

## PRESS RELEASE

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### ING Vysya Bank Q2 Net Profit up 41%

ING Vysya Bank announced its unaudited financial results for the quarter and half-year ended 30 September 2010 following the approval by its Board of Directors at their meeting held in Bangalore today.

#### Performance at a Glance

##### Q2 FY 11 v Q2 FY 10

- Net Profit up 41% to Rs. 75.3 crores
- Net Interest Income up 33% to Rs. 254.2 crores
- Deposits up 16% over September 2009 and up 8% on sequential basis (Q-o-Q)
- CASA deposits up 27% over September 2009 and up 14% on sequential basis (Q-o-Q)
- CASA Ratio at 35.9% against 32.7%. Core CASA Ratio stood at 34.8%
- Advances up 24% over September 2009 and up 7% on sequential basis (Q-o-Q)
- Provision Cover up at 72.8% against 39.8%
- Net NPA at 0.81% against 1.78%
- Return on Assets improves to 0.86% compared to 0.74%

##### H1 FY 11 v H1 FY 10

- Net Profit up 27% to Rs. 144.3 crores
- Net Interest Income up 36% to Rs. 492.3 crores
- Net Interest Margin at 3.3% for H1 FY 11 against 2.9% in the previous year
- Return on Assets improves to 0.84% compared to 0.78% in previous year

#### Financial Highlights

The Net Profit (PAT) of the Bank for the quarter ended 30 September 2010 increased by 41% to Rs. 75.3 crores compared to Rs. 53.5 crores reported in the corresponding quarter of the previous year. Net Interest Income (NII) for the quarter increased sharply by 33% to Rs. 254.2 crores from Rs. 191.4 crores with Net Interest Margin (NIM) at 3.34% compared to 3.09% for the quarter ended 30 September 2009. This was achieved on the back of significant improvement in the cost of deposits which improved to 4.85% in the current quarter from 5.47% for the quarter ended September 2009. This is in spite of the fact that there has been an increase in cost of savings bank deposits and higher reserve requirements. Other income was up by 27% at Rs. 193.3 crores, which included one off investment gains. Total income increased by 30% to Rs. 447.5 crores from Rs. 343.0 crores in the corresponding quarter of previous year. Operating costs increased to Rs. 263.3 crores for the period under review from Rs. 199.4 crores reported in

the corresponding quarter of the previous year. This was primarily on account of increase in staff costs to Rs. 160.1 crores from Rs. 104.3 crores. The Bank and the Indian Banks' Association have sought the approval from the Reserve Bank of India to permit amortization of the impact on retirement benefits on account of 9th Bipartite Settlement and amendment to the Payment of Gratuity Act, 1972 over a period of five years or allow set off against reserves, which is awaited. Meanwhile the Bank is providing towards such impact on an estimate basis. Operating profit increased by 28% to Rs. 184.2 crores from Rs. 143.6 crores in the corresponding quarter of previous year. While the Bank has received regulatory approval for achieving the Provision Coverage Ratio of 70% by 31 March 2011, the Bank has accelerated provision in the current quarter and Provision Coverage Ratio improved to 72.8% against 39.8% in September 2009. The Provisions and contingencies for the current quarter stood at Rs. 69.8 crores. Return on assets improved to 0.86% compared to 0.74% in September 2009 quarter.

The Net Profit (PAT) of the Bank for the half year ended 30 September 2010 increased by 27% to Rs. 144.3 crores compared to Rs. 113.7 crores reported in the corresponding period of the previous year. Net Interest Income (NII) increased sharply by 36% to Rs. 492.3 crores from Rs. 363.3 crores with Net Interest Margin (NIM) at 3.3% compared to 2.9% for the half year ended 30 September 2009. This was achieved on the back of significant improvement in the cost of deposits which improved to 4.8% in the current half year from 5.9% for the period ended September 2009. This is inspite of the fact that there has been an increase in cost of savings bank deposits and higher reserve requirements. Total income increased to Rs. 809.9 crores from Rs. 674.6 crores in the corresponding period of previous year. Operating costs increased to Rs. 477.1 crores for the period under review from Rs. 388.8 crores reported in the corresponding period of the previous year. This was primarily on account of increase in staff costs to Rs. 284.5 crores from Rs. 203.7 crores. Operating profit increased by 16% to Rs. 332.8 crores from Rs. 285.8 crores in the corresponding period of previous year. Provisions and contingencies for the current year were at Rs. 113.7 crores against Rs. 111.3 crores in the previous year. Return on assets improved to 0.84% compared to 0.78% for the period ended September 2009.

Commenting on the results, Managing Director, Shailendra Bhandari said "I am pleased to note that we are now moving closer to our stated objective of growing faster than the market. We have seen significant momentum in Advances and CASA while simultaneously improving the asset quality, in particular the Provision Coverage Ratio."

### Financial Indicators

In Rs. Crores	Q2 2010-11	Q2 2009-10	% growth	YTD Sep 2010-11	YTD Sep 2009-10	% growth
Net Interest Income	254.2	191.4	32.9%	492.3	363.3	35.5%
Other Income	193.3	151.6	27.5%	317.7	311.3	2.0%
Total Income	447.5	343.0	30.5%	809.9	674.6	20.1%
Operating Costs	263.3	199.4	32.0%	477.1	388.8	22.7%
Operating Profit	184.2	143.6	28.3%	332.8	285.8	16.5%
Provision & Contingencies	69.8	62.6	11.5%	113.7	111.3	2.1%
Profit before Tax	114.5	81.0	41.3%	219.1	174.4	25.6%
Provision for Taxes	39.2	27.5	42.5%	74.8	60.7	23.2%
<b>Profit after Tax</b>	<b>75.3</b>	<b>53.5</b>	<b>40.8%</b>	<b>144.3</b>	<b>113.7</b>	<b>26.9%</b>

In Rs. Crores	As at 30-Sep-10	As at 30-Sep-09	% growth
<b>Deposits</b>	<b>26,069.0</b>	<b>22,495.5</b>	<b>15.9%</b>
Savings Bank	4,950.2	3,708.1	33.5%
Current Account	4,403.3	3,641.4	20.9%
<b>Demand Deposits</b>	<b>9,353.5</b>	<b>7,349.5</b>	<b>27.3%</b>
<b>CASA %</b>	<b>35.9%</b>	<b>32.7%</b>	
<b>Advances</b>	<b>20,241.6</b>	<b>16,384.0</b>	<b>23.5%</b>
<b>Branches</b>	<b>475</b>	<b>442</b>	
<b>ATMs</b>	<b>367</b>	<b>356</b>	
<b>Capital Adequacy Ratio</b>	<b>13.50%</b>	<b>14.48%</b>	

### **Business Highlights**

Total Deposits were Rs. 26,069 crores at the end of September 2010, up from Rs. 22,496 crores as at the end of September 2009. Current and Savings (CASA) deposits grew by a healthy 27% to Rs. 9,354 crores from Rs. 7,350 crores as at end of September 2009. CASA ratio increased to 35.9% of total deposits as at the end of September 2010 as against 32.7% at the end of September 2009. However, after adjusting for certain large CASA deposits which flowed in towards the end of the period, core CASA increased to 34.8% of total deposits.

Advances grew by 24% to Rs. 20,242 crores at the end of September 2010 from Rs. 16,384 crores as at end September 2009. The Credit Deposit Ratio stood at 77.6% as at September 2010 as against 72.8% as at September 2009.

The Gross NPA ratio and Net NPA ratio were at 2.91% and 0.81% respectively as at 30 September 2010 compared to 2.85% and 1.78% respectively as at 30 September 2009. Provision Cover more than doubled from 39.8% at the end of September 2009 to 72.8% as at 30 September 2010 (59.0% as at the end of June 2010). While RBI has permitted the Bank to achieve the Provision Coverage Ratio of 70% by March 2011, the Bank has achieved the prescribed Regulatory minimum by September 2010 itself on account of higher provisioning.

The Capital Adequacy Ratio (CAR) of the Bank as at 30 September 2010 stood at 13.50% (without reckoning H1 FY11 profit, as stipulated by Reserve Bank of India) from 14.48%, as at 30 September 2009 (as per Basel-II).

### **Other Developments**

During the quarter, the Bank opened 5 new Branches and 4 ATM outlets. As of September 2010, the Bank had 883 outlets comprising of 488 branches and extension counters, 28 satellite offices and 367 ATMs.

The Bank's new Bandra Kurla Complex office in Mumbai has received the Green Building Standards Gold Rating issued under LEED India New Construction Building Rating system.

Mr. Arun Thiagaran, assumed charge as the Part-time Chairman of the Bank for a period of three years, effective from 9 August 2010. He succeeded Mr. K.R. Ramamoorthy, who completed his term of office on 7 July 2010.

The Bank was awarded the CIO 100 Award by India's CIO magazine, recently. The Bank won the recognition for its innovative, customer centric 'Mobile Voice Recording Solution'. The solution allows customers to carry out investment decisions and trade instructions through a recorded conversation dispensing the hassle of signing each and every transaction. The technology solution enables the Bank to capture important client conversations on hand held devices and land lines to support the Bank's Relationship Managers, who are often on the move. This information flow, while it enables improvement in work efficiency and contributes to better turn around time (TAT), it also synchronizes with the brand values of the Bank, making banking easier for customers.

The Bank launched 'ING Active Deposit' during the quarter. The new deposit is aimed at customers who have surplus funds, on which they would like to earn higher returns, but need the security of instant liquidity. The instant withdrawal feature allows the customer to withdraw the deposit at an ATM or through a cheque. Further, with deposit permitted to be broken only for a portion of the amount required, the balance of the term deposit continues to earn interest at the contracted rate.

The Bank has signed an MOU with Hyundai Motor India Ltd. Under the agreement, the Bank works closely with Hyundai for financing purchase of Hyundai vehicles. Bank and the Company will utilize and leverage each other's strengths to cross sell Hyundai's vehicles with ING Vysya Bank's Car loans and other schemes.

The Wholesale Banking Unit continued to associate with many Rupee bond market transactions. The Bank was ranked 12<sup>th</sup> in the Underwriter Ranking of the 'Bloomberg League Table' covering 'All India Private Placement of Bond Issuances'. Extensive marketing of Cash Management Services continued to progress and give good results. Value added products / services like Valuecash – an evolved domestic cash pooling solution and ING Inwards – the RTGS and NEFT based electronic receivables solution, which assist Corporates in effective management of their working capital cycle are on offer to clients.

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*ING Vysya Bank Ltd is a premier private sector bank with retail, private and wholesale banking platforms that serve over 2.0 million customers, with 80 years of history in India and leveraging ING's global financial expertise, a workforce of 6,763 employees staff, 883 outlets comprising of 488 branches and extension counters, 28 satellite offices and 367 ATMs to offer its clients an increasingly broad range of innovative and established products and services.*

*ING is a global financial institution of Dutch origin offering banking, investments, life insurance and retirement services to over 85 million private, corporate and institutional clients in more than 40 countries. With a diverse workforce of about 125,000 people, ING is dedicated to setting the standards in helping its clients manage their financial future.*