

PRESS RELEASE

INDUSIND BANK LIMITED

FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

The Board of Directors of IndusInd Bank Limited approved the Bank's results for the quarter and full year ended March 31, 2020, at their meeting held in Mumbai on Monday, April 27, 2020. The accounts have been subjected to audit by the statutory auditors of the Bank.

CONSOLIDATED FINANCIAL RESULTS

The Bank's consolidated financial results include the financial results of its wholly owned subsidiary, Bharat Financial Inclusion Limited (BFIL), a business correspondent of the Bank involved in originating small ticket MFI loans and associate entity, IndusInd Marketing & Financial Services Private Limited (IMFS) under the recognition and measurement principles as per Indian GAAP.

Profit & Loss Account for Year ended March 31, 2020 (FY 2019-20)

For the year ended March 31, 2020, the Bank earned Total Income (Interest Income and Fee Income) of Rs. 35,735.50 crore, up by 28.05% as compared to Rs. 27,907.87 crore for the year ended March 31, 2019.

Net Interest Income for the year FY 2019-20 increased to Rs. 12,058.74 Crore, up by 36.32% from Rs. 8,846.18 Crore for FY 2018-19. Net Interest Margin for FY 2019-20 improved to 4.14%.

Revenue (Net Interest Income and Fee income) for FY 2019-20 was Rs. 19,011.42 crore, up by 31.18 % over Rs. 14,492.90 crore for the previous year FY 2018-19.

Fee income at Rs. 6,952.67 crore for FY 2019-20 as against Rs. 5,646.72 crore for the previous FY 2018-19 include

1. Core fee emanating from client transactions such as trade & remittances fee, loan processing fee, income from distributing third party products, foreign exchange income, investment banking and other fee income, of Rs. 5,785.83 crore (that was Rs. 5,067.57 crore for the previous year FY 2018-19); and
2. Proprietary trading income on the Investment portfolio, forex and derivatives of Rs. 1,166.84 crore (that was Rs. 579.15 crore for the previous year FY 2018-19).



Operating expenses for FY 2019-20 were Rs. 8,182.59 crore, an increase of 27.75% over Rs. 6,405.30 crore for FY 2018-19. The cost-to-income ratio for FY 2019-20 was at 43.04 %, an improvement from 44.19 % in FY 2018-19.

Pre Provision Operating Profit (PPOP) at Rs. 10,828.82 crore for FY 2019-20 grew by 33.89 % over the previous year. PPOP /Average Assets ratio improved to 3.79% as compared to 3.41% in the previous year FY 2018-19.

The Bank strengthened its Balance Sheet by improving Provision Coverage Ratio to 63.34 % in March,2020 from 43.04% in March 2019. Provisions and contingencies for FY 2019-20 were Rs. 6,370.96 crore (comprising of provision for credit and other losses at Rs 4,652.10 crore and towards taxes on income at Rs. 1,718.86 crore) as compared to 4,787.12 crore (comprising of provision for credit and other losses at Rs 3,107.65 crore and towards taxes on income at Rs. 1,679.47 crore) for the previous year 2018-19.

COVID-19 pandemic continues to spread across India and there is an unprecedented level of disruption on socio-economic front across the country. There is a high level of uncertainty about the duration of the lockdown and the time required for things to get normal. In this backdrop, during the quarter and year ended March 31 2020, on the basis of an internal assessment, the Bank has made a counter cyclical buffer/ floating provision of Rs.260 crore.

In line with the RBI COVID Regulatory Package, the Bank offered a moratorium on loan instalments and interest payable to eligible borrowers, basis a Board approved policy. In respect of such borrowers to whom the benefit of asset classification was extended consequent to the moratorium, the Bank made a general provision of Rs.23 crore during the quarter and year ended March 31, 2020.

Consolidated Net Profit for the year FY 2019-20 grew by 35.07% to Rs. 4,458.18 crore from Rs. 3,300.75crore during FY 2018-19.

Profit & Loss Account for the Quarter ended March 31, 2020 (Q4 FY 2019-20)

For the Quarter ended March 31, 2020, the Bank earned Total Income (Interest Income and Fee Income) of Rs. 9,158.80 crore, up by 21.30% as compared to Rs. 7,550.43 crore for the corresponding quarter of previous year.

Net Interest Income during Q4 FY 2019-20 increased to Rs. 3,231.19 Crore, up by 44.74% from Rs. 2,232.38 Crore for Q4 FY 2018-19. Net Interest Margin for Q4 FY 2019-20 improved to 4.25% from 4.15% during Q3 FY 2019-20 and 3.59% during Q4 FY 2018-19.

Revenue (Net Interest Income and Fee income) for Q4 FY 2019-20 was Rs. 5,003.42 crore, up by 31.97% over Rs. 3,791.37 crore for the corresponding Q4 FY 2018-19.



Fee Income for the quarter ended March 31, 2020 at Rs. 1,772.23 crore was higher by 13.68% as compared to Rs. 1,558.99 crore for the quarter ended March 31, 2019.

Operating expenses for the quarter ended March 31, 2020 were Rs. 2,146.70 crore, an increase of 24.50% over Rs. 1,724.30 crore for the quarter ended March 31, 2019.

Pre Provision Operating Profit (PPOP) at Rs. 2,856.72 crore for the quarter ended March 2020 grew by 38.20 % over the corresponding quarter of previous year. PPOP / Assets ratio for Q4 FY 2019-20 stood at 3.84% compared to 3.20 % in the corresponding Q4 FY 2018-19.

Consolidated Net Profit for the quarter ended March 31, 2020 was Rs. 315.25 crore.

Balance Sheet as of March 31, 2020

Balance Sheet footage as of March 31, 2020 was Rs. 3,07,228.60 crore as against Rs. 2,77,820.70 crore as of March 31, 2019, a growth of 10.59 %.

Total deposits as of March 31, 2020 were Rs. 2,02,026.99 crore, an increase of 3.67 % over March 31, 2019. CASA deposits stood at Rs.81,557.02 crore with Current account deposits at Rs. 28,427.19 crore and Saving account deposits at Rs. 53,129.83 crore. CASA deposits comprised 40.37% of total deposits as of March 31, 2020.

Total advances as of March 31, 2020 were Rs. 2,06,783.16 crore, an increase of 10.94 % over March 31, 2019.

ASSET QUALITY

The loan book quality was stable. The Gross non-performing assets were at 2.45% of gross advances as on March 31, 2020 as against 2.18% as on December 31, 2019 and 2.10 % as on March 31, 2019. On account of higher level of prudential provisioning, the Net Non-Performing Asset were 0.91% of net advances as on March 31, 2020 as compared to 1.05% on December 31, 2019 and 1.21% on March 31, 2019. The Provision Coverage Ratio increased to 63.34% which was higher than 52.53% as of December 31, 2019 and 43.04 % as of March 31, 2019.

CAPITAL ADEQUACY

The Bank's total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 15.04 % as on March 31, 2020 (14.16 % as on March 31, 2019). Tier 1 CAR was at 14.57 % as of March 31, 2020 compared to 13.70 % as of March 31, 2019. Risk-weighted Assets were at Rs. 2,58,605 crore (as against Rs. 2,14,549 crore as at March 31, 2019).



NETWORK

As of March 31, 2020, the Bank's distribution network included 1,911 branches/banking outlets and 2,760 onsite & offsite ATMs across 751 geographic locations, as against 1,665 branches/banking outlets and 2,545 onsite & offsite ATMs across 736 geographic locations as of March 31, 2019. The Network also includes 2071 branches of BFIL and 853 outlets of IMFS as of March 31, 2020. The number of employees were at 30,674 as of March 31, 2020 (as against 27,739 as of March 31, 2019). The client base grew by 6.83% to touch 25.37 million.

KEY BUSINESS UPDATES

Inclusive Banking overview

The Bank's wholly owned subsidiary BFIL is involved in originating small ticket micro finance loans for Bank with operations spanning 30 States/UTs and a customer base of 9.4 million served through 2071 branches. The portfolio managed by BFIL stands at Rs. 25,120 crore.

Pioneer Banking

The Bank launched Pioneer Banking in January 24, 2020 that caters to Ultra rich high net worth individuals, scaled up in 9 cities, during the quarter ended March 31, 2020.

Sports Vertical

Bank sports vertical, "IndusInd For Sports" is engaged in making sports an integral, intrinsic and strategic element for both internal and external stakeholders. The Para Champions Programme – IndusInd Umang, is a first-of-its-kind platform exclusively designed for differently-abled sportspersons. In addition to financial scholarships the Programme will also help athletes with access to the top sports science and sports medicine experts provide opportunities for high-performance training and enable them to travel to events with their escorts/guardians.

Commenting on the performance, Mr. Sumant Kathpalia, Managing Director & CEO, IndusInd Bank said: "During FY20, as well as Qtr4, the Bank has witnessed healthy growth in its topline as well as in its pre-provision operating profits. The Bank's CRAR remains strong. PCR has also improved significantly. During the quarter, there was a considerable slowdown in economic activities following the outbreak of COVID-19 which did have an impact on business volumes across sectors. However, given the Bank's long operating history, we have seen several business cycles and have always demonstrated an ability to manage our portfolios effectively in such times, and emerge stronger. We are now pushing forward into FY21 basis our strong belief in new opportunities in the banking markets, especially in rural India, which will be one of the big pillars of our growth in the near future."



About IndusInd Bank

IndusInd Bank, which commenced operations in 1994, caters to the needs of both consumer and corporate customers. Its technology platform supports multi-channel delivery capabilities. As on March 31, 2020, IndusInd Bank has 1911 Branches/ Banking Outlet and 2760 ATMs spread across 751 geographical locations of the country. The Bank also has representative offices in London, Dubai and Abu Dhabi. The Bank believes in driving its business through technology. It enjoys clearing bank status for both major stock exchanges - BSE and NSE - and major commodity exchanges in the country, including MCX, NCDEX and NMCE.

RATING

Domestic Rating:

- CRISIL AA + for Infra Bonds program
- CRISIL AA for Additional Tier I Bonds program
- CRISIL A1+ for certificate of deposit program / short term FD programme
- IND AA+ for Senior bonds program by India Ratings and Research
- IND AA for Additional Tier I Bonds program by India Ratings and Research
- IND A1+ for Short Term Debt Instruments by India Ratings and Research

International Rating:

- Baa3 for Issuer, Bank Deposits and Senior Unsecured MTN ratings by Moody's Investors Service
- P3 as Short Term Issuer Rating by Moody's Investors Service

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