

## PRESS RELEASE

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### ING Vysya Bank Q3 Net Profit up 37%

ING Vysya Bank announced its unaudited financial results for the quarter and nine months ended 31 December 2010 following the approval by its Board of Directors at their meeting held in Mumbai today.

#### Performance at a Glance

##### Q3 FY 11 v Q3 FY 10

- Net Profit up 37% to Rs. 83.0 crores
- Deposits up 16% over December 2009
- CASA deposits up 21% over December 2009
- CASA Ratio at 33.5% against 32.2%
- Gross advances up 24% over December 2009
- Provision Cover up at 76.4% against 45.1%
- Net NPA at 0.64% against 1.67%
- Return on Assets improves to 0.88% against 0.80%

##### YTD Dec 2010 v YTD Dec 09

- Net Profit up 30% to Rs. 227.4 crores
- Net Interest Income up 27% to Rs. 738.2 crores
- Adjusted Net Interest Margin at 3.33% for FY 11 against 3.22% in the previous year
- Return on Assets improves to 0.86% compared to 0.79% in previous year

#### Financial Highlights

The Net Profit (PAT) of the Bank for the quarter ended 31 December 2010 increased by 37% to Rs. 83.0 crores compared to Rs. 60.6 crores reported in the corresponding quarter of the previous year. Net Interest Income (NII) for the quarter increased by 12% to Rs. 245.9 crores from Rs. 219.4 crores. Adjusted Net Interest Income (including mutual fund income) was marginally lower at 3.26% compared to 3.55% in the corresponding quarter of the previous year. Other income was up by 28% at Rs. 166.8 crores. Total income increased by 18% to Rs. 412.7 crores from Rs. 349.7 crores in the corresponding quarter of previous year. Operating costs for the quarter increased to Rs. 253.3 crores from Rs. 203.9 crores reported in the corresponding quarter of the previous year. This was primarily on account of increase in staff costs to Rs. 145.4 crores from Rs. 111.2 crores. Pending clarification from the Reserve Bank of India, the Bank is on a conservative basis providing for 9th Bipartite Settlement and amendment to the Payment of Gratuity Act, 1972 on an estimated basis. The Bank further increased Provision Coverage Ratio to 76.4% as at 31 December 2010 and was well above the minimum coverage ratio. Provision

Coverage Ratio was at 72.8% as at 30 September 2010 and 45.1% as at 31 December 2009. The Provisions and contingencies for the current quarter stood at Rs. 33.6 crores. During the quarter the Bank made additional provision of Rs 17.4 crores (of this, the Bank utilised excess standard asset provision of Rs 14.1 crores it had in its book) on account of enhanced standard asset provision for teaser home loans in line with the Reserve Bank of India guidelines. The Bank has discontinued “teaser rates” from December 2010. Return on assets improved to 0.88% compared to 0.80% in December 2009 quarter.

The Net Profit (PAT) of the Bank for nine month ended 31 December 2010 increased by 30% to Rs. 227.4 crores compared to Rs. 174.3 crores reported in the corresponding period of the previous year. Net Interest Income (NII) increased by 27% to Rs. 738.2 crores from Rs. 582.7 crores. This was achieved on the back of improvement in the cost of deposits which reduced to 5.0% from 5.6% for the period ended December 2009. This is inspite of the increase in cost of savings bank deposits and higher reserve requirements. Total income increased by 19% to Rs. 1,222.6 crores from Rs. 1,024.3 crores in the corresponding period of previous year. Operating costs increased to Rs. 730.4 crores from Rs. 592.8 crores reported in the corresponding period of the previous year. This was primarily on account of increase in staff costs to Rs. 429.9 crores from Rs. 314.9 crores. Operating profit increased by 14% to Rs. 492.3 crores from Rs. 431.5 crores in the corresponding period of previous year. Provisions and contingencies for the current year were at Rs. 147.3 crores against Rs. 164.1 crores in the previous year. Return on assets improved to 0.86% compared to 0.79% for the period ended December 2009.

Commenting on the results, Managing Director, Shailendra Bhandari said “I am pleased to note that we have shown a healthy growth in advances without participating in big ticket 3G and infrastructure related lending. We have also seen improvement in asset quality. Gross NPA has reduced from 2.95% at end December 2009 to 2.66% at end December 2010 and our provision coverage ratio is 76.4% at end December 2010 as against 72.8% at end September 2010 and 45.1% at end December 2009.”

### Financial Indicators

In Rs. Crores	Q3 2010-11	Q3 2009-10	% growth	YTD Dec 2010-11	YTD Dec 2009-10	% growth
Net Interest Income	245.9	219.4	12.1%	738.2	582.7	26.7%
Other Income	166.8	130.3	28.0%	484.5	441.6	9.7%
Total Income	412.7	349.7	18.0%	1,222.6	1,024.3	19.4%
Operating Costs	253.3	203.9	24.2%	730.4	592.8	23.2%
Operating Profit	159.4	145.8	9.4%	492.3	431.5	14.1%
Provision & Contingencies	33.6	52.8	-36.3%	147.3	164.1	-10.2%
Profit before Tax	125.8	93.0	35.3%	344.9	267.4	29.0%
Provision for Taxes	42.8	32.4	32.1%	117.6	93.1	26.3%
<b>Profit after Tax</b>	<b>83.0</b>	<b>60.6</b>	<b>37.0%</b>	<b>227.4</b>	<b>174.3</b>	<b>30.4%</b>

In Rs. Crores	As at 31-Dec-10	As at 31-Dec-09	% growth
<b>Deposits</b>	<b>27,267.7</b>	<b>23,461.9</b>	<b>16.2%</b>
Savings Bank	4,920.7	3,988.1	23.4%
Current Account	4,207.1	3,575.9	17.7%
<b>Demand Deposits</b>	<b>9,127.8</b>	<b>7,564.0</b>	<b>20.7%</b>
<b>CASA %</b>	<b>33.5%</b>	<b>32.2%</b>	
<b>Gross Advances</b>	<b>21,893.4</b>	<b>17,694.7</b>	<b>23.7%</b>
<b>Branches and Extension Counters</b>	<b>491</b>	<b>474</b>	
<b>ATMs</b>	<b>377</b>	<b>357</b>	
<b>Capital Adequacy Ratio</b>	<b>12.69%</b>	<b>14.47%</b>	

### **Business Highlights**

Total Deposits were Rs. 27,268 crores at the end of December 2010, up from Rs. 23,462 crores as at the end of December 2009. Current and Savings (CASA) deposits grew by 21% to Rs. 9,128 crores from Rs. 7,564 crores as at end of December 2009. CASA ratio increased to 33.5% of total deposits as at the end of December 2010 as against 32.2% at the end of December 2009. There was certain large CASA outflow as at December 2010 impacting CASA ratio adversely.

Gross Advances grew by 24% to Rs. 21,893 crores at the end of December 2010 from Rs. 17,695 crores as at end December 2009. The Credit Deposit Ratio stood at 78.7% as at December 2010 as against 74.7% as at December 2009.

The Gross NPA ratio and Net NPA ratio were at 2.66% and 0.64% respectively as at 31 December 2010 compared to 2.95% and 1.67% respectively as at 31 December 2009. Provision Cover increased substantially from 45.1% at the end of December 2009 to 76.4% as at 31 December 2010 (72.8% as at the end of September 2010).

The Capital Adequacy Ratio (CAR) of the Bank as at 31 December 2010 stood at 12.69% (without reckoning YTD December 2010 profit, as stipulated by Reserve Bank of India) from 14.47%, as at 31 December 2009 (as per Basel-II).

### **Other Developments**

During the quarter, the Bank opened 3 new Branches and 10 ATM outlets. As of December 2010, the Bank had 896 outlets comprising of 491 branches and extension counters, 28 satellite offices and 377 ATMs.

The Bank launched 'ING Zing Savings Account' and 'www.kidzzbank.com' a web portal for kids. ING Zing is designed by kids for kids – everything from product features, discount offers, user guide, to the look of the Debit Card was selected and approved by a set of kids in the age group of 7 – 13 years. The product provides an ideal mix of the independence that kids desire and instill the sense of responsibility, in a fun way. The Zing Debit Card comes with a set of great offers on books, toys, games, bikes, fast food and many other purchases that kids like to make. At the

same time, with limits on the Debit Card, it allows parents to monitor the spends. It also provides a personalized account statement for the kid which reflects how money came into the account and where all it was spent. The Bank also encourages parents to put a small, recurring investment (SIP) in equity mutual funds in the Zing Account. The monthly statement explains how the investment performs and links it to the equity markets. The 'Kidzzbank.com' portal contains a 'virtual bank' that explains all the key functions of a bank through games and quizzes. Kids can create their own login, earn points by winning games, redeem these points for fun rewards and post updates to their Face book account.

The Bank signed a MOU with Angel Broking Ltd., to offer customers a 'three-in-one account' that provides a seamless investment experience by integrating the ING Savings Account, ING Demat Account and Angel Trading Account on a single platform. The solution named "ING Fortuna Trade" makes it easy for the bank's customers to manage the three accounts across with a single online interface. This allows the customer to lien mark funds in the ING savings account towards Angel trading account; block and unblock shares between the ING Demat Account and Angel Trading Account; finally trade instantly. If the customer does not use the funds for trading, they remain in the Savings Account and the lien mark is automatically released. The solution is also customized to meet the needs of customers across the spectrum. The customers have also the choice across Online Trading, Mobile Trading and also dealing facility through Phone. The customer has the option to opt for one or more of the following segments: Equities, Futures & Options, Exchange Traded Currency Derivatives and Commodities, on a single platform. The platform also allows access to multiple exchanges, namely BSE, NSE, NCDX, MCX and MCX-SX. Further, for the HNI customers, the solution is customized with a dedicated dealer, access to privilege reports and priority servicing.

The Bank advocated a new investment strategy to its private banking clients that aims to achieve long term capital appreciation by primarily gaining exposure to a diversified portfolio of equity and equity related securities. The same has been well received by the private banking 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 6,939 employees staff, 896 outlets comprising of 491 branches and extension counters, 28 satellite offices and 377 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.*