

***IndusInd Bank***  
***– Investor Day***

*22<sup>nd</sup> November 2022*

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# IndusInd Bank – Investor Day

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*Presentation-6*

*Corporate & Commercial Banking Group*



## *Evolving Operating Environment and Bank's Response / Performance*

### **Macro Developments**

**Increasing Lending Rates**

**Robust Credit Growth backed by government push & record high GST collection**

**Deleveraging by corporates & strengthening of balance sheet**

**Accelerated Digital adoption across supply chain by corporates**

**Positive momentum in the Real Estate industry coupled with Consolidation**

**Disruptions caused by Russia-Ukraine conflict**

### **Bank's Performance**

***40 bps improvement in QoQ Yields***

***Overall Corporate Segment growth : 23% YoY  
Small Business growth : 46% YoY***

***Increase in upgrade ratio; Investment grade book at 96%, up 100 bps y-o-y***

***'Early Credit' digital platform for ecosystem financing launched; 85%+ Clients transacting online; 35k crs throughput across 2.3L+ transactions in H1.***

***Focus on building robust book; Active churn strategy; ~75% of Real estate book churned since Mar'20.***

***Close monitoring and periodic stress testing of portfolio; no surprises in asset quality***



# Presentation Outline



*Corporate & Commercial Banking Franchise*



*Fine-tuning corporate bank approach*



*Future in focus*



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*Future in focus*




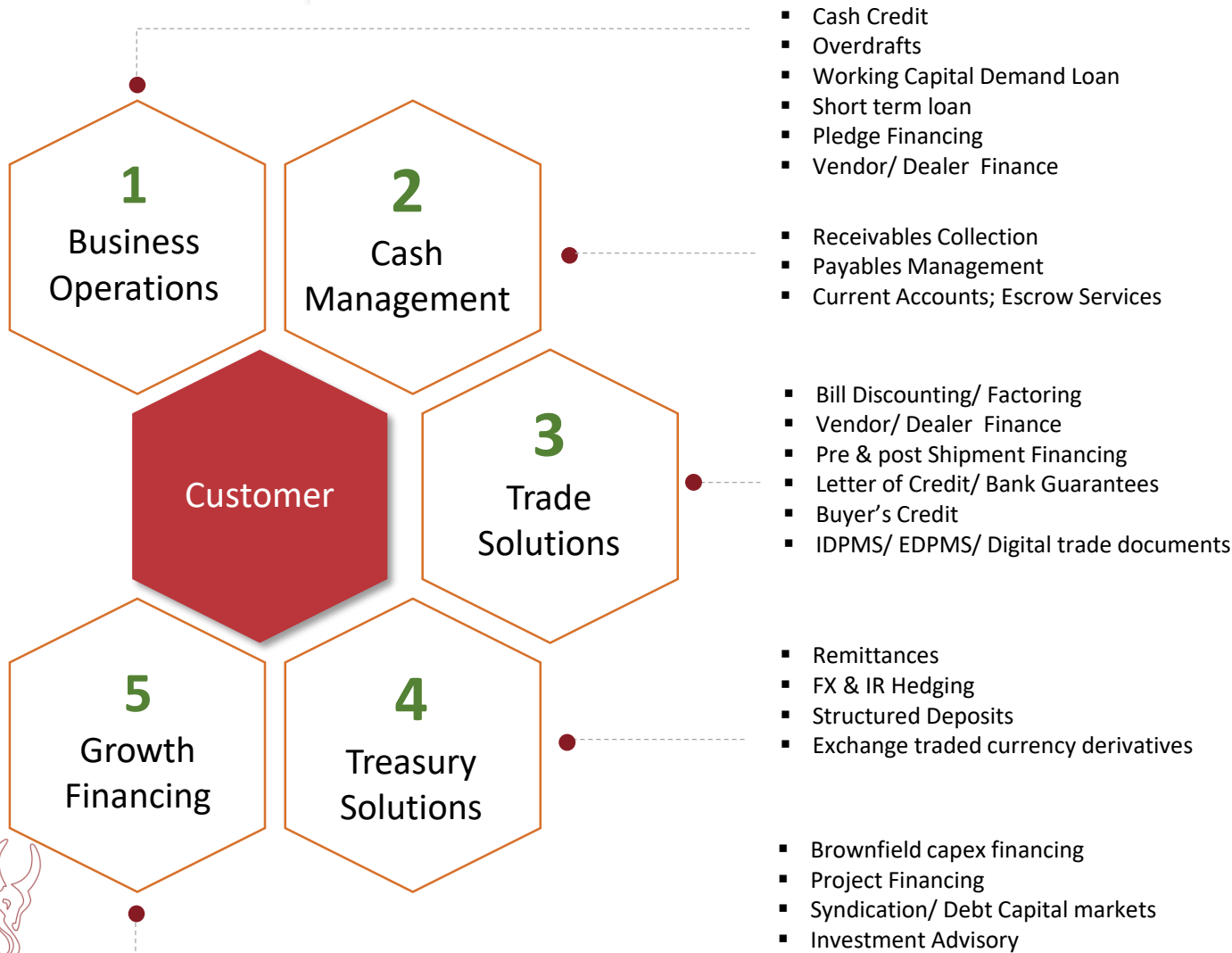
# Catering to the all-encompassing corporate landscape

 **5000+**  
# Asset Clients

 **540+**  
Coverage  
team strength

 Large & Mid corporates  
coverage from  
**15+ cities**

 Small Corporates  
coverage from  
**60+ cities**

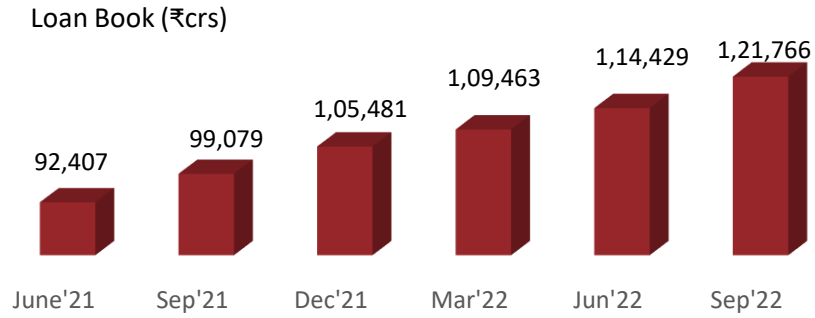


Corporate entities from turnover 150 crs and above –  
*includes SMEs, Mid Corporates, Large corporates, Conglomerates, PSUs, MNCs*

Across 100+ Industries and sub-industries  
*with dedicated coverage of identified specialized verticals*

Pan-India geographical coverage *across all regions with industry specific cluster coverage; International Entities through GIFT City*

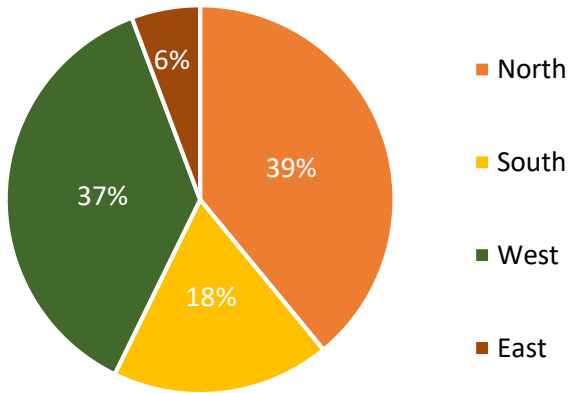
# Well Diversified Book



	(₹crs)	%
Large Corporates	68,668 crs	56.4%
Mid Corporates	42,478 crs	34.9%
Small Corporates	10,620 crs	8.7%

## Book by Region

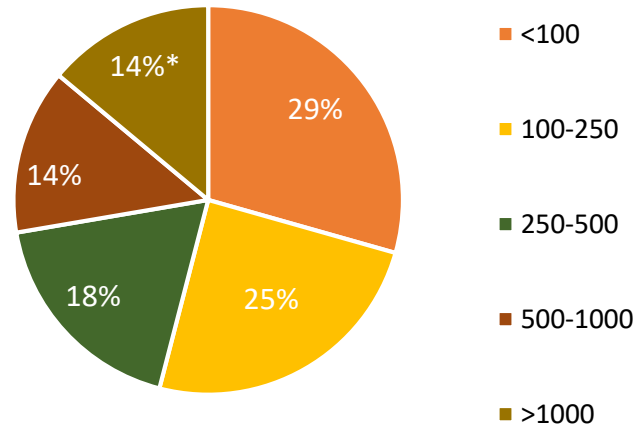
Sep-22



## Book by Ticket Size

Sep-22

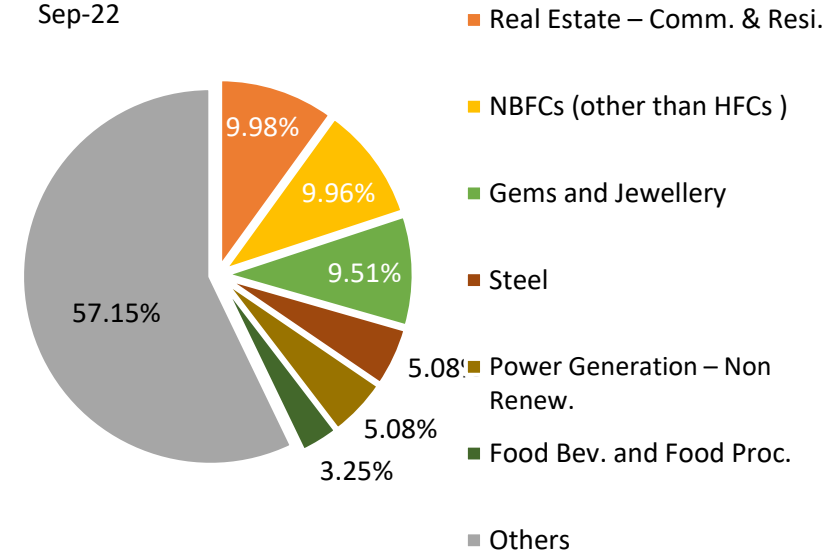
(₹crs)



\*94% AA & above

## Book by Industry

Sep-22



Note: All data as of Sep-22

# Franchise strength – built on a client-centric and holistic business model

## Risk Management

Adaptive Risk and Policy framework for:

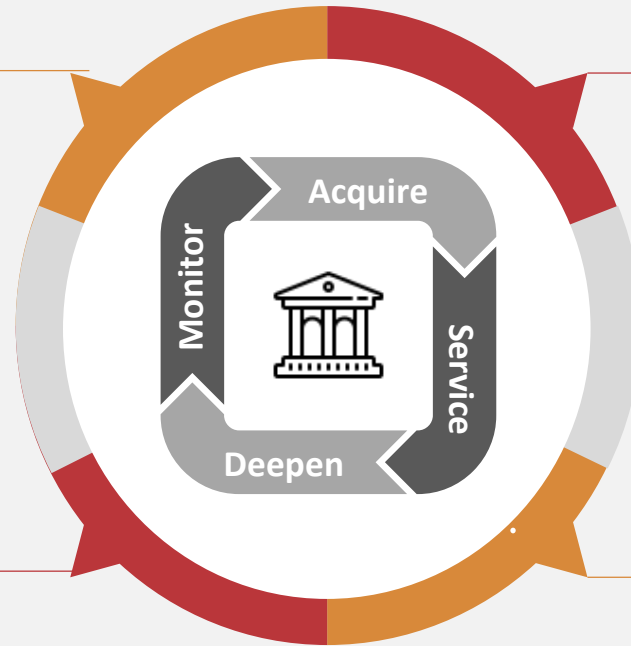
- Robust & tiered due-diligence framework
- Early identification and mitigation of Risks
- Continuous monitoring

04

## Client-centric Coverage

01

- Strategically segmented in line with size of corporates
- Specialized coverage for identified industries



## Digitization & Analytics

- Digitized customer journeys (Front to backend) for enhancing client experience
- Productivity enhancement using Analytics
- Robust Risk Management

03

## Broad based, differentiated Product solutions

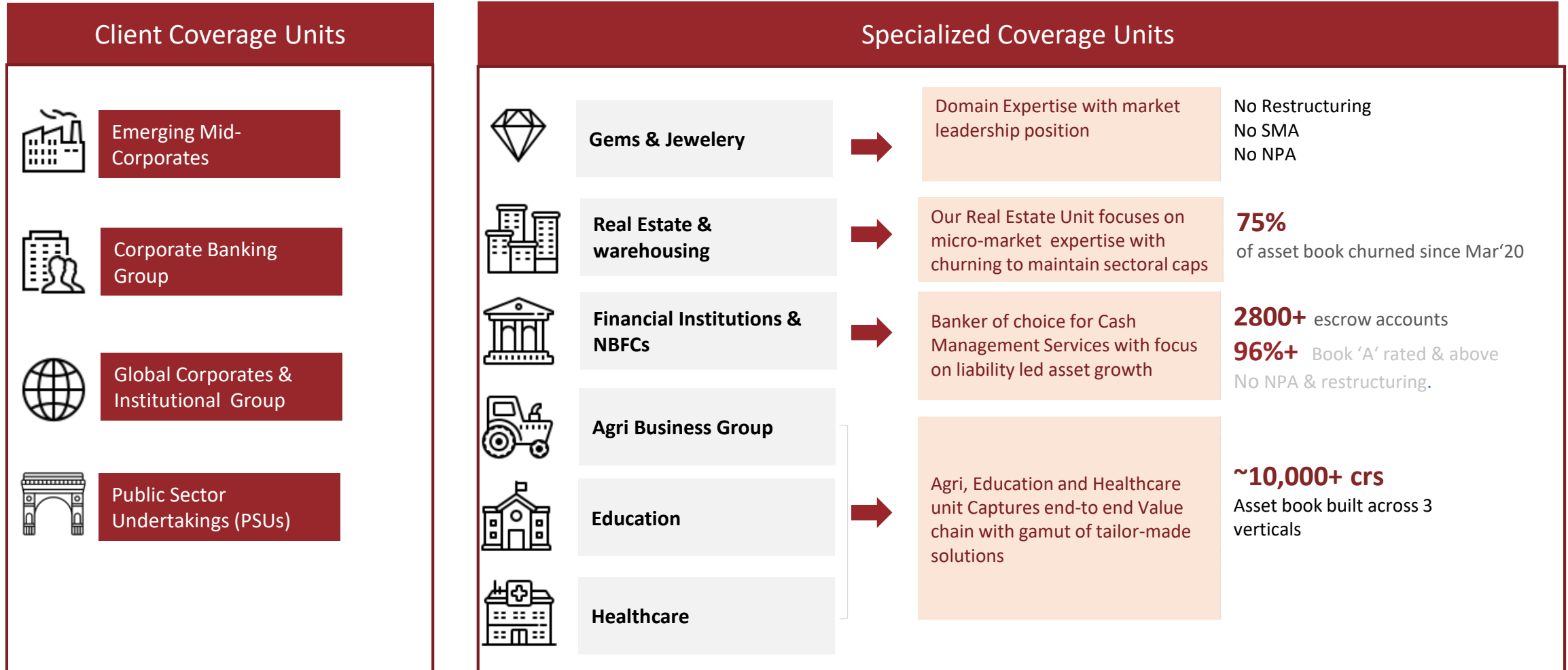
02

- Differentiated product capabilities to deliver client & industry specific integrated solutions
- Broad base capabilities and continuous innovation





# 01 Comprehensive coverage to provide best in class client service



Note: All data as of Sep-22

## 02 Our differentiated product capabilities

With comprehensive products for capturing ecosystem financing backed by digital capabilities

### Trade & Supply Chain financing

- ▶ Well-diversified book across products with dominant position in niche offering
- ▶ Digital Stack – Indus Direct for Trade (Web & Mobile)
- ▶ 43% CAGR in last 2 years for supply chain finance product
- ▶ Digital Stack – Early Credit for Supply Chain Financing



### Global Market Solutions<sup>#</sup>

- ▶ Dominant Market Maker in Fx. spot and forwards with annual volumes of 380+ bn USD
- ▶ Provide hedging solutions to clients across sized with annual volume of 55+ bn USD
- ▶ 25% CAGR in income across FX, trading and derivatives products
- ▶ Digital stack - Speed Remit for Fx Remittance



One of the first banks to implement **Ripple** (A Block chain solution for Remittances)

### Cash Management Solutions

- ▶ Bouquet of products across collection and payments - 400+ APIs on API Gateway and 50 APIs on Sandbox
- ▶ 700+ mandates implemented across 550+ clients in FY22; Additionally, 235 mandates implemented across 200+ clients in H1'23.
- ▶ 35%+ growth in cash throughput value (y-o-y) for H1'23



First Bank to launch Digital Payments for Escrows



First Bank to go live on BBPS for NBFCs



**Product\* Penetration**  
@76%+ across client coverage units



**Product\* fee contribution**  
@ 57%+ of total fees



**Corporate clients transacting digitally**  
@ 12k + corporate clients<sup>@</sup>

**Product\* fee contribution increased to 55-60% levels from 45% - 50% levels earlier.**

All data as on Sep'22 except <sup>#</sup> which is as on Mar'22

<sup>@</sup>Includes Non-individual clients across Retail & Corporate segments

\* Products includes Trade, FX & Cash Management

## 02 Our differentiated product capabilities

### Debt Capital Markets

**~45,300 crs**

of assets sold till date across 170+ deals

- Improved League Table Position from **6<sup>th</sup> in CY16 to 2<sup>nd</sup> in 9M CY22**
- Maintained position in **Top 5** in League Table since 2017



**9M CY22 League Table Position – IBL ranked 2<sup>nd</sup> in Deal Volume & Count by Refinitiv**

### Project Financing

**42 projects | 15k+crs**

Underwritten under renewable energy sector



**85%**

Book underwritten churned

**15 projects | ~9kcrs**

Underwritten under Roads and Highways sector



**70%**

Book underwritten churned

**14 projects | ~8kcrs**

Underwritten under Transmission sector



**87%**

Book underwritten churned



**1<sup>st</sup> Bank to structure HAM and Road Invit financing in India**

*Bank offers products across the project life cycle and has financed projects in sectors like Energy Efficiency, E-mobility, Water and City Gas Distribution*

Lenders	Market Share	Volume (₹ Cr.)	Rank (Volume)	Deals	Rank (Deal Count)
SBI	79.59%	41,002	1	7	1
<b>IndusInd Bank</b>	<b>3.15%</b>	<b>1,645</b>	<b>2</b>	<b>4</b>	<b>2</b>
ICICI Bank	2.59%	1,305	3	3	3
Bank of Baroda	1.68%	867	4=	1	4=
Bank of Maharashtra	1.68%	867	4=	1	4=
Canara Bank	1.68%	867	4=	1	4=
EXIM Bank	1.68%	867	4=	1	4=

Note: All data as of Sep-22

## 03 End- to-End digital enablement for Corporate Banking

Digital channels and tools to address the rapidly evolving demands and expectations of our corporate clients across products and services.

**IndusDIRECT**  
CORPORATE MOBILE BANKING APP

**Indus**  
**earlyCREDIT**

**Indus**  
**SPEED REMIT**

**INDUS**  
**COLLECT**



### Interactive Dashboards

Sales enablement tools enabling Teams to focus their efforts on prospects and clients with the highest value in terms of returns

- ▶ KPI Management
- ▶ Portfolio Management

### Client one View

Differentiating insights which are tailored to the specific needs of an individual prospect or client.

- ▶ Share of Wallet – Asset, CA, CMS, Fx etc.
- ▶ Pricing Analytics
- ▶ Self Transfer

### Early Warning System

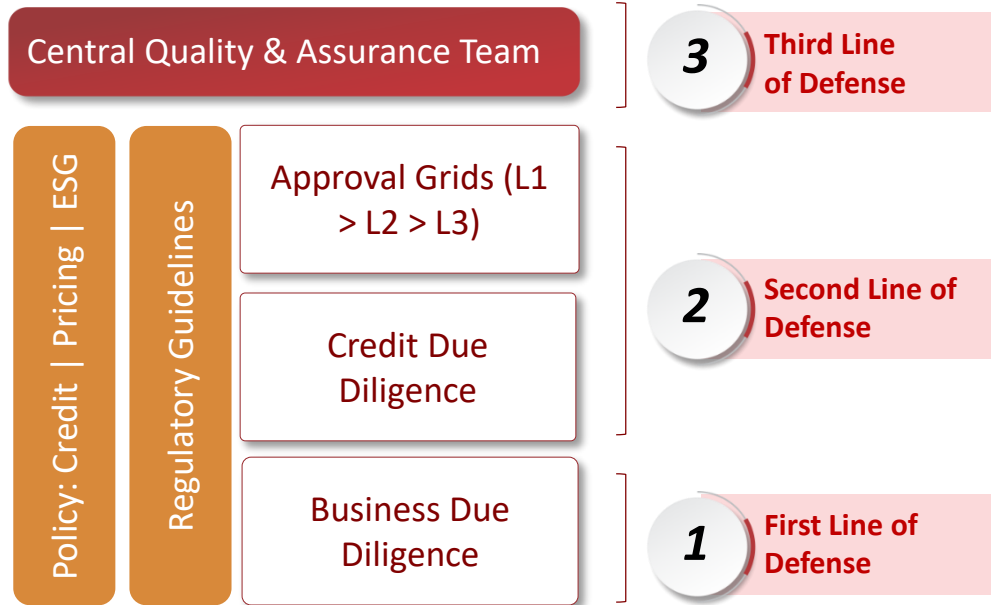
Real-time data analytics with Risk triggers

- ▶ Internal + External Data Points
- ▶ 200+ Triggers
- ▶ Automated Alerts

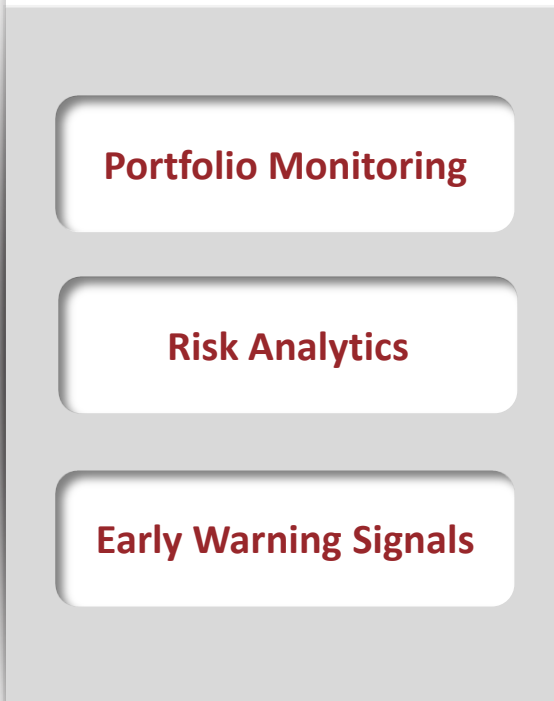
# 04 Comprehensive Risk Management Framework – with multiple layers of defense

*Underwriting aligned towards granular, secured, shorter duration loans from high rated customers*

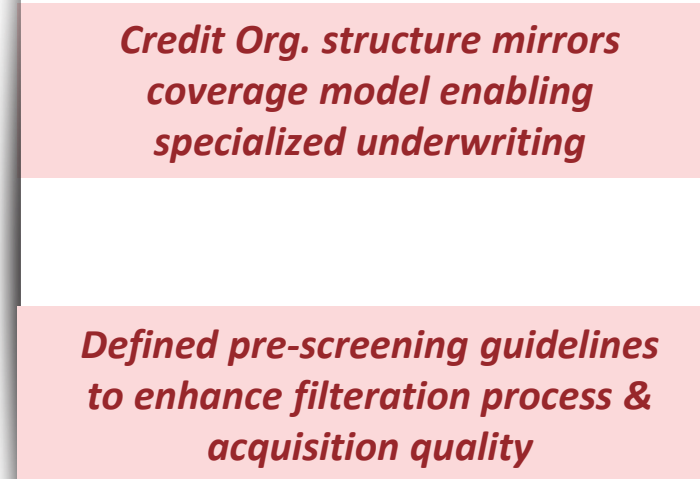
## Robust Credit Framework..



## ..with continuous monitoring



## .. and right support & interventions



# Presentation Outline



*Corporate & Commercial Banking Franchise*



*Fine-tuning corporate bank approach*



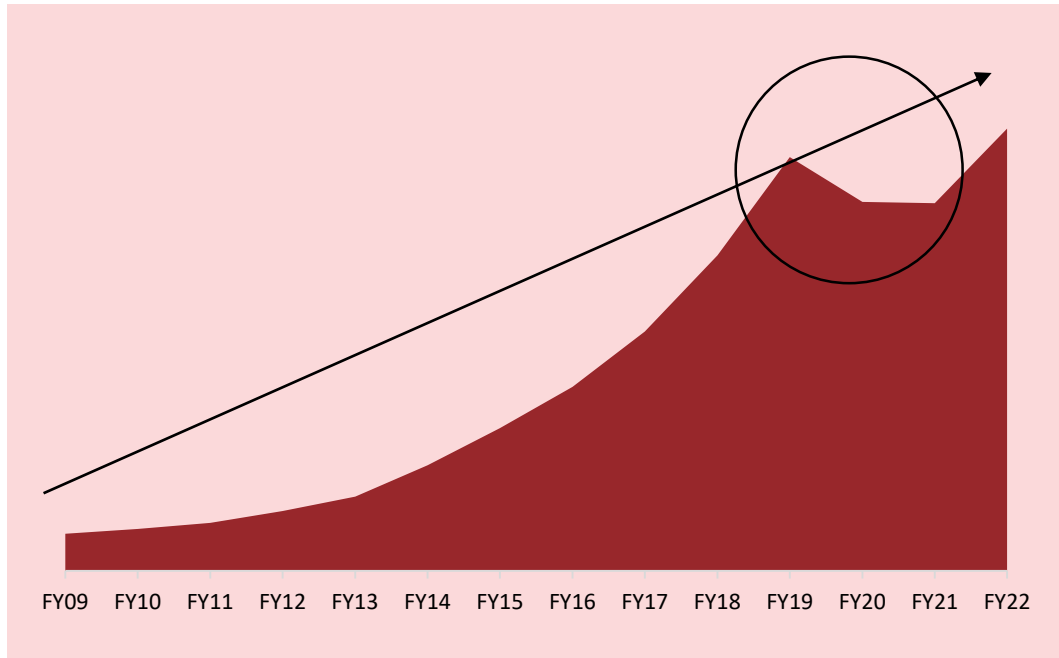
*Future in focus*



# The precursor to our current Business Strategy

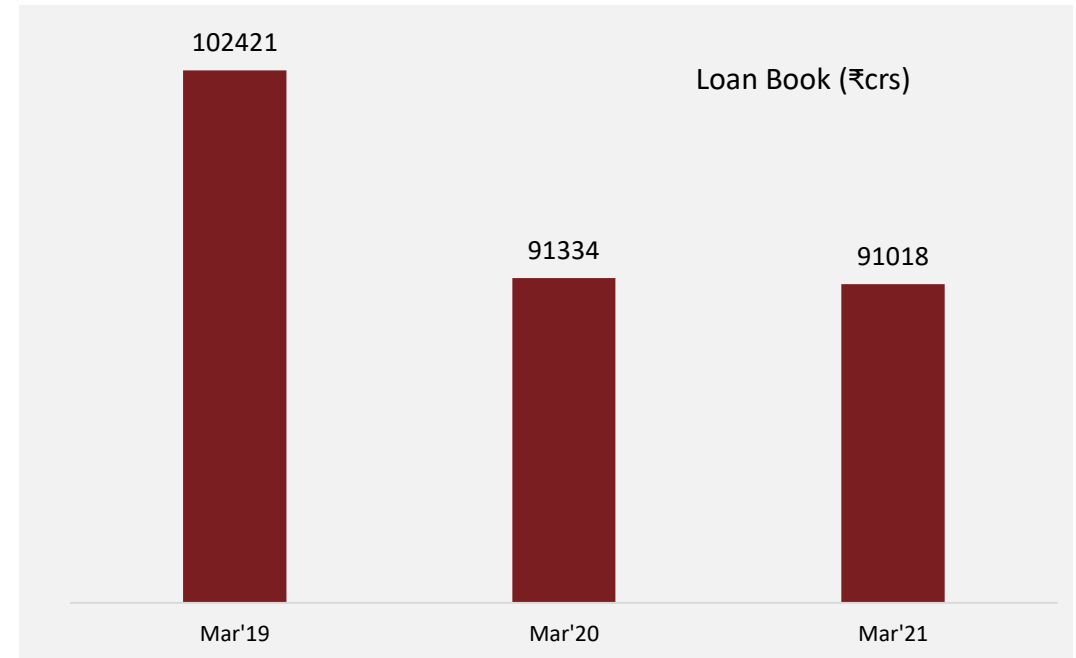
01

We had consistent loan growth journey ...



02

... except for FY19-21



## The precursor to our current Business Strategy

### 03

#### Key learnings from our experience

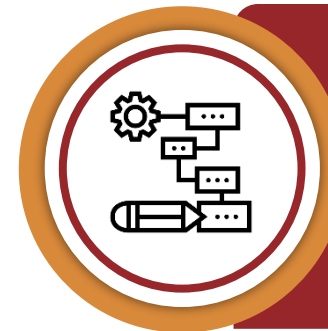
- ✓ Customer concentration built up over the period
- ✓ Reliance on bulky fee income
- ✓ Deals pertaining to holding company with limited cashflow support
- ✓ Limited focus on building liability franchise
- ✓ Sub-optimal coverage structure especially in small businesses
- ✓ Under penetration in top conglomerates
- ✓ Delayed identification of risk triggers

### 04

#### Implementing the learnings while navigating COVID



*Tighter & well-defined credit underwriting norms with enhanced risk management framework*



*Re-orientation of business model to focus on granular acquisition*



# Implementing the learnings – ‘Fine-tuning the Corporate Bank approach’

## A Tighter credit underwriting norms & enhancing risk management framework

### Policy & Thresholds

Tighter policy norms pertaining to complex & structured transactions to address inherent risks in the transactions

Introduction of pre-screening process with defined go/no go criteria

Rationalization of Single Borrower limit linked to Internal Rating; Correlated with Net Profits & much below RBI prescribed norms

Conservative Capping of Sensitive Sector Exposures ; Tightening of Concentration Exposure norms



### Proactive Portfolio Monitoring

Implementation of robust Early Warning Signals (EWS) Systems for taking timely remedial action

Group Borrower exposures strategies basis Strength & Standing of Group

Strengthen Credit Quality Assurance Unit to enhance stress identification

Enhancing rigor and frequency of internal reviews across Business & Credit



# Implementing the learnings – ‘Fine-tuning the Corporate Bank approach’

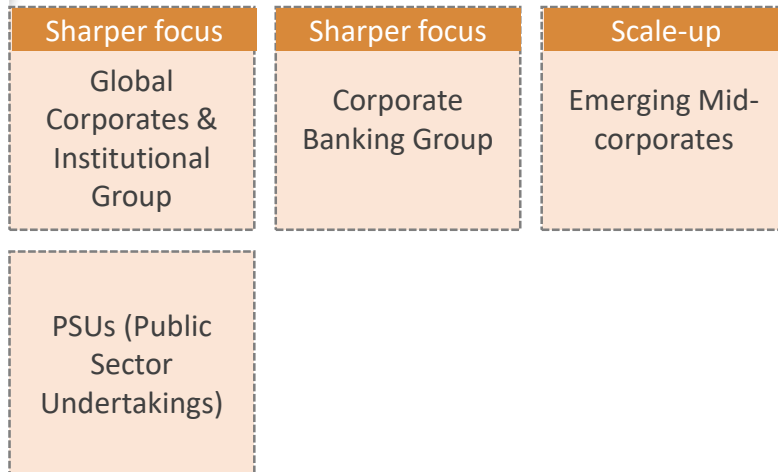
**B**

Re-orientation of business model to focus on granular acquisition

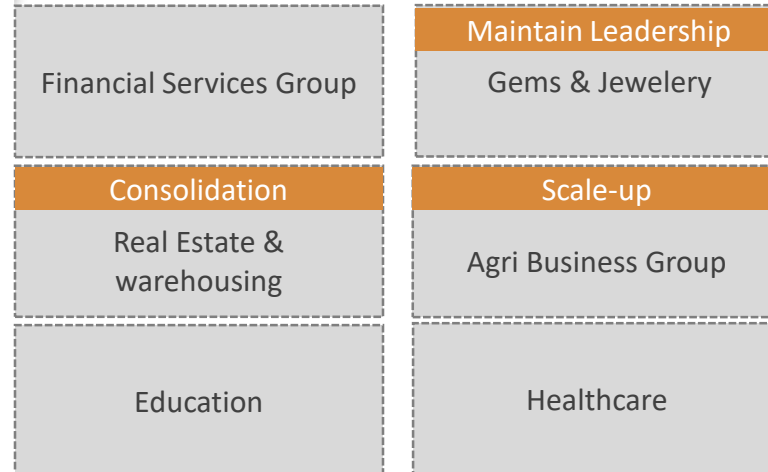
## Key principles

- Carving a dedicated unit for Strategic groups, Global corporates to provide a differentiated coverage & delivery
- Optimization of industry verticals in line with market; Continued focus on specialized verticals for active portfolio management
- Dedicated coverage of emerging mid-corporates

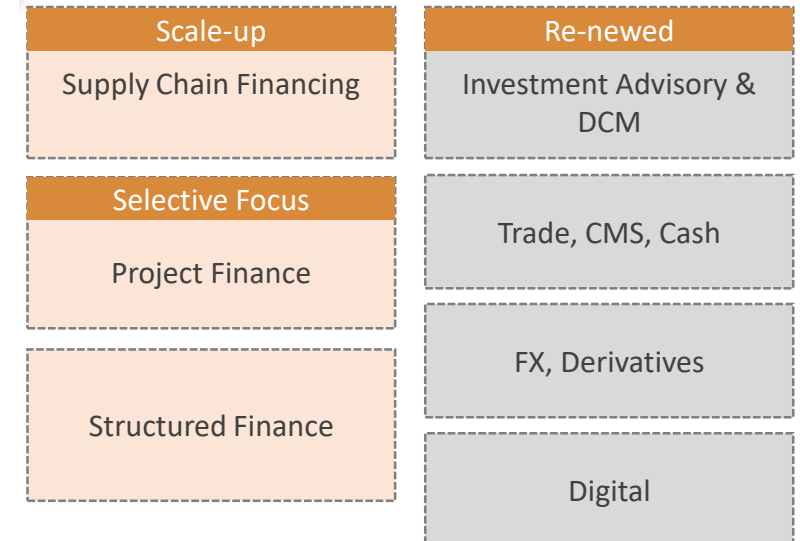
## Client Coverage Units



## Specialized Coverage Units



## Product Units



# How our strategy has played so far

Focused approach on acquisition across high rated asset has resulted in ....

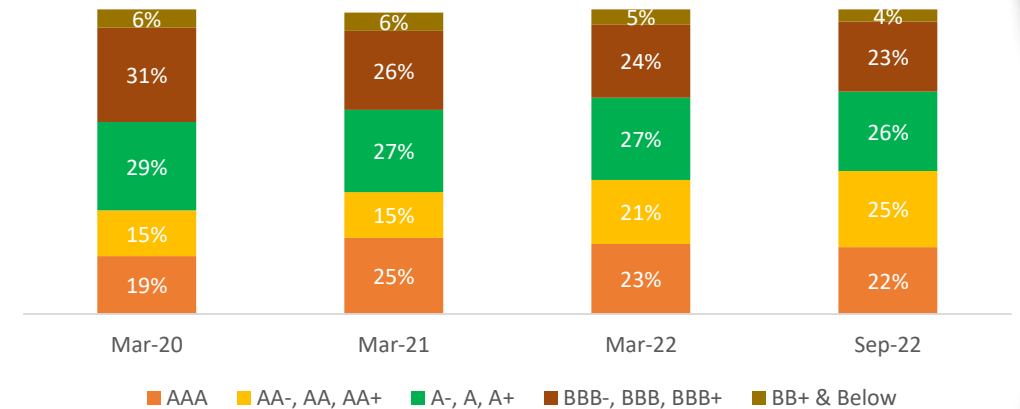


**80%+ of new disbursement to A rated and above entities across Large & Mid corporates in last 18 months. \***

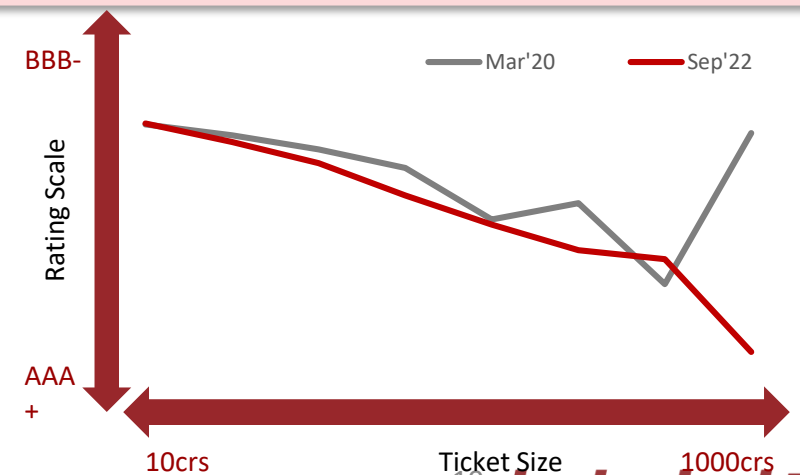


**Relatively higher rating onboarding in high ticket size**  
 For TS > 100 crs, 80% + portfolio rated A & above

## Improvement in rating profile of the book# ...



## ...focus on balance between rating profile & Ticket size#



\*Excluding Real Estate

# Includes Fund-based and Non-Fund based book for corporates



# How our strategy has played so far

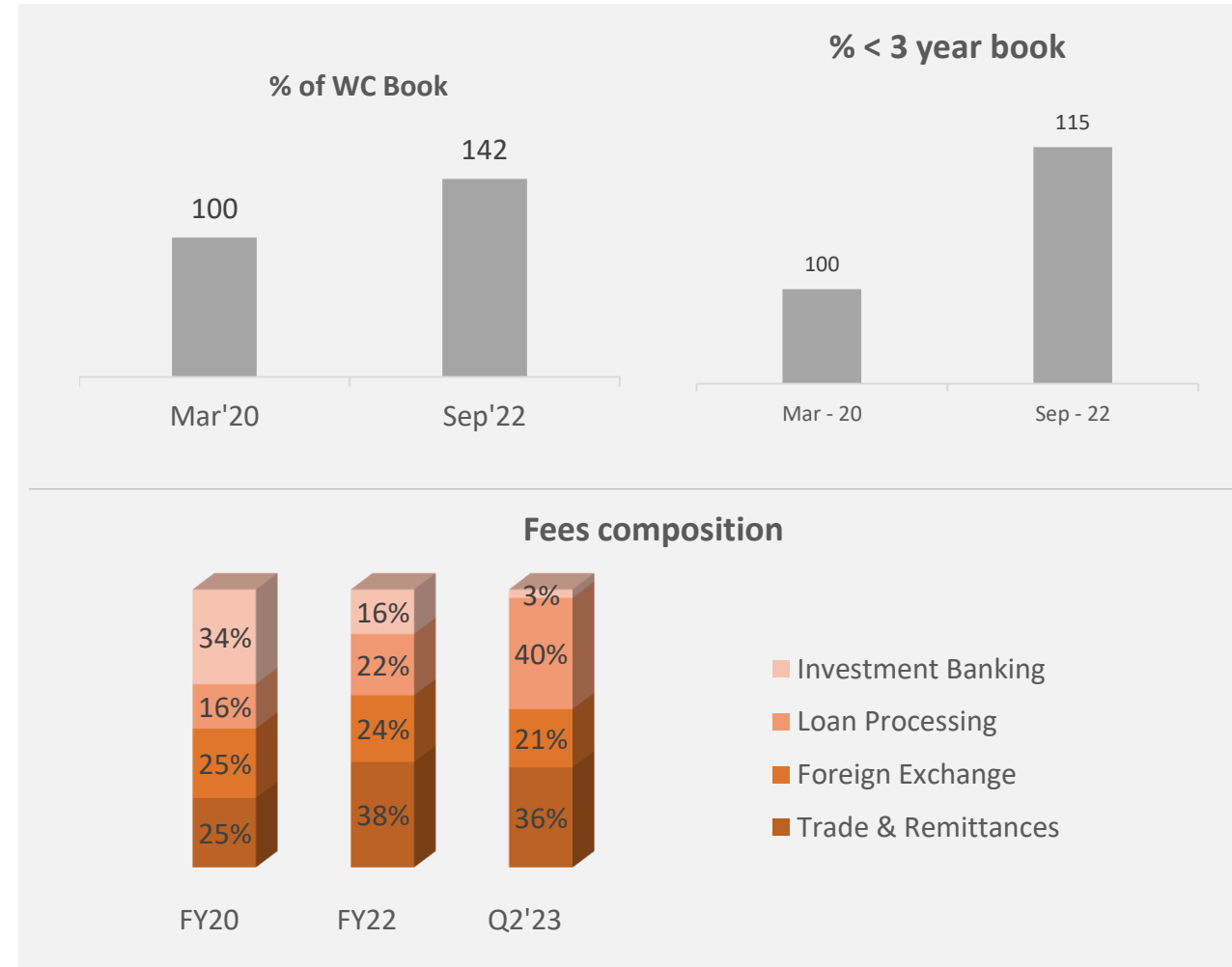
**Re-orientation of coverage models have enabled higher annuity profile of the book....**



**Consistent increase in % share of working capital**



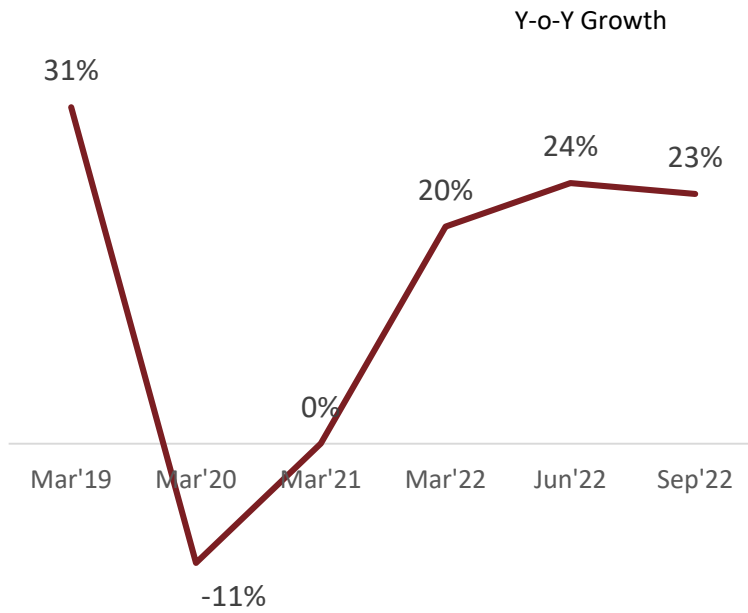
**Steady increase in share of Product income\***



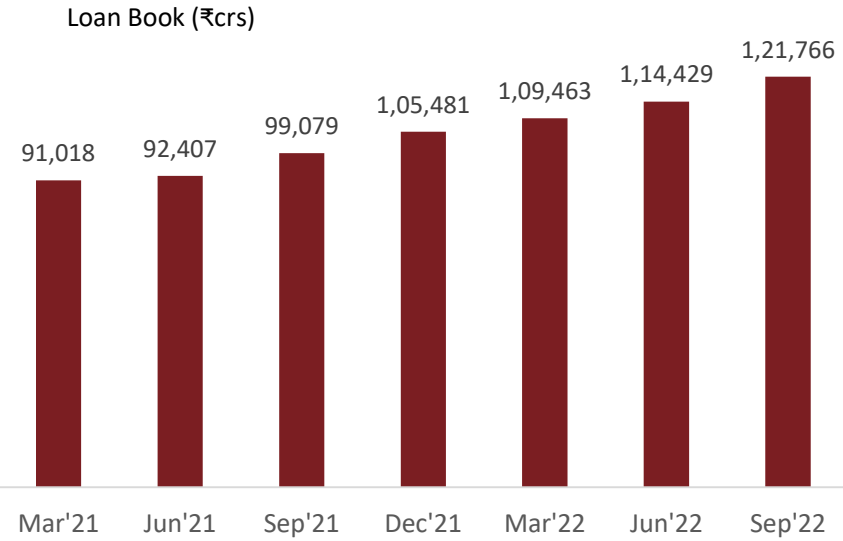
\*Product includes Trade, Fx and Cash Management services

# How our strategy has played so far

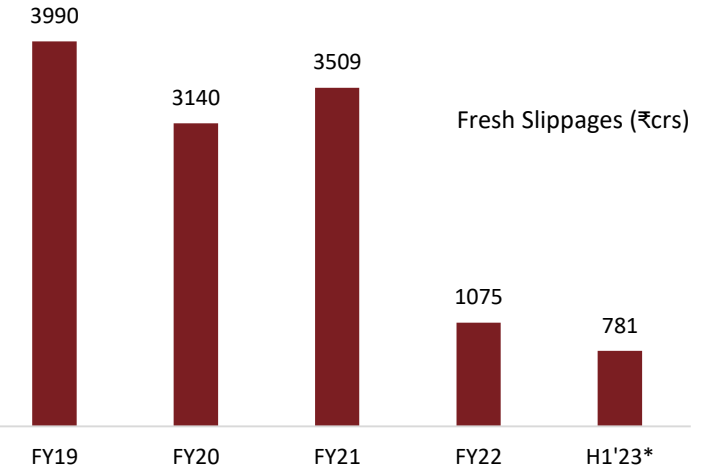
## Corporate loan growth is back on track...



## ... as evidenced by Q-o-Q book growth...



## Slippages stabilized over last 12-18 months



\*Of this, 338 crs from Standard book.

# Presentation Outline



*Corporate & Commercial Banking Franchise*



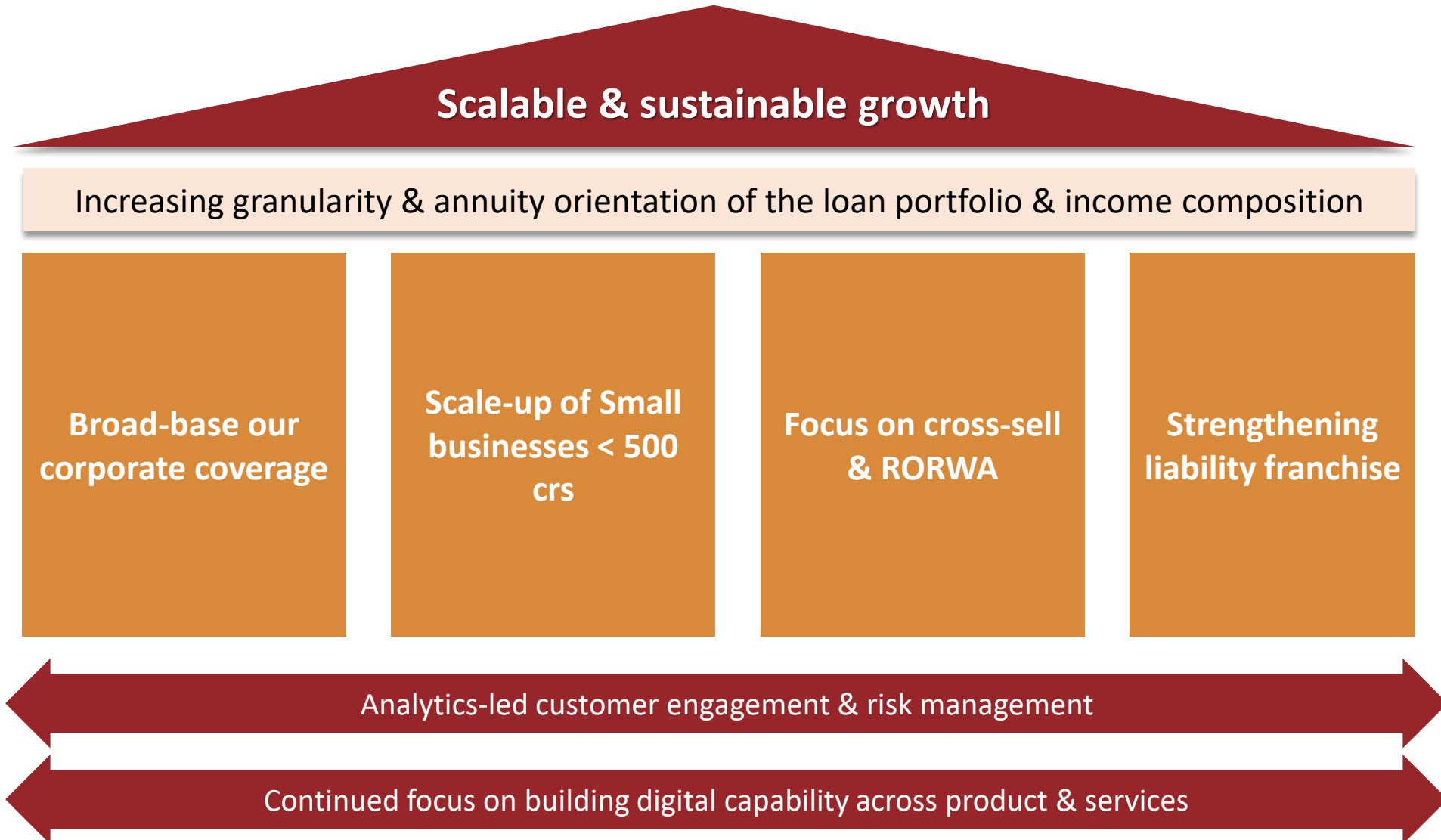
*Fine-tuning corporate bank approach*



*Future in focus*



Priority for the future is *'Scalable & Sustainable growth'* with identified growth levers



With building blocks in place, we aim for *'Scalable & Sustainable Growth'* going forward



**30 - 35%**  
Small Businesses



**15 - 20%**  
Client Coverage  
Group



**10-15%**  
Specialized  
Verticals

**Taking the  
loan book  
growth to  
15-20%  
y-o-y...**

**... and steadily increasing  
the share of Small & Mid  
corporates**

Large Corporates

46-48%

Mid Corporates

38-40%

Small Corporates

14-16%

**1**

*...improving risk density with high quality onboarding, minimizing credit costs*

**2**

*...increasing returns with diversification of fee income through cross-sell & product fees\**

**3**

*...lowering cost of funds through granular liability franchise*



*\*Product includes Trade, Fx and Cash Management services*



**THANK YOU**



***IndusInd Bank***

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