

PRESS RELEASE

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ING Vysya Bank Q3 operating profit up 37%; YTD operating profit up 43%

ING Vysya Bank announced its unaudited financial results for the quarter and nine months ended 31 December 2009 following the approval by its Board of Directors at their meeting held in Bangalore today.

Performance at a Glance

- Q3 Operating profit up 37% Y-o-Y to Rs. 145.8 crores
- Q3 Net Interest Income up 27%; Net Interest Margin at 3.4% for the quarter
- Cost income ratio lower at 58% from 67% in Q3 'FY 09
- Advances up 7% on sequential basis (Q-o-Q)
- CASA deposits up 30% over Dec' 08; CASA Ratio at 32.2%

Financial Highlights

The Net Profit (PAT) of the bank for the quarter ended 31 December 2009 increased by 16% to Rs. 60.6 crores compared to Rs. 52.1 crores reported in the corresponding quarter of the previous year. Operating profit increased by 37% to Rs. 145.8 crores from Rs. 106.5 crores. Net Interest Income (NII) increased by a robust 27% to Rs. 219.4 crores from Rs. 172.7 crores with Net Interest Margin (NIM) at 3.4% compared to 2.9% for the quarter ended 31 December 2008 and 3.1% for the quarter ended 30 September 2009. This was achieved on the back of significant improvement in the cost of deposits which improved to 5.0% in the current quarter from 7.5% for the quarter ended December 2008 and 5.5% for the quarter ended 30 September 2009. Total income increased to Rs. 349.7 crores from Rs. 321.8 crores in the corresponding quarter of previous year. Operating costs decreased to Rs. 204.0 crores for the period under review from Rs. 215.3 crores reported in the corresponding quarter of the previous year. The Cost Income ratio improved to 58.3% from 66.9% in the quarter ended 31 December 2008. Provisions and contingencies for the current quarter were at Rs. 52.8 crores.

The Net Profit of the Bank for the nine months ended 31 December 2009 increased by 25% to Rs. 174.3 crores from Rs. 139.7 crores reported in the corresponding period ended 31 December 2008. Profit before tax (PBT) increased by 23% to Rs. 267.4 crores from Rs. 218.1 crores and Operating profit increased by 43% to Rs. 431.5 crores from Rs. 302.8 crores. Total income increased by 15% to Rs. 1,024.3 crores from Rs. 887.8 crores reported for the period ended 31 December 2008. Net Interest Income (NII) increased by 20% to Rs. 582.7 crores from Rs. 487.2 crores and Fee & Other Income increased by 10% to Rs. 441.6 crores from Rs. 400.6 crores. Fee & Other Income for the quarter ended 31 December 2009 was however lower at Rs.130.3 crores compared to Rs.149.1 crores in the corresponding quarter of the previous year due to lower treasury income. Provisions and contingencies for the nine months were higher at Rs. 164.1 crores against Rs. 84.7 crores in the previous year. This includes certain one time provisions and additional provision made to enhance the provision cover. Continued improvement in productivity resulted in operating expenses growing marginally to Rs. 592.8 crores for the nine month ended 31 December 2009 compared to Rs. 585.0 crores in the previous year which resulted in the cost income ratio improving significantly to 57.9% from 65.9%.

Commenting on the results, Managing Director, Shailendra Bhandari said: "We continue our focus on expanding our national footprint, increasing our customer base and acquiring low cost deposits with customer

centric products and services. This quarter, we started to see some increase in credit off-take and are pleased to report a sequential credit growth of over 7% in the December quarter over September. There has also been continued improvement in key operating parameters particularly Net Interest Margin (sequential growth to 3.4% in the December quarter up from 3.1% in the September quarter) and have also seen substantial improvement in our provision coverage ratio.”

Financial Indicators

In Rs. Crores	Q3 2009-10	Q3 2008-09	% growth	YTD Dec 2009-10	YTD Dec 2008-09	% growth
Net Interest Income	219.4	172.7	27.1%	582.7	487.2	19.6%
Other Income	130.3	149.1	-12.6%	441.6	400.6	10.2%
Total Income	349.7	321.8	8.7%	1,024.3	887.8	15.4%
Operating Costs	203.9	215.3	-5.3%	592.8	585.0	1.3%
Operating Profit	145.8	106.5	36.9%	431.5	302.8	42.5%
Provision & Contingencies	52.8	21.6	144.3%	164.1	84.7	93.8%
Profit before Tax	93.0	84.9	9.5%	267.4	218.1	22.6%
Provision for Taxes	32.4	32.9	-1.4%	93.1	78.4	18.7%
Profit after Tax	60.6	52.1	16.4%	174.3	139.7	24.8%

In Rs. Crores	As at 31-Dec-09	As at 31-Dec-08	% growth
Deposits	23,461.9	22,401.3	4.7%
Savings Bank	3,988.1	3,138.9	27.1%
Current Account	3,575.9	2,679.5	33.5%
Demand Deposits	7,564.0	5,818.5	30.0%
CASA %	32.2%	26.0%	
Advances	17,515.3	16,013.5	9.4%
Branches	460	438	
ATMs	357	308	
Capital Adequacy Ratio	13.72%	10.72%	

Business Highlights

Total Deposits were Rs. 23,462 crores at the end of December 2009 up from Rs. 22,401 crores as at the end of December 2008. Current and Savings (CASA) deposits grew by a robust 30% to Rs. 7,564 crores from Rs. 5,819 crores in the same period. CASA ratio increased to 32.2% of total deposits as at the end of December 2009 as against 26.0% at the end of December 2008. Adjusting for certain large CASA deposits which flowed in towards the end of the period, CASA ratio was around 31.6% of total deposits.

Advances grew by over 9% to Rs. 17,515 crores at the end of December 2009 from Rs. 16,014 crores as at end December 2008. The Credit Deposit Ratio stood at 74.7% as at December 2009 as against 71.5% as at December 2008.

The Gross NPA ratio and Net NPA ratio were at 2.68% and 1.67% respectively as at 31 December 2009 compared to 1.84% and 1.09% respectively as at 31 December 2008 and 2.57% and 1.78% as at 30 September 2009. Provision cover improved from 32% at the end of September 2009 to 40% as at 31 December 2009. We are yet to implement any adjustment which may be possible under the revised RBI guidelines.

The Capital Adequacy Ratio (CAR) of the Bank as at 31 December 2009 improved to 13.72% from 10.72%, as at 31 December 2008 (as per Basel-I). The CAR as per Basel-II stands at 14.47% with Tier 1 CAR at 9.8%.

Other Developments

The Bank converted 18 extension counters to branches during the quarter. As of 31 December 2009 the bank had 859 outlets comprising of 460 branches, 14 Extension Counters, 28 Satellite Offices and 357 ATMs.

The Bank continued to upgrade its product offerings for its customers with ING Fortuna Wealth Management Services. This includes an online wealth platform enabling customers to have a single view of investments held across different asset classes and service providers, thus allowing easy access and analysis of the customer's wealth portfolio. The bank offers a wealth product suite across wealth creation, preservation and enhancement. The bank also empanelled Morningstar for research and analysis of mutual products, which is shared with customers regularly. The bank also launched ING Loan against Commercial Property, allowing customers to unlock the value of their property.

The 'Jiyo Easy' advertising campaign focused on increasing awareness of the brand across Television, Internet and Outdoor. The bank launched innovative branding campaigns with YouTube and Meru Cabs. The TV commercials depict how banking would be easy with ING. The films demonstrated the benefits of instant debit card replacement, automatic cheque book re-order and mobile banking.

The Bank contributed a total amount of Rs.66.00 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.

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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 6,133 employees staff, 859 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 110,000 people, ING is dedicated to setting the standard in helping our clients manage their financial future.