

IndusInd Bank
– Analyst Day

27th July 2022



IndusInd Bank – Analyst Day

Presentation-5
Corporate Banking



Presentation Outline



Corporate & Commercial Banking Franchise



Fine-tuning corporate bank approach



Future in focus



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Future in focus




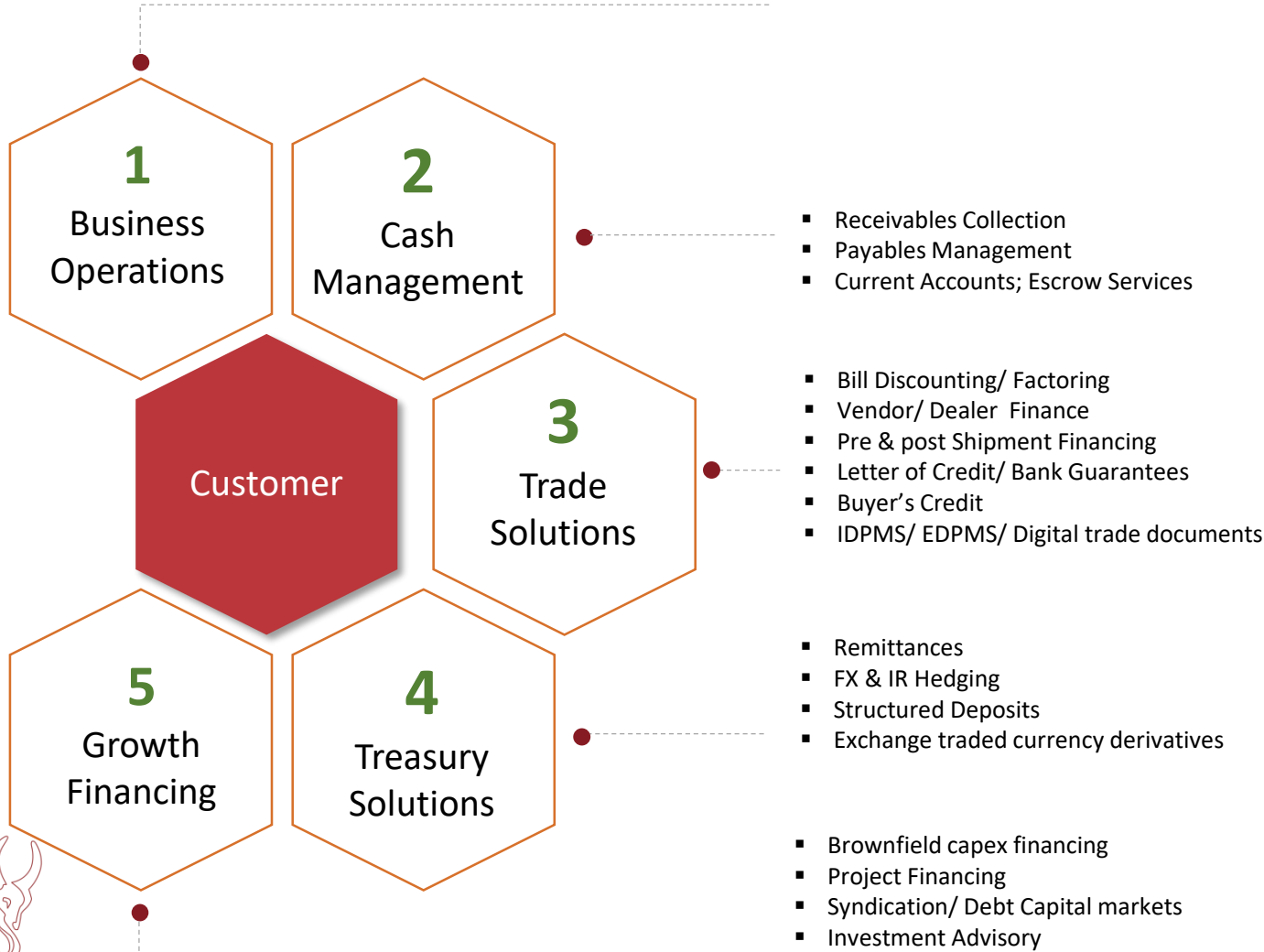
Catering to the all-encompassing corporate landscape

 **5000+**
Asset Clients

 **500+**
Coverage
team strength

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

 Small Corporates
coverage from **60+ cities**

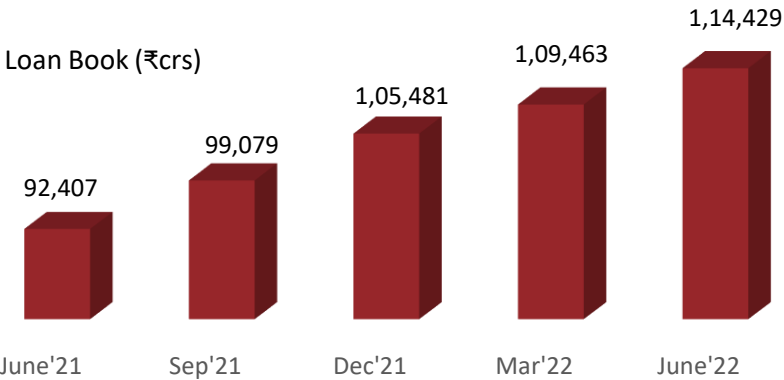


Corporate entities from turnover 150 crs and above –
includes SMEs, Mid Corporates, Large corporates, Conglomerates, PSUs, MNCs

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

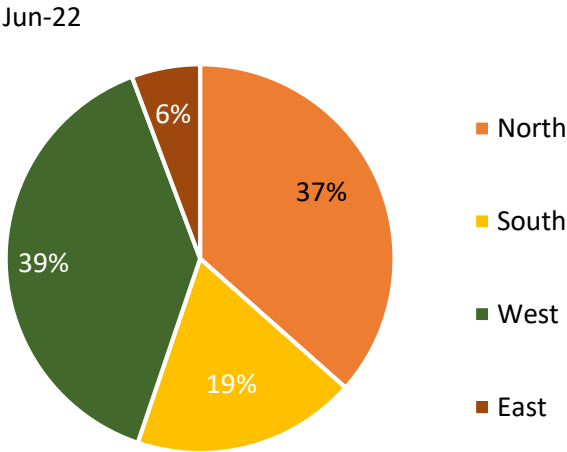
Pan-India geographical coverage *across all regions with industry specific cluster coverage; International Entities through GIFT City*

Well Diversified Book

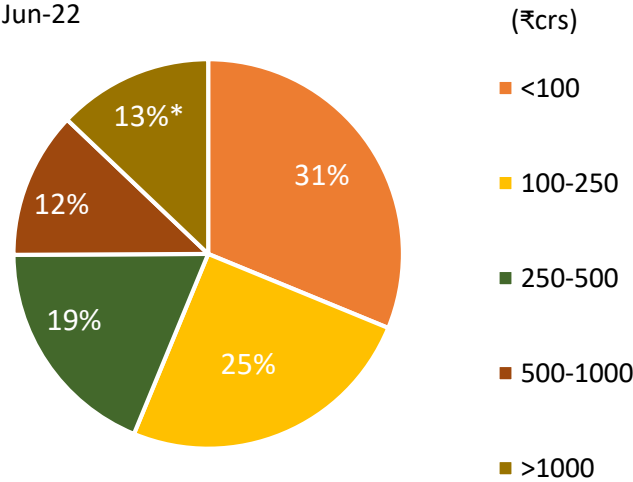


	(₹crs)	%
Large Corporates	62,322 crs	55%
Mid Corporates	42,210 crs	37%
Small Corporates	9,897 crs	8%

Book by Region

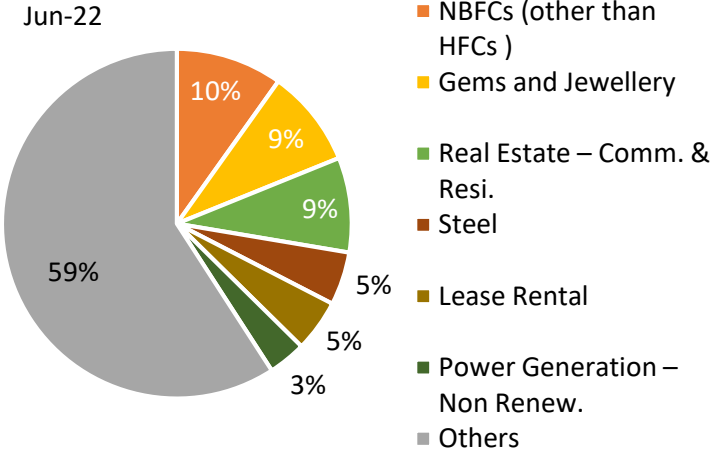


Book by Ticket Size



*92% AA & above; 8% A rated

Book by Industry



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

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

01

Digitization & Analytics

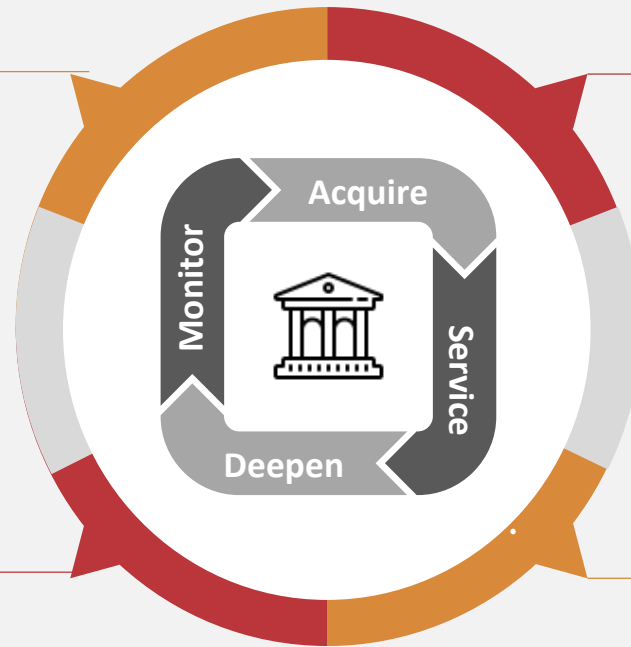
- Digitized customer journeys (Front to backend) for enhancing client experience
- Productivity enhancement using Analytics
- Robust Risk Management

03

Broad based, differentiated Product solutions

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

02



01 Comprehensive coverage to provide best in class client service



Note: All data as of Mar-22

02 Our differentiated product capabilities

Trade

Well-diversified book across fund & non-fund products.

Higher impetus on working capital related trade products

Dominant position in niche offering – Handled 40% India's urea import through LCs)

100%+ y-o-y volume growth in digital transactions across all corporates

Global Market Solutions

Dominant Market Maker in MIFOR / Currency Swaps/ OIS / FX Options

Among the top 5 market makers in MIFOR and OIS

25% CAGR in Fixed Income, FX, Commodities, Equities, & FX Derivatives business across trading & client segments.

Cash Management Solutions

Market Firsts / USPs –

- First Bank to launch Digital Payments for Escrows
- First Bank to go live on BBPS for NBFCs

- 700+ mandates implemented across 550+ clients in FY22
- 30%+ growth in cash throughput value.

Supply Chain Financing

- 43% CAGR in last 2 years
- Well diversified portfolio across industries – Auto: Non-Auto @ 35:65
- Launched industry-leading digital portal with real-time capabilities
- Awarded as Invoice Finance Provider of the Year & Best Supply Chain Solutions, India



Transaction Banking Fees
@ 60%+ of total fees



Liability book growth 25%+
Self Funding improved 10pps



Transaction Banking Product Penetration
@72%+ across client coverage units



Digital transacting corporate clients
Quadrupled in last year



Note: As on Mar-22

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02 Our differentiated product capabilities

Debt Capital Markets

~44,000 crs

of assets sold till date across 160+ deals

- Improved League Table Position from **6th in CY16 to 2nd in CY21**
- Maintained position in **Top 5** in League Table since 2017



CY21 League Table Position – IBL ranked 2nd in Deal Volume & Count by Refinitiv

Project Financing

41 projects | 14k+crs

Underwritten under renewable energy sector



90%

Book underwritten churned

13 projects | ~7.5kcrs

Underwritten under Roads and Highways sector



82%

Book underwritten churned

- Bank Offers entire lifecycle financing for all kind of renewable projects



1st Bank to structure HAM and Road Invit financing in India

Lenders	Market Share	Volume (₹ Cr.)	Rank (Volume)	Deals	Rank (Deal Count)
SBI	70.22%	66,319	1	13	1
IndusInd Bank	7.37%	6,980	2	9	2=
Standard Chartered	4.71%	4,518	3	5	5
L&T Financial Services	2.78%	2,641	4	9	2=
ICICI Bank	2.74%	2,583	5	8	4
Deutsche Bank/ JP Morgan	2.51%	2,416	6=	1	8=
Axis Bank	1.35%	1,280	8	4	6



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

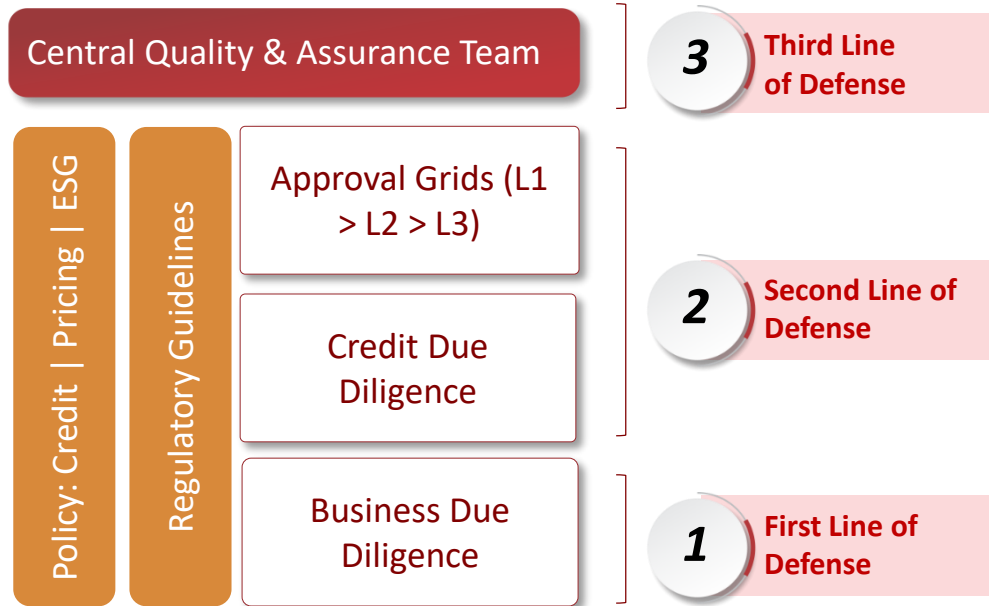
Real-time data analytics with Risk triggers

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

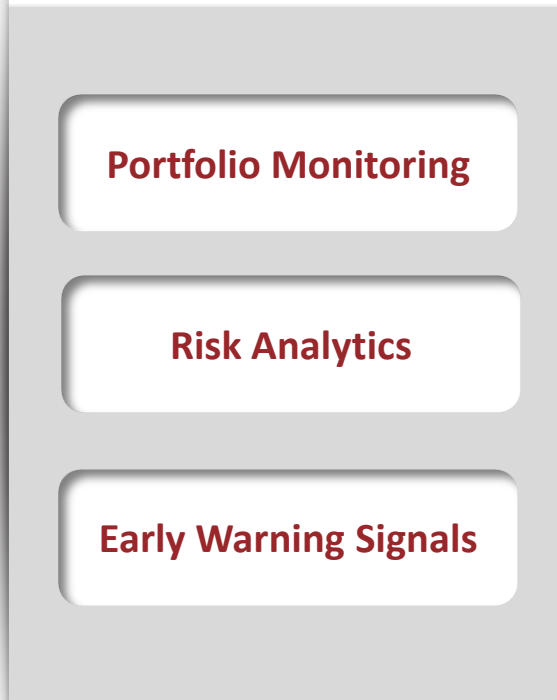
04 Comprehensive Risk Management Framework – with multiple layers of defense

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

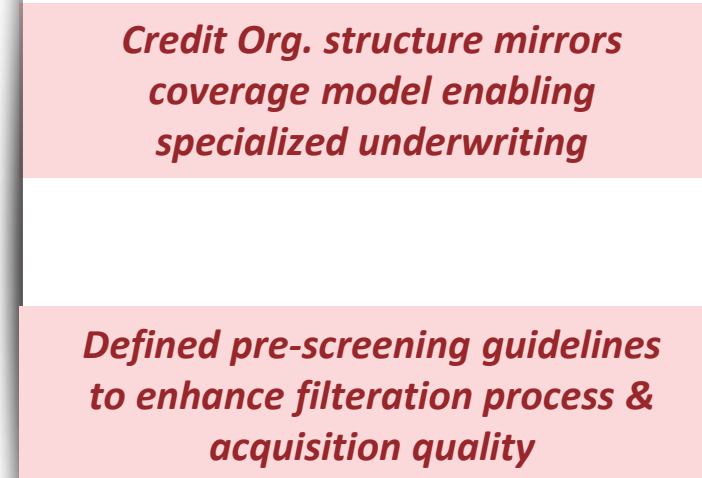
Robust Credit Framework..



..with continuous monitoring



.. and right support & interventions



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Fine-tuning corporate bank approach



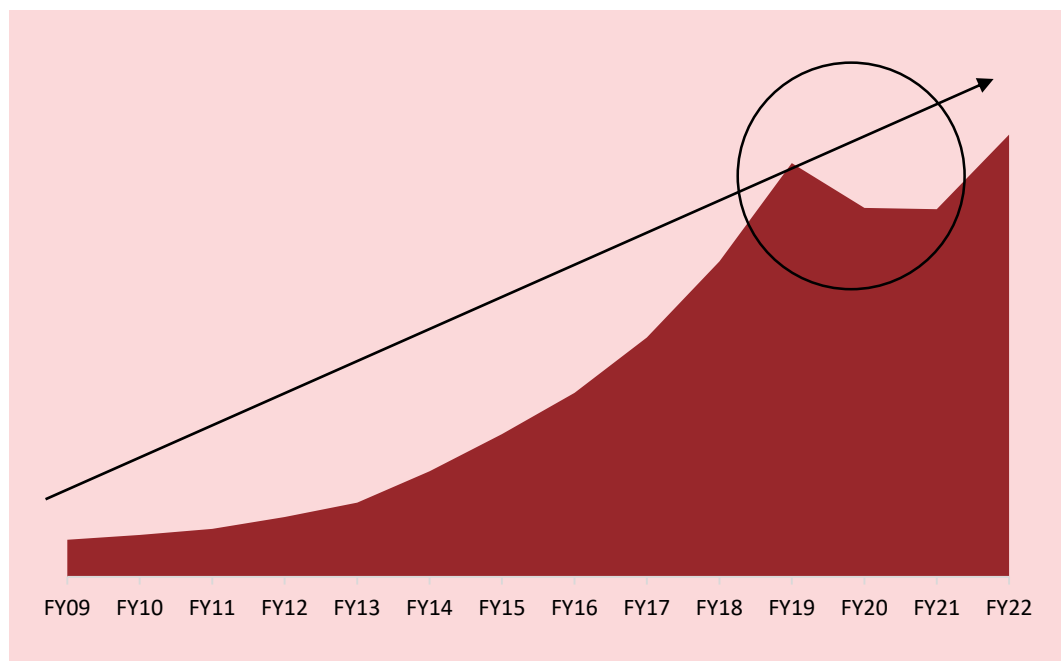
Future in focus



The precursor to our current Business Strategy

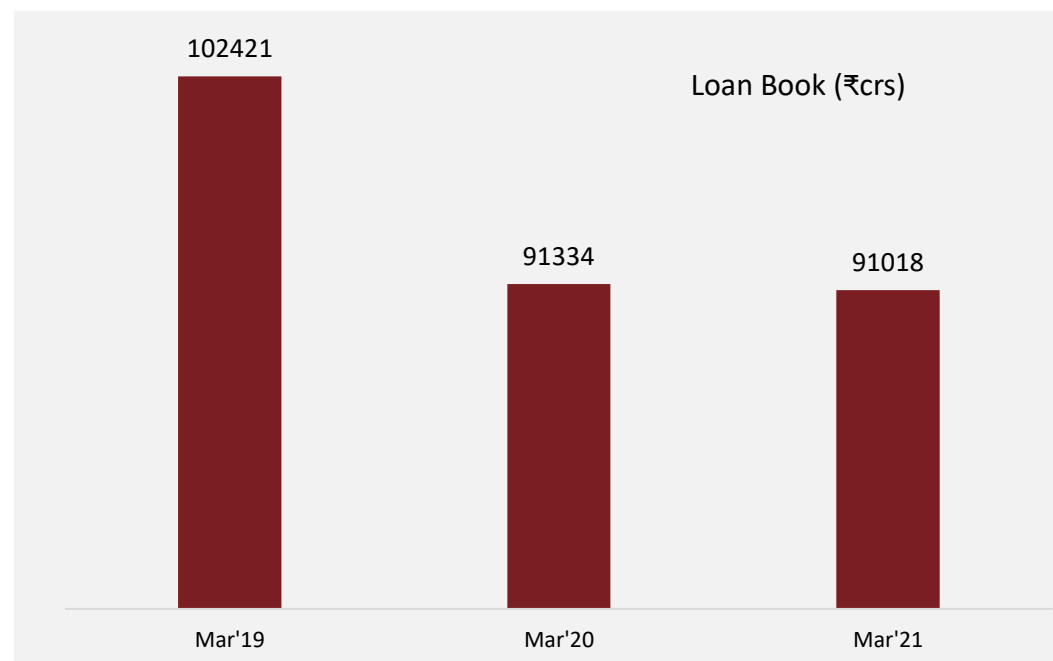
01

We had consistent loan growth journey ...



02

... except for FY19-21



The precursor to our current Business Strategy

03

Key learnings from our experience

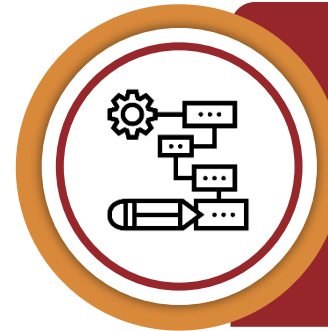
- ✓ Customer concentration built up over the period
- ✓ Reliance on bulky fee income
- ✓ Deals pertaining to holding company with limited cashflow support
- ✓ Limited focus on building liability franchise
- ✓ Sub-optimal coverage structure especially in small businesses
- ✓ Under penetration in top conglomerates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

Sharper focus	Sharper focus	Scale-up
Global Corporates & Institutional Group	Corporate Banking Group	Emerging Mid-corporates
PSUs (Public Sector Undertakings)		

Specialized Coverage Units

Consolidation	Maintain Leadership
Real Estate & warehousing	Gems & Jewelry
Financial Services Group	Healthcare
Education	Scale-up
	Agri Business Group

Product Units

Scale-up	Re-newed
Supply Chain Financing	Investment Advisory & DCM
Selective Focus	Trade, CMS, Cash
Project Finance	FX, Derivatives
Structured Finance	Digital



How our strategy has played so far

Focused approach on acquisition across high rated asset has resulted in



84% of new disbursement pertaining to A rated and more across Large & Mid corporates in FY22*



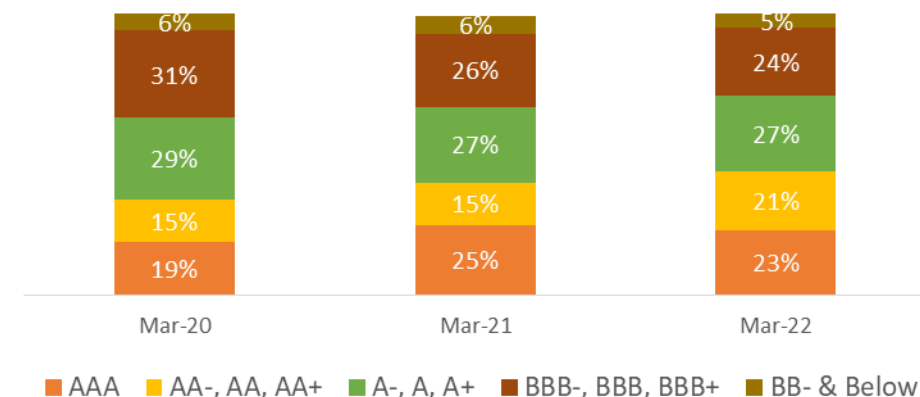
Relatively higher rating onboarding in high ticket size
For TS> 100 crs, 80% + portfolio rated A & above

Risk Density of Corporate book improved 5pps

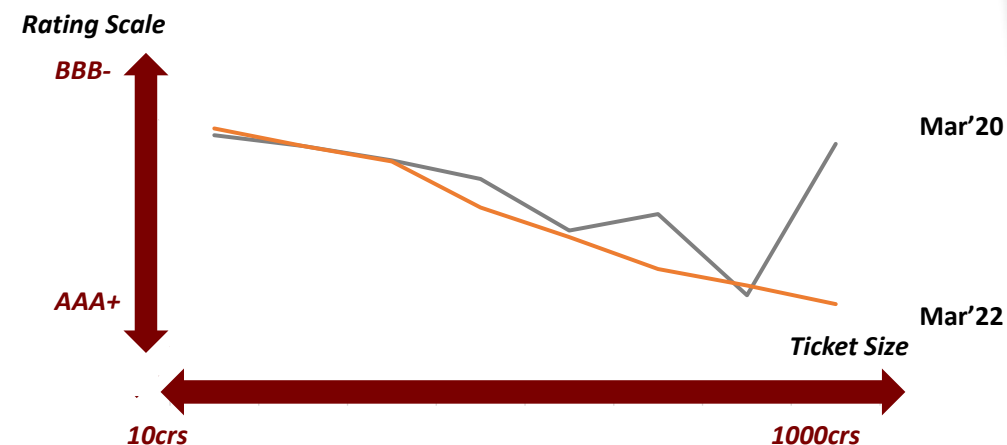
*Excluding Real Estate

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

Improvement in rating profile of the book# ...



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



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How our strategy has played so far

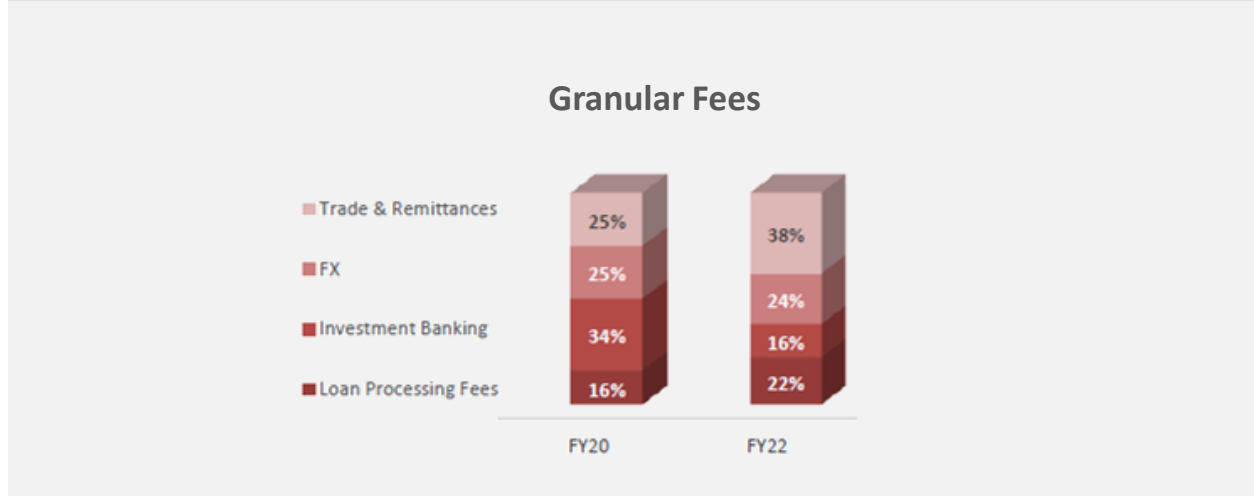
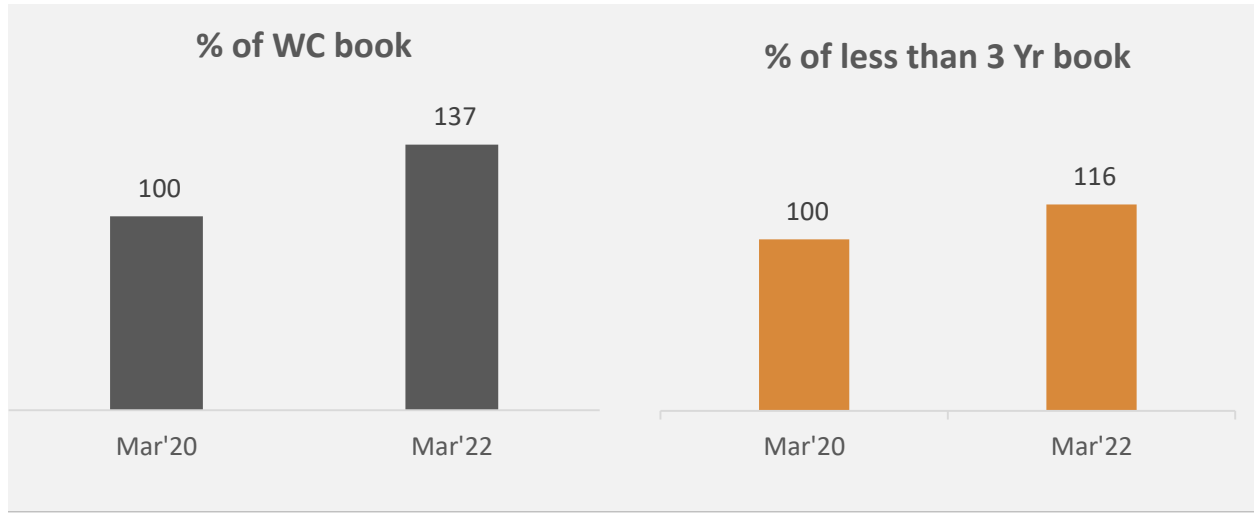
Re-orientation of coverage models have enabled higher annuity profile of the book....



+900 bps increase in % share of working capital disbursements

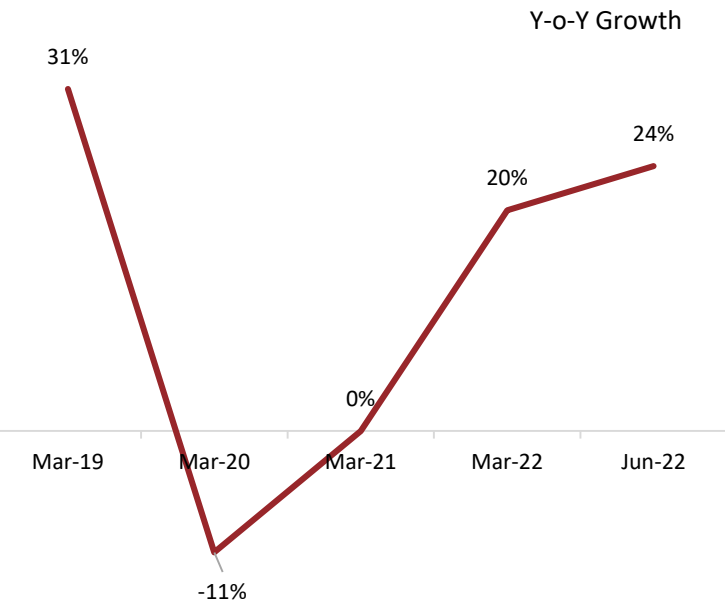


Steady increase in share of transaction banking income

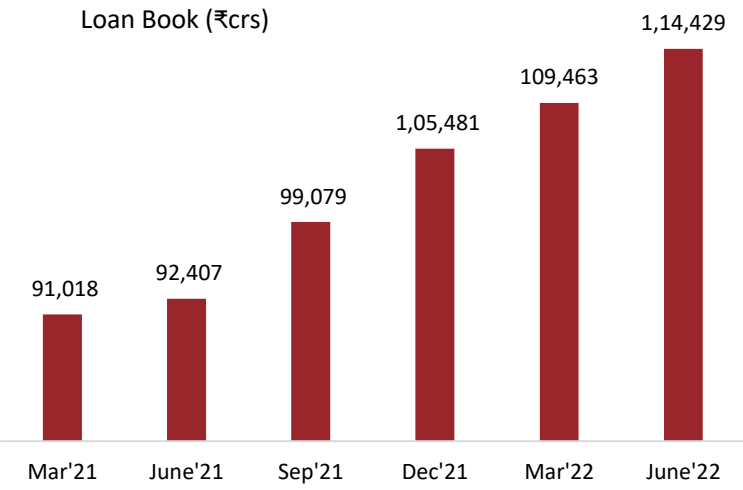


How our strategy has played so far

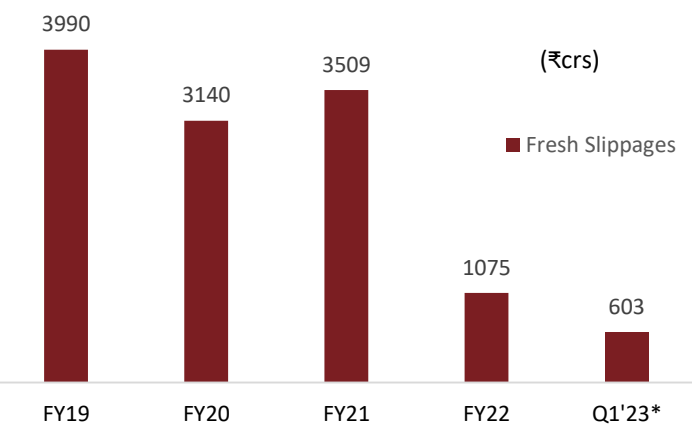
Corporate loan growth is back on track...



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



Slippages stabilized over last 12-18 months



*Of this, 272 crs from Standard book.

Presentation Outline



Corporate & Commercial Banking Franchise



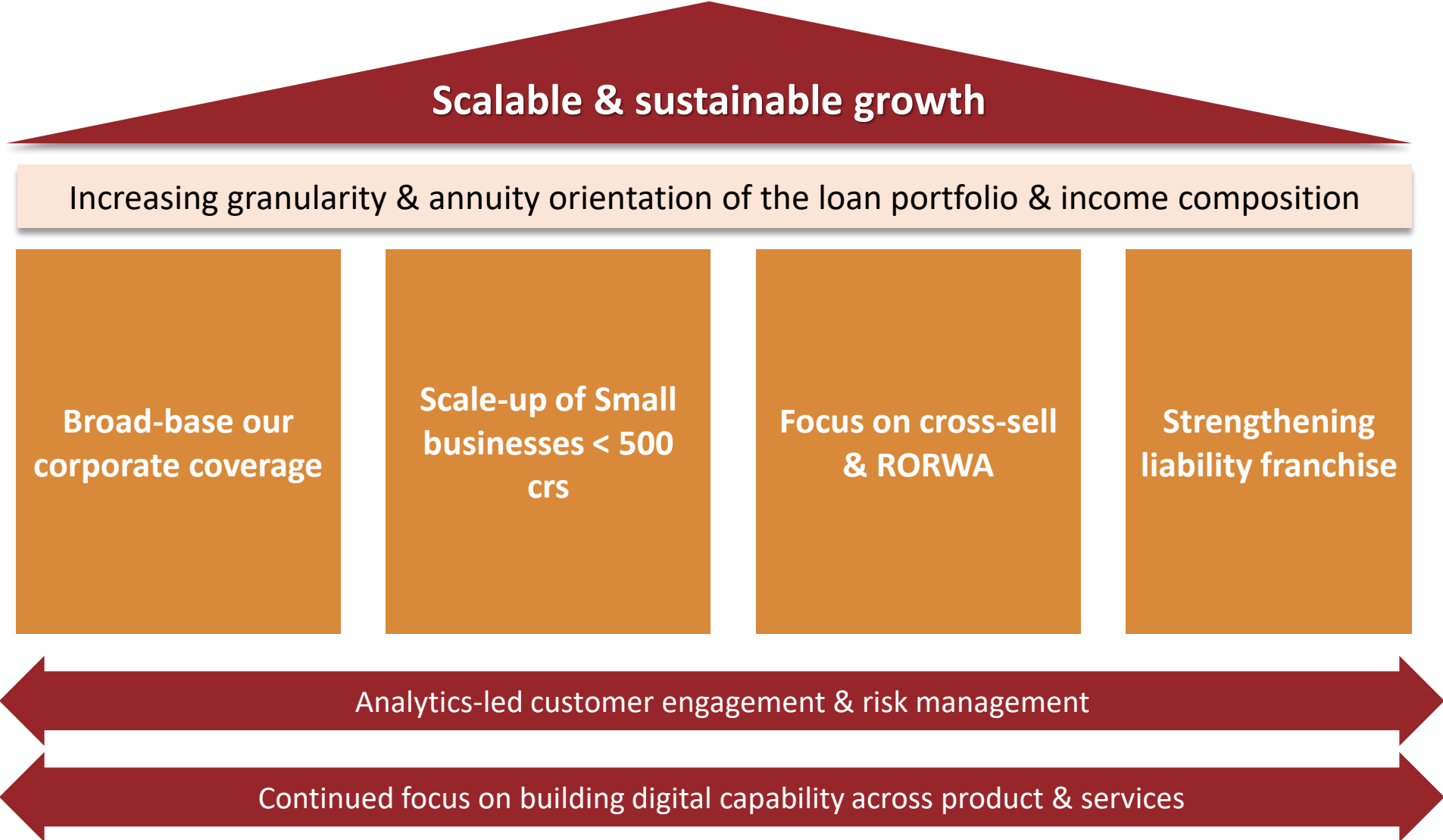
Fine-tuning corporate bank approach



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

50-52%

Mid Corporates

38-40%

Small Corporates

10-12%

1

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

2

**...increasing returns with diversification of fee
income through cross-sell & transaction banking**

3

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

—
THANK YOU



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