

PRESS RELEASE

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ING Vysya Bank Q4 Net Profit up 38%, Operating profit up 72%; FY10 Net Profit up 28%, Operating profit up 51%; Recommends 25% Dividend

ING Vysya Bank announced its audited financial results for the financial year 2009-10 following the approval by its Board of Directors at their meeting held in Bangalore today.

The Board of Directors has proposed dividend of 25% for consideration by the shareholders at the next Annual General Meeting.

Performance at a Glance

Q4' FY 10 v Q4' FY 09

- Net Profit up 38% to Rs. 67.9 crores
- Operating profit up 72% to Rs. 210.4 crores
- Net Interest Income up 52% to Rs. 247.1 crores
- Net Interest Margin at 3.6% for the quarter from 2.6% in the previous year quarter
- Cost income ratio lower at 51% from 61% in Q4' FY 09

Year-on-Year

- Net Profit up 28% to Rs. 242.2 crores
- Operating profit up 51% to Rs. 641.9 crores
- Net Interest Income up 28%; Net Interest Margin at 3.2% for FY10
- Cost income ratio lower at 56% from 65% in FY 09
- CASA deposits up 26% over FY 09; CASA Ratio at 32.6% against 27.0% in FY 09
- Advances up 10% Y-o-Y
- Provision cover at 60.2%

Financial Highlights

The Net Profit (PAT) of the bank for the quarter ended 31 March 2010 increased by 38% to Rs. 67.9 crores compared to Rs. 49.1 crores reported in the corresponding quarter of the previous year. Net Interest Income (NII) increased sharply by 52% to Rs. 247.1 crores from Rs. 162.4 crores with Net Interest Margin (NIM) at 3.6% compared to 2.6% for the quarter ended 31 March 2009 and 3.4% for the quarter ended 31 December 2009. This was achieved on the back of significant improvement

in the cost of deposits which improved to 4.6% in the current quarter from 7.0% for the quarter ended March 2009 and 5.0% for the quarter ended 31 December 2009. Total income increased to Rs. 425.8 crores from Rs. 309.5 crores in the corresponding quarter of previous year. This includes an exceptional income of around Rs. 31 crores on account of capitalization of amount paid for allotment of land on lease which was expensed off in the years 2003-04 to 2005-06. Operating costs increased to Rs. 215.3 crores for the period under review from Rs. 187.4 crores reported in the corresponding quarter of the previous year. Operating profit increased by 72% to Rs. 210.4 crores from Rs. 122.1 crores and the Cost Income ratio improved to 50.6% from 60.6% in the quarter ended 31 March 2009. Adjusting for the exceptional income mentioned above, Operating profit increased by 47% and the Cost Income ratio for the quarter stood at 54.5%. Provisions and contingencies for the current quarter were at Rs. 106.3 crores. Provision cover improved to 60.2% as of 31 March 2010 as against 36.0% at 31 March 2009, as a result of the enhanced provisioning.

The Net Profit of the Bank for the year ended 31 March 2010 increased by 28% to Rs. 242.2 crores from Rs. 188.8 crores reported in the year ended 31 March 2009. Profit before tax (PBT) increased by 26% to Rs. 371.5 crores from Rs. 294.7 crores. Net Interest Income (NII) increased by 28% to Rs. 829.8 crores from Rs. 649.6 crores and Fee & Other Income increased by 13% to Rs. 620.2 crores from Rs. 547.7 crores. Net Interest Margin (NIM) for the year increased to 3.2% from 2.8% in the previous year. Total income increased by 21% to Rs. 1,450.0 crores from Rs. 1,197.3 crores reported for the year ended 31 March 2009. Operating expenses grew marginally to Rs. 808.1 crores for the year ended 31 March 2010 compared to Rs. 772.5 crores in the previous year which resulted in the Cost Income ratio improving significantly to 55.7% from 64.5% in the previous year. Adjusting for the exceptional income, the Cost Income ratio for FY10 stood at 56.9%. Operating profit increased significantly by 51% to Rs. 641.9 crores from Rs. 424.8 crores. Adjusting for the exceptional income of Rs. 31 crores mentioned above, the Operating profit increased by 44%. Provisions and contingencies for the year were higher at Rs. 270.4 crores against Rs. 130.2 crores in the previous year. This includes certain one time provisions and additional provision made to enhance the provision cover.

Commenting on the results, Managing Director, Shailendra Bhandari said "I am pleased to note that in the March 2010 Quarter, we have been able to maintain our strong momentum across all parameters. Net profits are up by 38.2% compared to the same quarter last year. This has been brought about by a jump of 52.2% in Net Interest Income and a huge increase of 72.4% in Operating Profits (even excluding one-time items, Operating Profit is up by 47.2%). Our Net Interest Margins have continued to strengthen and are now at 3.6% compared to 2.6% in the same quarter last year. The strong growth in income has been matched by a tight control of costs, and as a result our Cost to Income ratio has improved to 54.5% (after removing all exceptional items) as compared to 60.6% in the same quarter last year.

We have also been able to substantially improve the quality of the Balance Sheet even compared to December 2009. Our Net NPA is now at 1.20% as compared to 1.67% in December 2009 (1.20% in March 2009), and our Provision Cover is now at 60% as compared to 40% in December 2009 and 36% in March 2009.

I am also pleased to note that the Board has recommended an increased dividend of 25% for the year."

Financial Indicators

In Rs. Crores	Q4 2009-10	Q4 2008-09	% growth	YTD Mar 2010	YTD Mar 2009	% growth
Net Interest Income	247.1	162.4	52.2%	829.8	649.6	27.7%
Other Income	147.9	147.1	0.5%	589.5	547.7	7.6%
Total Income	395.0	309.5	27.6%	1,419.3	1,197.3	18.5%
Operating Costs	215.3	187.4	14.9%	808.1	772.5	4.6%
Operating Profit	179.7	122.1	47.2%	611.2	424.8	43.9%
Exceptional Items	30.7	-	100.0%	30.7	-	100.0%
Operating Profit after Exceptional Items	210.4	122.1	72.4%	641.9	424.8	51.1%
Provision & Contingencies	106.3	45.5	133.7%	270.4	130.2	107.8%
Profit before Tax	104.1	76.6	36.0%	371.5	294.7	26.1%
Provision for Taxes	36.2	27.4	32.0%	129.3	105.9	22.1%
Profit after Tax	67.9	49.1	38.2%	242.2	188.8	28.3%

In Rs. Crores	As at 31-Mar-10	As at 31-Mar-09	% growth
Deposits	25,865.3	24,889.5	3.9%
Savings Bank	4,335.0	3,398.4	27.6%
Current Account	4,092.1	3,314.1	23.5%
Demand Deposits	8,427.0	6,712.5	25.5%
CASA %	32.6%	27.0%	
Advances	18,507.2	16,756.4	10.4%
Branches	468	441	
ATMs	357	351	
Capital Adequacy Ratio	14.91%	11.65%	

Business Highlights

Total Deposits were Rs. 25,865 crores at the end of March 2010, up from Rs. 24,889 crores as at the end of March 2009. Current and Savings (CASA) deposits grew by a healthy 26% to Rs. 8,427 crores from Rs. 6,713 crores in the same period. CASA ratio increased to 32.6% of total deposits as at the end of March 2010 as against 27.0% at the end of March 2009.

Advances grew by 10% to Rs. 18,507 crores at the end of March 2010 from Rs. 16,756 crores as at end March 2009. The Credit Deposit Ratio stood at 71.6% as at March 2010 as against 67.3% as at March 2009.

The Gross NPA ratio and Net NPA ratio were at 2.96% and 1.20% respectively as at 31 March 2010 compared to 1.86% and 1.20% respectively as at 31 March 2009 and 2.68% and 1.67% as at 31 December 2009. Provision cover improved from 36% at the end of March 2009 to 60% as at 31 March 2010.

The Capital Adequacy Ratio (CAR) of the Bank as at 31 March 2010 improved to 14.91% from 11.65%, as at 31 March 2009 (as per Basel-II).

Other Developments

The Bank opened 8 new branches during the quarter (1 EC converted to branch). As of 31 March 2010 the bank had 866 outlets comprising of 468 branches, 13 Extension Counters, 28 Satellite Offices and 357 ATMs.

The bank launched the Corporate Salary Solution '**ING Aspira**' aimed at upwardly mobile employees of the Corporate segment, who value remote banking channels and it continues to be a key part of the bank's liability growth strategy. The free **ING Gold Credit Card** with an exciting rewards programme and low interest rates for existing customers was issued and operationalised. A secure mobile banking application was also introduced for all retail banking customers. **ING Mobile Banking** provides balance enquiry, mini statement, stop payment, cheque status, Cheque book request, funds transfer, bill payments, loans and wealth management. **INGP@Y**, a web-based payables management platform for corporate customers commenced operations. Built on a state-of-the-art technology, it offers customers a robust, secure and flexible mode of electronic fund transfers. INGP@Y also provides the option to outsource a customer's entire payment processing through this platform.

The bank re-launched **Auto Loans**, to finance four wheelers during the year at select centers. **Commercial Vehicle Loan** and **Construction Equipment Loan** products were also commenced in a limited manner during the year. The bank also generated good response for the two-year fixed rate scheme of Home Loans. Similarly the loan against **Residential and Commercial Property** products was well received.

The bank continues to be active in driving financial inclusion by opening **No Frill Accounts** across the branches and also enrolling people under the **NREGA & SSP** schemes of the Government of India, in the assigned districts of AP and Karnataka. The combined customer base in this regard, exceeded 1.70 Lakhs. An action plan has been drawn up for **Total Financial Inclusion (TFI)** for implementation, over a period of three years.

The bank upgraded its service offerings in the Wealth Management spectrum, with the introduction of "**Online Wealth Management System**" which is an integrated technology solution that spans customer acquisition, portfolio analysis & profiling, execution, portfolio administration and monitoring. The bank also empanelled '**Morningstar**' for research and analysis of mutual products and the report is shared with our customers.

The bank continued to promote the brand with its communications conveying the essence of "**Easy to Deal with**" and as a "**Friendly**" bank. The '**Jiyo Easy**' advertising campaign was launched across Television, Internet and Outdoor with innovative usage of 'You Tube' and outdoors. The TV commercials demonstrated the benefits of instant debit card replacement, automatic cheque book re-order and mobile banking. At the **2010 Big Bang Awards** conducted by the **Bangalore Ad. Club**, the bank walked away with the biggest awards for the creativity and efficacy of the campaign.

The bank contributed a total amount of Rs.66 lakhs towards '**Flood Relief**' in the states of Andhra Pradesh and Karnataka. Considering the dominant presence of the bank in both the states, the

contribution amount was equally divided and presented to the respective Chief Ministers. This apart, through ING Foundation, the CSR arm of the group, the education of underprivileged children continued to receive primary focus with both the number of NGOs and the children getting benefited reflecting a considerable increase. Further, for the second year in succession, the bank took the lead to propagate and promote the observance of the global event "**Earth Hour**" at Bangalore and made a success of it. Internally, with awareness built for energy conservation, the bank could reduce energy consumption at the Corporate Office, by over 11%, during the year.

Press enquiries: ING Vysya Bank G K Sateesh Kumar, +91 (0) 80 25005077 sateeshkumargk@ingvysyabank.com	Adfactors Public Relations: Ruchi Dwivedi/Manish T 9742272203/9945513552 ruchi.dwivedi@adfactorpr.com
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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 million customers. With over 75 years of history in India and leveraging ING's global financial expertise, a workforce of 6,249 employees staff, 866 outlets to offer their 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 107,000 people, ING is dedicated to setting the standard in helping our clients manage their financial future.