

PRESS RELEASE

Bangalore • October 23rd, 2009.

ING Vysya Bank H1 Operating profit up 46%, Net Profit up 30%

ING Vysya Bank announced its unaudited financial results for the quarter and half-year ended 30 September 2009 following the approval by its Board of Directors at their meeting held in Bangalore today.

Performance at a Glance

- Q2'FY10 Operating profit up 57% Y-o-Y to Rs. 143.6 crores
- Q2'FY10 Total Income up 22% Y-o-Y to Rs. 343 crores.
- Q2'FY10 Net Interest Margin at 3.1% up from 2.9% in Q2 'FY 09
- Cost income ratio declined to 58% from 67% in Q2 'FY 09
- Demand deposits up 21% over Sept' 08;
- CASA Ratio increased to 32.7% from 29.1% in Q2'FY09
- Capital adequacy ratio at 14.45%; Tier 1 at 9.7%

Financial Highlights

The Operating Profit of the Bank for the half year ended 30 September 2009 increased by 46% to Rs. 285.8 crores from Rs. 196.3 crores reported in the first half of the previous financial year. Profit before tax (PBT) for the half year ended 30 September 2009 increased by 31% to Rs. 174.4 crores from Rs. 133.2 crores and the Net Profit (PAT) was higher by 30% at Rs. 113.7 crores compared to Rs. 87.6 crores in the same period of the previous year.

Total Income increased by 19% to Rs. 674.6 crores from Rs. 566.0 crores reported in the half year ended 30 September 2008. Net Interest Income (NII) increased by 15% to Rs. 363.3 crores from Rs. 314.5 crores, Fee & Other Income saw a strong growth of 24% to Rs. 311.3 crores from Rs. 251.5 crores in the corresponding period of the previous year, helped by higher treasury income and increase in fees and commissions. Provisions and contingencies for the half year were however higher at Rs. 111.3 crores against Rs. 63.1 crores. This includes a one-time provision of Rs. 21 crores made for a large account. Operating expenses grew by 5% to Rs. 388.8 crores for the half year ended 30 September 2009 compared to Rs. 369.7 crores in the previous year period. Continued improvement in productivity resulted in the cost income ratio improving significantly to 57.6% compared to 65.3% in the corresponding period of the previous year.

For the quarter ended 30 September 2009, Total Income was at Rs. 343.0 crores, a growth of 22% over Rs. 280.1 crores reported in the corresponding quarter of the previous year. Net Interest Income (NII) for the quarter increased by 22% to Rs. 191.4 crores from Rs. 156.6 crores with Net Interest Margin (NIM) at 3.1% compared to 2.9% for the quarter ended 30 September 2008 and 2.7% for the quarter ended 30 June 2009. This was achieved on the back of significant improvement in the

cost of deposits which improved to 5.5% in the current quarter from 6.7% in the same quarter last year and 6.4% in the quarter ended 30 June 2009. Fee and Other Income registered a growth of 23% to Rs. 151.6 crores from Rs. 123.6 crores. Operating costs increased by 6% to Rs. 199.4 crores from Rs. 188.5 crores reported in the previous year. Cost Income ratio was at 58.1% compared to 67.3% in the same quarter of previous year. Operating profit for the quarter ended 30 September 2009 increased by 57% to Rs. 143.6 crores from Rs. 91.6 crores. Provisions and contingencies for the current quarter increased to Rs. 62.6 crores. This included a one-time provision of Rs. 21 crores made for a large account. The net profit increased by 14% to Rs. 53.5 crores from Rs. 47.0 crores in the quarter ended September 2008.

Commenting on the results, Managing Director, Shailendra Bhandari said: "We have had good traction this quarter in improving the core operating profits of the Bank. In particular, we have made excellent progress in improving the quality of our deposit base, both in terms of cost of funds and CASA ratio. We have seen some increase in provisioning on account of advances which have already been identified as being under stress (including a large one-off account). Our focus over the next few quarters will be to increase productivity, raise low cost deposits and manage risk. This will enable us to gradually accelerate our pace of Balance Sheet growth over the next few quarters."

Financial Indicators

In Rs. Crores	Q2 2009-10	Q2 2008-09	% growth	H1 2009-10	H1 2008-09	% growth
Net Interest Income	191.4	156.6	22.2%	363.3	314.5	15.5%
Other Income	151.6	123.6	22.7%	311.3	251.5	23.8%
Total Income	343.0	280.1	22.4%	674.6	566.0	19.2%
Operating Costs	199.4	188.5	5.8%	388.8	369.7	5.2%
Operating Profit	143.6	91.6	56.7%	285.8	196.3	45.6%
Provision & Contingencies	62.6	21.6	189.3%	111.3	63.1	76.5%
Profit before Tax	81.0	70.0	15.7%	174.4	133.2	31.0%
Provision for Taxes	27.5	23.0	19.6%	60.7	45.6	33.1%
Profit after Tax	53.5	47.0	13.8%	113.7	87.6	29.8%

In Rs. Crores	As at 30-Sep-09	As at 30-Sep-08	% growth
Deposits	22,496.4	20,896.5	7.7%
Savings Bank	3,708.1	3,136.4	18.2%
Current Account	3,642.3	2,943.5	23.7%
Demand Deposits	7,350.4	6,079.9	20.9%
CASA %	32.7%	29.1%	
Term Deposits	15,146.0	14,816.6	2.2%
Advances	16,384.0	15,865.8	3.3%
Branches	442	415	
Capital Adequacy Ratio	14.45%	10.52%	

Business Highlights

Total Deposits were Rs. 22,496 crores as at September 2009 up from Rs. 20,897 crores as at September 2008. Current and Savings (CASA) deposits grew by a robust 21% to Rs. 7,350 crores from Rs. 6,080 crores over the same period. The CASA ratio as at September 2009 stood at 32.7% as against 29.1% as at September 2008. Adjusting for certain large CASA deposits which flowed in towards the end of the period, core CASA increased to 31% of total deposits compared to 29% for the quarter ended 30 June 2009.

Advances grew to Rs. 16,384 crores as on September 2009 from Rs. 15,866 crores as on September 2008. The Credit Deposit Ratio stood at 72.8% as at September 2009 as against 75.9% at September 2008. The Gross NPA ratio and Net NPA ratio were at 2.57% and 1.78% respectively as at 30 September 2009.

The Capital Adequacy Ratio (CAR) of the Bank as at 30 September 2009 improved to 14.45% from 10.52%, as at 30 September 2008 (as per Basel-I). The CAR as per Basel II stands at 14.48%. The Tier 1 capital adequacy ratio stands at 9.7% as at September 2009.

In September 2009 the bank successfully raised additional capital of around Rs. 415 crores through a Qualified Institutional Placement (QIP) and Preferential issue to ING Group. The QIP issue received good response, well above the targeted capital, with a mix of domestic and foreign institutions participating in the issue. The net worth of the Bank as at September 2009 was Rs. 2,125 crores compared to Rs. 1,515 crores as at end September 2008.

Other Developments

The Bank opened 27 new branches, including up gradation of 2 Extension Counters, and 112 ATMs in the last 12 months. As of 30 September 2009 the bank had 858 outlets comprising of 442 branches, 32 Extension Counters, 28 Satellite Offices and 356 ATMs.

The bank added to its premium product range the Platina current account solution aimed at meeting the banking, investment and funding requirements of small and medium enterprises. The bank also launched ING Online Wealth Management platform, an integrated solution which helps customers design their own investment portfolios and plan regular investments. ING Vysya Bank's Mobile Banking Services, a secure GPRS mobile banking application was introduced for all retail banking customers. ING Mobile Banking provides balance enquiry, mini statement, stop payment, cheque status and cheque book request, funds transfer, bill payments, loans and wealth management. The bank launched INGP@y, a web-based payables management platform, for corporate customers. Built on a state-of-the-art technology, the platform offers corporate customers a robust, secure and flexible mode of initiating electronic fund transfers and also request for issuance of paper-based instruments like cheques and demand drafts. Customers also have the option to outsource their entire payment processing through this platform. INGP@y is one of the many initiatives that the bank is taking towards ramping up payments & cash management solutions for corporates.

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ING Vysya Bank Ltd is a premier private sector bank with retail, private and wholesale banking platforms that serve over 2.05 million customers. With over 75 years of history in India and leveraging ING's global financial expertise, a workforce of 6,136 employees staff, 858 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.