

PRESS RELEASE

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ING Vysya Bank Q4 Net Profit up 34%; FY 11 Net Profit up 32%; Recommends 30% Dividend

ING Vysya Bank announced its audited financial results for the financial year 2010-11 following the approval by its Board of Directors at their meeting held in Bangalore today.

The Board of Directors has proposed dividend of 30% for consideration by the shareholders at the next Annual General Meeting.

Performance at a Glance

Q4 FY 11 v Q4 FY 10

- Net Profit up 34% to Rs. 91.3 crores (after considering impact of approximately Rs. 36 crores towards second pension and enhancement of gratuity limits)
- Deposits up 17% to Rs. 30,194 crores
- CASA deposits up 24% to Rs. 10,459 crores
- CASA Ratio up from 32.6% to 34.6%
- Gross advances up 28% to Rs. 24,060 crores
- Provision Cover up from 60.2% to 83.4%
- Net NPA improves from 1.20% to 0.39%
- Return on Assets improves from 0.85% to 0.99%.

YTD Mar 2011 v YTD Mar 10

- Net Profit up 32% to Rs. 318.7 crores (after considering additional charge of Rs. 68 crores towards second pension and enhancement of gratuity limits)
- Net Interest Income up 21% to Rs. 1,007 crores
- NIM up from 3.21% to 3.25%
- Return on Assets improves from 0.80% to 0.89% .

Financial Highlights

The Net Profit (PAT) of the Bank for the quarter ended 31 March 2011 increased by 34% to Rs. 91.3 crores (after considering the additional impact of approximately Rs. 36 crores on account of second pension and gratuity) compared to Rs. 67.9 crores reported in the corresponding quarter of the previous year . Net Interest Income (NII) for the quarter increased by 9% to Rs. 268.3 crores from Rs. 247.1 crores. NIM is at 3.3% for the quarter. Other income was

up by 15% at Rs. 170.5 crores. Total income increased by 11% to Rs. 438.9 crores from Rs. 395.0 crores in the corresponding quarter of previous year. Operating costs for the quarter increased to Rs. 295.7 crores from Rs. 215.3 crores reported in the corresponding quarter of the previous year. This was on account of increase in staff costs to Rs. 175.8 crores from Rs. 114.0 crores primarily due to the additional impact on account of retirements of Rs 36 crores. The Bank further increased Provision Coverage Ratio to 83.4% as at 31 March 2011 from 76.4% as at 31 December 2010. Return on assets improved to 0.99% compared to 0.85% in March 2010 quarter and return on equity to 14.2% from 11.8%.

The Net Profit (PAT) of the Bank for year ended 31 March 2011 increased by 32% to Rs. 318.7 crores compared to Rs. 242.2 crores reported in the previous year. The current full year results are after considering an additional charge of Rs. 68.0 crores towards the second pension option and enhancement in gratuity limits. While the Reserve Bank of India vide its letter dated 8 April 2011 has permitted the Bank, as in the case of public sector banks, to amortise over a period of five years the additional liability on account of re-opening of pension option to existing employees as well as the enhancement in gratuity limits, the Bank has been conservative and has fully charged the liability of Rs 20.7 crores on account of enhancement in gratuity limits in the current year in its Profit and Loss account, in addition to the full impact of Rs. 28.7 crores on account of II Pension Option to retired/ separated employees. The Bank has also provided Rs.18.6 crores representing one-fifth of the impact of II Pension Option to the existing employees, with the balance to be provided over the next four years.

Net Interest Income (NII) increased by 21% to Rs. 1,006.5 crores from Rs. 829.8 crores. This was achieved on the back of improvement in the cost of deposits which reduced to 5.25% from 5.33% for the year ended March 2010 notwithstanding increase in cost of savings bank deposits and higher reserve requirement. Total income increased by 17% to Rs. 1,661.5 crores from Rs. 1,419.3 crores (excluding exceptional item) in the previous year. Operating costs increased to Rs. 1,026.0 crores from Rs. 808.1 crores reported in the previous year. This was primarily on account of increase in staff costs to Rs. 605.7 crores from Rs. 428.9 crores which included the additional impact of Rs 68 crores on account of retirement cost. While the Operating profit increased by 4% from Rs 611.2 crores to Rs 635.5 crores, after adjusting for the additional charge of Rs 68 crores, operating profit increased by 15% to Rs. 703.5 crores. Provisions and contingencies for the current year were at Rs. 151.6 crores against Rs. 270.4 crores in the previous year. Return on assets improved to 0.89% compared to 0.80% for the year ended March 2010.

Commenting on the results, Managing Director, Shailendra Bhandari said "We have had a great year, where we have achieved our targets of high quality and faster than market growth. We have grown advances at 28% and CASA at 24%. I am also pleased to state we have now crossed 500 branches, and as of March 2011 have 510 branches. The balance sheet quality continues to improve dramatically with net NPA of 0.39%, which is less than one third of the previous year. Our provision cover of 83% is perhaps the best in the industry."

Financial Indicators

In Rs. Crores	Q4 2010-11	Q4 2009-10	% growth	YTD Mar 2010-11	YTD Mar 2009-10	% growth
Net Interest Income	268.3	247.1	8.6%	1,006.5	829.8	21.3%
Other Income	170.5	147.9	15.3%	655.0	589.5	11.1%
Total Income	438.9	395.0	11.1%	1,661.5	1,419.3	17.1%
Operating Costs	295.7	215.3	37.3%	1,026.0	808.1	27.0%
Operating Profit	143.2	179.7	-20.3%	635.5	611.2	4.0%
Exceptional Items		30.7	-100.0%		30.7	-100.0%
Operating Profit after Exceptional Items	143.2	210.4	-31.9%	635.5	642.0	-1.0%
Provision & Contingencies	4.3	106.3	-96.0%	151.6	270.4	-43.9%
Profit before Tax	138.9	104.1	33.4%	483.9	371.5	30.2%
Provision for Taxes	47.6	36.2	31.6%	165.2	129.3	27.8%
Profit after Tax	91.3	67.9	34.4%	318.7	242.2	31.6%

In Rs. Crores	As at 31-Mar-11	As at 31-Mar-10	% growth
Deposits	30,194.3	25,865.3	16.7%
Savings Bank	5,351.5	4,335.0	23.4%
Current Account	5,107.1	4,092.1	24.8%
Demand Deposits	10,458.6	8,427.0	24.1%
CASA %	34.6%	32.6%	
Gross Advances	24,059.8	18,832.2	27.8%
Branches and Extension Counters	510	481	
ATMs	400	357	
Capital Adequacy Ratio	12.94%	14.91%	

Business Highlights

Total Deposits were Rs. 30,194 crores at the end of March 2011, up from Rs. 25,865 crores as at the end of March 2010. Current and Savings (CASA) deposits grew by 24% to Rs. 10,459 crores from Rs. 8,427 crores as at end of March 2010. CASA ratio increased to 34.6% of total deposits as at the end of March 2011 as against 32.6% at the end of March 2010.

Gross Advances grew by 28% to Rs. 24,060 crores at the end of March 2011 from Rs. 18,832 crores as at end March 2010. The Credit Deposit Ratio stood at 78.2% as at March 2011 as against 71.6% as at March 2010.

The Gross NPA ratio and Net NPA ratio were at 2.30% and 0.39% respectively as at 31 March 2011 compared to 2.96% and 1.20% respectively as at 31 March 2010. Provision Cover increased from 60.2% at the end of March 2010 to 83.4% as at 31 March 2011 (76.4% as at the end of December 2010).

The Capital Adequacy Ratio (CAR) of the Bank as at 31 March 2011 stood at 12.94% from 14.91%, as at 31 March 2010 (as per Basel-II).

Other Developments

During the last quarter the bank expanded its network, with 19 new branches and 23 ATMs. As of March 2011, the Bank had 510 branches, 28 satellite offices and 400 ATMs.

The bank continued to launch new products and features, aimed at making banking easier for customers.

The bank launched 'ING Converge' an integrated banking solutions, which enables Wholesale banking clients to addresses their payment and cash management requirements. The platform allows the corporate to embed the solution across multiple group accounts within ING, other banks accounts in India and across the globe; thus benefiting the Corporate with greater efficiencies and control.

ING Private Banking completed 15 years of service to clients in India, the business covers Investment Advisory, Private Investment Banking, Structured Credit and Estate Planning Advisory. The team introduced a new investment solution, which aims to achieve long term capital appreciation by primarily gaining exposure to diversified portfolio of equity and equity related securities.

On the Retail Banking front, the bank launched a new savings account 'ING Zwipe' ; aimed at the young, upwardly mobile consumers, the product offers customers best-in-class discounts across lifestyle products. Keeping in tune with the target segment, these discounts can be availed through debit cards, online and mobile banking.

The other significant development was the launch of the bank's website in the national language Hindi and regional languages, Kannada and Telugu, to cover a large geographical area of the bank's functioning. The contents of the site focus on Personal Banking and also Financial Inclusion, in synch with the banks ambition on financial education.

The bank was awarded the CIO 100 Award by India's CIO magazine. The recognition was accorded for the innovative, customer centric 'Mobile Voice Recording Solution' that made banking easier for the customer.

The bank participated and promoted awareness for the 'Earth Hour' for the third year in succession, both amongst the internal and external customers, service providers and local communities of Bangalore. More importantly, the bank's First Solar Powered ATM was launched on 26th, March 2011, reflective of our support to the cause.

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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 7,041 employees staff, 938 outlets comprising of 510 branches and extension counters, 28 satellite offices and 400 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.