

IndusInd Bank



BHARAT
Financial Inclusion Ltd

IndusInd Bank and Bharat Financial Inclusion Merger

Building A Sustainable Platform for Financing Livelihoods

October 14, 2017

Agenda

1

Transaction Structure

2

Merger Rationale & Synergies

3

Key Financials

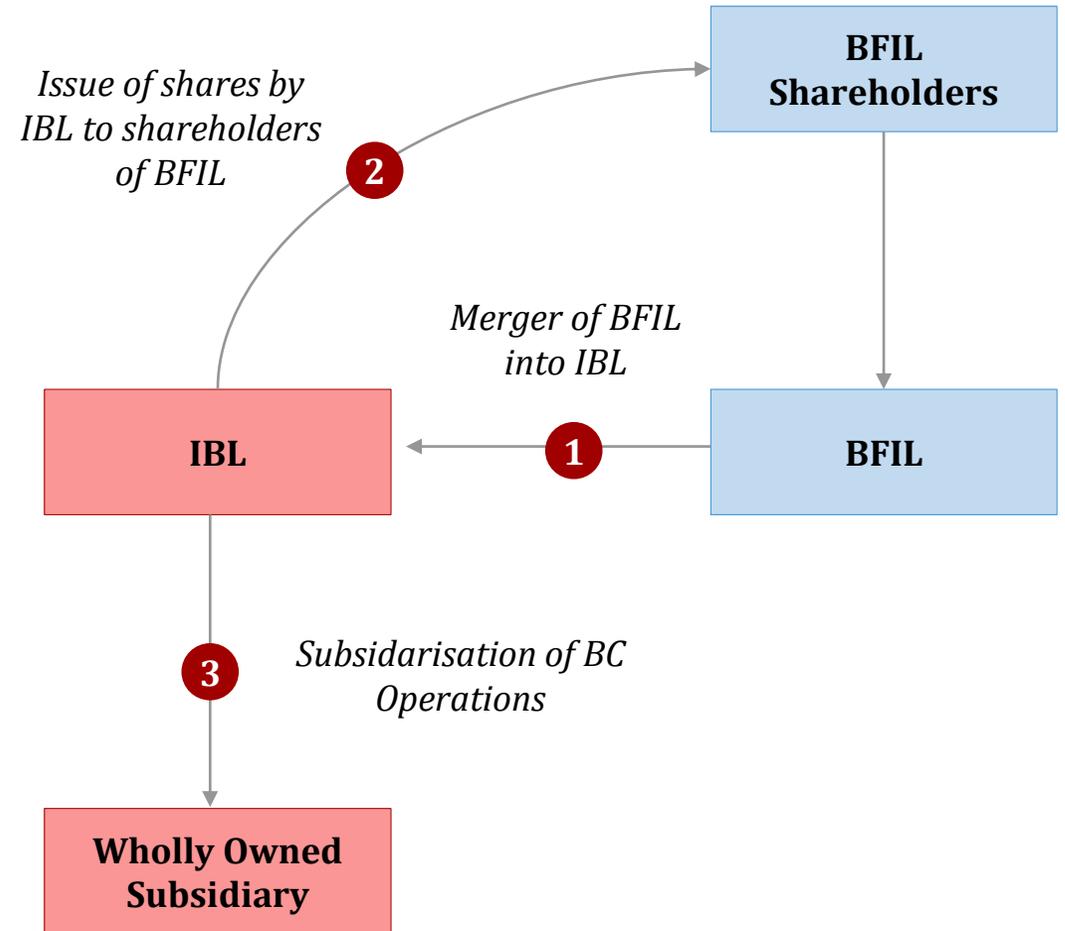
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Indicative Timelines

1. Transaction Structure

Transaction Structure

1. BFIL to merge into IBL under a Scheme of Arrangement
2. BFIL shareholders to receive IBL shares as consideration
3. IBL to transfer the employees and operations into a wholly owned subsidiary* making it a captive Business Correspondent



* Subsidiary to be incorporated post RBI approval

Transaction Structure

Resultant Structure

- BFIL assets and liabilities to merge into IBL's assets and liabilities.
- BFIL operations to be part of Wholly Owned Subsidiary of IBL.
- Subsidiary to act as a Business Correspondent of IBL

Swap Ratio

- BFIL shareholders to receive 639 IBL shares for every 1,000 BFIL shares
- This implies a premium of 12.6% to BFIL's 2 week VWAP

Board

- No change in the Board of IndusInd Bank
- MFI Advisory Committee to be set up for the Wholly Owned Subsidiary

Employees

Continuity of all BFIL Management and Employees in current assignments

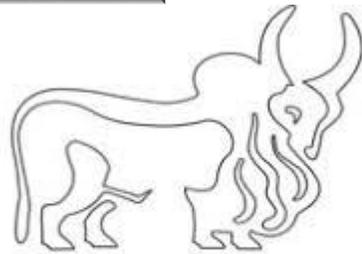
2. Merger Rationale and Synergies

Culmination of Existing Long Standing Relationship

Business Correspondent
for Over 5 years

99 BFIL Branches
Exclusive to IBL

Rs 1,100 cr Limits;
Rs 595 cr BC Outstanding



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Compatible
Culture



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Savings & Recurring
Accounts for Borrowers

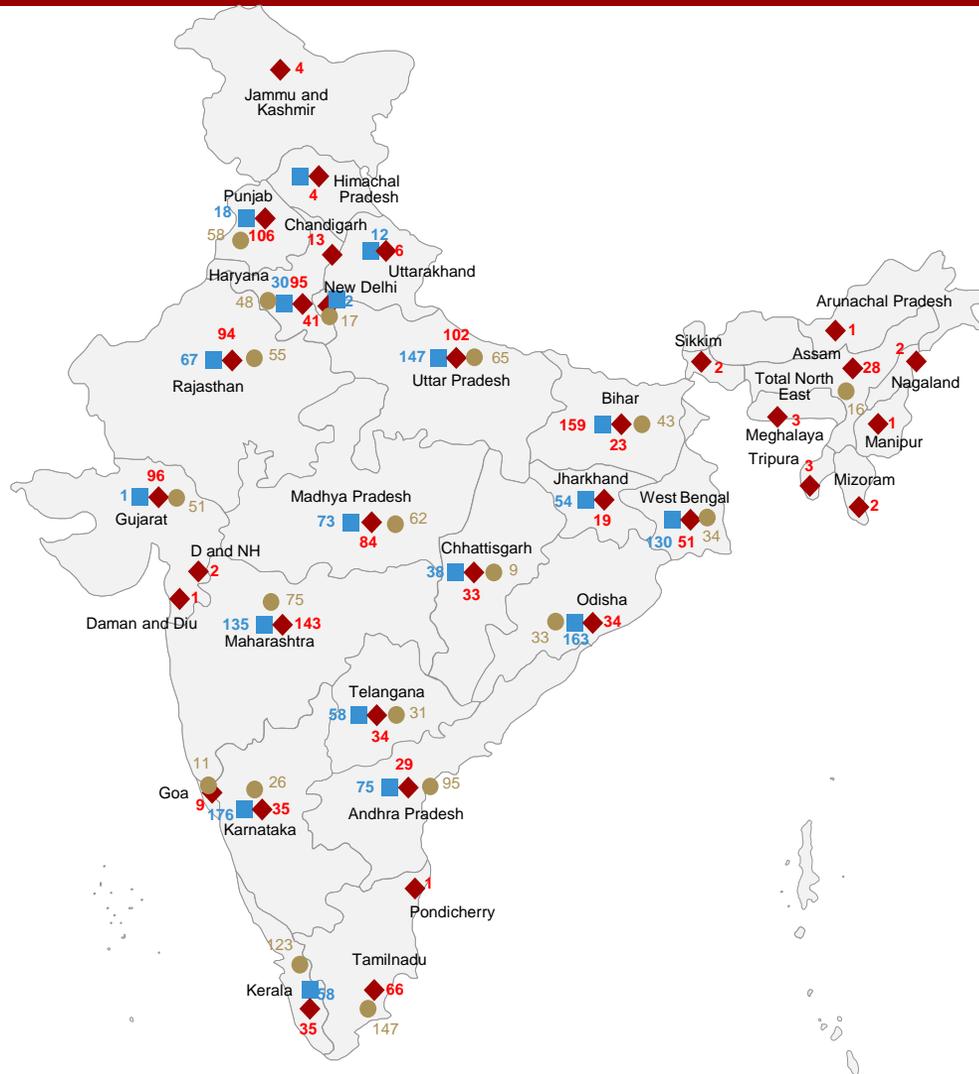
Partnership for 2-
Wheeler & Home
Improvement Loans

Rural Distribution
Service Points

Integrated CRM Platform

Merger of Entities Focusing on "Livelihood Financing"

Creates Large and Complementary Network

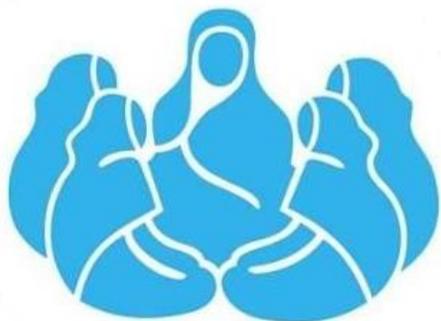


Geographic Reach as of 30th June 2017

- ◆ IBL Presence : 1,210 Branches (includes 250 rural branches)
- BFIL Presence: 1,408 strong MFI Network
- CFD Presence: 999 Outlets (excluding Dealer Points)

Merged Entity to have 3,600+ branches and outlets

BFIL Provides Large CASA & Deposit Opportunity



6.8 Million Members
spread across ~100,000
villages

Strong Liability Franchise

Savings Bank Accounts

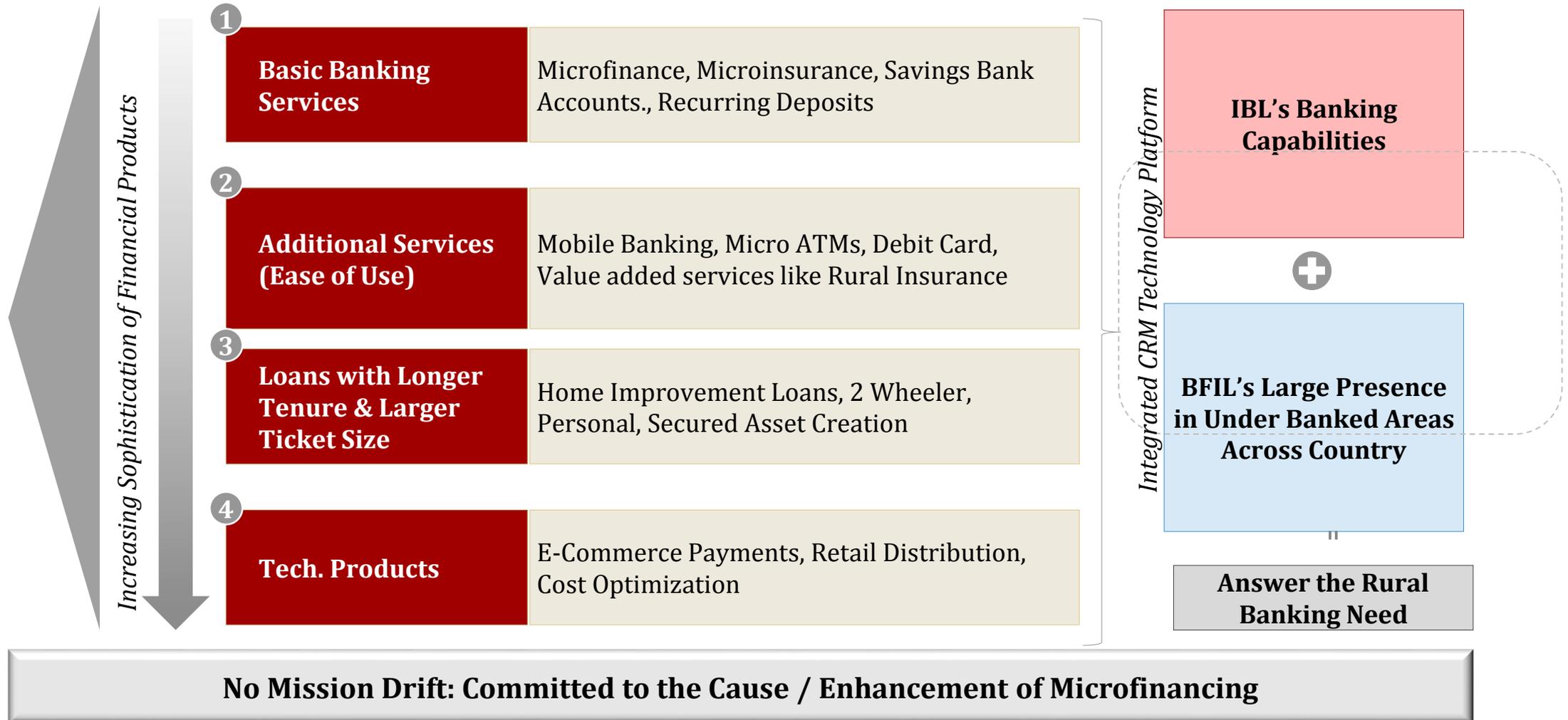
Current Accounts

Fixed Deposits

Recurring Deposits

*Stronger CASA Base resulting
in lower cost of funding*

IBL & BFIL together bridging the Financial Inclusion gap



Key Synergy Estimates

Lower Cost of Funds	Reduction of 3%
Priority Sector Loans	100% Eligible as PSL Fee income of 1%-1.5% on excess
Capital Release	75% Risk Weight in Bank
Liabilities	Potential to penetrate >50% Customer Base
Ancillary Products	2-Wheeler Financing Home Improvement Loans Fixed Usage Loans Micro Insurance

Note: Synergies are management estimates and subject to transaction receiving all approvals

Creating Domain Expertise in Microfinance

Furthering PC 4 Strategic Theme of “Rural Banking and Microfinance”

For IBL

- ✓ Creates “Scale with Profitability” - Faster growth and higher profitability vs IBL
- ✓ Provides access to best-in-class microfinance capabilities
- ✓ Huge increase in outreach with ~1,400 well-spread MFI outlets with 6.8 Mn borrowers
- ✓ Ability to leverage network, clients and capital
- ✓ Transaction is key driver of “Bharat” Play (currently serving ~100,000 villages)
- ✓ Portfolio eligible for Priority Sector Loans

For BIFL

- ✓ Becomes a “Bank” overnight and provides ready platform to drive operating synergy
- ✓ Universal product suite for customers
- ✓ Reduces risks and improves competitiveness vis-à-vis recently licensed SFBs
- ✓ Continuation of the business without merger interruption through a “lift and drop” approach
- ✓ Diversification for all stakeholders
- ✓ Access to stable and low-cost of funds at a bank

Transaction Accretive to All Key Vectors on Day 1 !

3. Key Financials

Key Financial and Operational Details

Parameter	IBL	BFIL	IBL + BFIL
Customers	9.5mn	6.8mn	16.3mn
Employees	25,071	15,284	40,355
Loans (Rs cr)	1,16,407	9,631*	1,26,038
Networth (Rs cr)	21,501	2,420	23,921
Total Assets (Rs cr)	1,90,650	10,170	2,00,820
CRAR	16.18%	31.8%	-

As of June 30, 2017

* Non-AP Gross Loan Portfolio

4. Indicative Timelines

Process and Indicative Timelines

Date of Announcement
14th Oct' 2017

2-3 months

4-6 months

1 month

Board Approval

**Regulatory Filings
& Approvals**

**NCLT Filings &
Approval**

**ROC Filings &
Share Issuance**

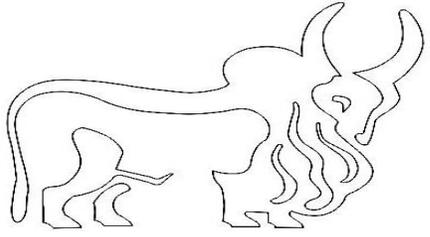
- Valuation / Swap Ratio
- Approval of 'Scheme', matters therein and other legal documents

- RBI
- CCI
- SEBI and Stock Exchanges (NOC)

- Filing of Scheme
- NCLT approval: Shareholders approval, Creditors approval, other approvals

- ROC Filing
- Allotment of shares to BFIL shareholders

Transaction to take up to 6-9 months for closure



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Thank You

Disclaimer

The proposed transaction is subject to approval of various regulatory and other authorities, including without limitation, the Reserve Bank of India, Competition Commission of India, Securities and Exchange Board of India (Stock Exchanges), and the National Company Law Tribunal as well as the shareholders and credits of BFIL and IndusInd Bank. Estimates, expectations, and business plans in this press release are forward-looking statements based on currently available information and the management's current views and assumptions. Such statements are naturally subject to risks and uncertainties. In addition to statements which are forward-looking by reason of context, the words "will", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Factors such as changes in applicable laws and regulations, including in regard to the life insurance sector, the development of general economic conditions, future market conditions, unusual catastrophic loss events, changes in the capital markets and other circumstances may cause the actual events or results to be materially different from those anticipated by such statements. IndusInd Bank Limited and Bharat Financial Inclusion Limited ("Parties") do not make any representation or warranty, express or implied, as to the accuracy, completeness or updated status of the statements contained in this release. Therefore, in no case whatsoever will the Parties be liable to anyone for any decision made or action taken in conjunction with the information and/or statements in this press release or for any related damages.

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