

PRESS RELEASE

INDUSIND BANK LIMITED ANNOUNCES FINANCIAL RESULTS FOR THE NINE MONTH ENDED DECEMBER 31, 2020

Key Highlights

- Net Interest Income grew by 11% Y-o-Y, NIM stood at 4.12% for Q3FY21
- Net NPA improved to 0.22% as at Q3FY21 from 0.52% a quarter ago, well provided for with PCR at 87%
- *Pro forma* Net NPA considering NPA not recognized due to Supreme Court's order at 0.70%, and *pro forma* PCR at 77%
- Net Profit grew 25% sequentially to Rs. 830 crore
- CRAR at 16.34% (inclusive of nine-month profit at 16.93%)

The Board of Directors of IndusInd Bank Limited approved the financial results of the Bank for the quarter ended December 31, 2020, at their meeting held in Mumbai on Friday, January 29, 2021.

As seen from many high frequency indicators, economic activity picked up considerably during the quarter, coming off the Covid-19 induced technical recession. The economy is poised well to be in the positive growth territory in the coming quarters. Growth momentum for the Bank is getting traction and the disbursements in the vehicle finance and microfinance segments are near Pre-Covid levels. In order to take care of potential stress in asset quality that may play out in the ensuing quarters, the Bank has continued to strengthen the balance sheet with increased provision buffers. The Bank was highly liquid during the quarter.

NIM at 4.12%, Net NPA at 0.22%, Provision Coverage Ratio at 87%, Capital adequacy (CRAR) ratio at 16.34% and Liquidity Coverage Ratio at 156% underscore the strength of operating performance of the Bank and adequacy of capital and liquidity buffers.

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 (BC) 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 the quarter ended December 31, 2020

Pre Provision Operating Profit (PPOP) at Rs. 2,964 crores for the quarter ended December 31, 2020 registered a growth of 7% over Rs 2,758 crores for the corresponding quarter of previous year. PPOP /Assets ratio, on an annualised basis, for the quarter ended December 31, 2020 stood at 3.74% compared to 3.83% in the corresponding quarter of previous year.



Net Interest Income for the quarter ended December 31, 2020 at Rs. 3,406 crore was higher by 11% earned during the quarter ended December 31, 2019 at Rs. 3,074 crore. Net Interest Margin for Q3FY21 at 4.12%.

Other income at Rs. 1,646 crore for the quarter ended December 31, 2020 as against Rs. 1,790 crore for the corresponding quarter of previous year.

Operating expenses for the quarter ended December 31, 2020 fell marginally to Rs. 2,088 crore as against Rs. 2,107 crore for the corresponding quarter of previous year.

Profit & Loss Account for nine month ended December 31, 2020

Pre Provision Operating Profit (PPOP) at Rs. 8,743 crore for the nine month ended December 31, 2020 was higher by 10% over the corresponding period previous year at Rs. 7,972 crore.

Net Interest Income for the nine month ended December 31, 2020 increased to Rs. 9,993 crore from Rs. 8,828 crore for corresponding period previous year.

Other income at Rs. 4,721 crore for the nine month ended December 31, 2020 was 9% lower than Rs. 5,180 crore earned during the corresponding period previous year.

Operating expenses for the nine month ended December 31, 2020 were Rs. 5,971 crore, marginally lower than Rs. 6,036 crore spent during the corresponding period previous year.

Balance Sheet as of December 31, 2020

Balance Sheet footage as of December 31, 2020 was Rs. 3,41,446 crore as against Rs. 3,07,943 crore as of December 31, 2019, a growth of 11%. Total deposits as of December 31, 2020 were Rs. 2,39,135 crore as against Rs. 2,16,713 crore, an increase of 10% over December 31, 2019. CASA deposits stood at

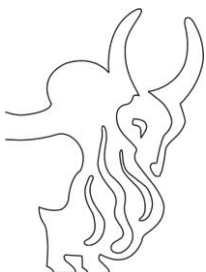
Rs. 96,646 crore with Current account deposits at Rs.32,313 crore and Saving account deposits at Rs. 64,333 crore. CASA deposits comprised of 40% of total deposits as of December 31, 2020.

Advances as of December 31, 2020 were Rs. 2,07,128 crore as against Rs 2,07,414 crore as at December 31, 2019.

ASSET QUALITY

The loan book quality was stable. The Gross NPA were at 1.74% of gross advances as on December 31, 2020 as against 2.18% as on December 31, 2019. On account of higher level of prudential provisioning, the net non-performing assets were 0.22% of net advances as on December 31, 2020, significantly lower than 1.05% on December 31, 2019.

The Bank strengthened its Balance Sheet by improving Provision Coverage Ratio to 87% as on December 31, 2020 from 53% as on December 31, 2019. Provisions and contingencies for the quarter ended December 31, 2020 were Rs. 2,133 crore (comprising of provision for credit and other losses at



IndusInd Bank

Rs.1,853 crore and towards taxes on income at Rs. 280 crore) as compared to Rs. 1,448 crore (comprising of provision for credit and other losses at Rs. 1,043 crore and towards taxes on income at Rs.405 crore) for the corresponding period of previous year 2019-20.

Pursuant to an order by the Hon'ble Supreme Court, no new NPA was recognized since September 01, 2020. If such NPAs were recognized under IRAC, the *pro forma* Gross NPA would have been at 2.93% and the *pro forma* Net NPA after considering provisions allocated would have been 0.70%; the resultant *pro forma* PCR is 77%.

The restructuring pursuant to RBI resolution framework stands at 0.60% of advances as at December 31, 2020.

NET PROFIT

Consolidated Net Profit for the quarter ended December 31, 2020 was Rs. 830 crore as compared to Rs.1,309 crore during corresponding quarter of previous year. Sequentially, the Net Profit for the quarter increased by 25% over the quarter ended September 30, 2020.

CAPITAL ADEQUACY

Total Capital Adequacy Ratio (CAR) as per Basel III guidelines was at 16.34% as on December 31, 2020 (13.92% as on December 31, 2019). Tier 1 CAR was at 15.62% as of December 31, 2020 compared to 13.49% as of December 31, 2019. Risk-weighted Assets were at Rs. 2,65,453 crore (as against Rs. 2,45,852 crore as at December 31, 2019).

NETWORK

As of December 31, 2020, the Bank's distribution network included 1765/150 branches/banking outlets and 2835 onsite & offsite ATMs, as against 1728/123 branches/banking outlets and 2721 onsite & offsite ATMs as of December 31, 2019. The client base stood at 27 million as on December 31, 2020.

Commenting on the performance, Mr. Sumant Kathpalia, Managing Director & CEO, IndusInd Bank said: "Indian economy is bouncing back strongly from the Covid impact and the vaccination drive will support this recovery further. We have also participated in this journey of economic revival and is timed nicely with our Planning Cycle 5 strategic plan roll-out. For the quarter, deposits grew by a healthy 10% Y-o-Y backed by strong retail flows. Loan growth was strong in areas of domain expertise and helped increase our Net Interest Income 11% Y-o-Y. The Bank has conservatively built strong Provision Cover @ 87% resulting in a Net NPA of just 0.22% with total provisions (comprising specific, floating, general and standard assets provisions) being 188% of the Gross NPA as on December 31, 2020. We now look forward to a more secular growth profile going forward."



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 December 31, 2020, IndusInd Bank has 1765/150 Branches/ Banking Outlet and 2835 ATMs spread across 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. IndusInd Bank was included in the NIFTY 50 benchmark index on April 1, 2013.

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 Ratings:

Ba1 for Senior Unsecured MTN program by Moody's Investors Service

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