.88%	0.80%	0.80%	0.70%	0.74%	0.52%	0.05%	(0.25)%
Return on Equity	13.04%	10.63%	11.81%	11.63%	12.03%	8.34%	0.90%	(5.28)%
CASA Ratio	33.47%	32.24%	32.58%	26.97%	31.54%	28.91%	27.01%	24.23%
Credit-Deposit Ratio	78.69%	74.65%	71.55%	67.33%	71.47%	77.67%	76.73%	72.24%
Gross NPA Ratio	2.66%	2.95%	2.96%	1.86%	1.38%	2.55%	4.09%	4.98%
Net NPA Ratio	0.64%	1.67%	1.20%	1.20%	0.70%	0.95%	1.76%	2.14%
Capital Adequacy Ratio*	12.69%	14.47%	14.91%	11.65%	10.20%	10.56%	10.67%	9.09%
Provision Cover	76.41%	45.10%	60.19%	36.01%	49.19%			

\* Capital Adequacy Ratio up to FY 07-08 as per Basel-I

Financials are on a standalone basis and prior year data is restated/re-classified for comparison purposes



# 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.

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