

IndusInd Bank
– Investor Day

22nd November 2022

IndusInd Bank – Investor Day

Presentation-1
Bank's Strategy



Presentation Path

1

Backdrop of the Bank's Strategy

2

Building Blocks in Place

3

Focused on Sustainable Growth



Evolving Operating Environment and Bank's Response / Performance

Macro Developments

Tightening Liquidity

Competition for Deposits

Healthy Credit Growth

Interest Rate Hikes

Improving Asset Quality

Bank's Performance

***LCR of 125% | Surplus Liquidity of ~47,000cr |
Credit Deposit Ratio of 82%***

***Deposit Growth of 15% | Retail Deposit Growth
of 16%***

***Loan Growth of 18% | Record Disbursements in
Domains***

***NIMs improved to 4.24% from 4.20% in
last 2 Quarters***

***Consistent Reduction in Gross Slippages and
Provisions***



1

Backdrop of the Bank's Strategy

2

Building Blocks in Place

3

Focused on Sustainable Growth





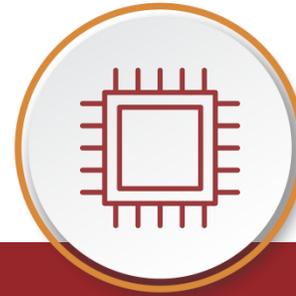
Business Philosophy

- Universal Banking Approach
- Domains Deliver Strong Risk Adjusted Returns



Approach towards Customers

- Branch and Digital to Co-exist and Complement Each Other
- Client Engagement as per Client's Convenience



Technology

- Infrastructure to Support Scale, Security and Reliability benchmarked to new age digital players
- Provide ability to deliver frictionless hyper personalized client experience



Governance

- Quality of Earning More Important than Quantity of Earnings
- Sustainability at the Core of Doing Business

IndusInd Bank: A Differentiated Franchise



Diversified
Loan Book **with Domain**
Expertise in Livelihood Loans



Robust
Liability / Funding Franchise



Strong
Product Groups



Disproportionately Large
Distribution Network with
Deep Rural Presence



Customer Centric
Future Ready Digital 2.0
Strategy



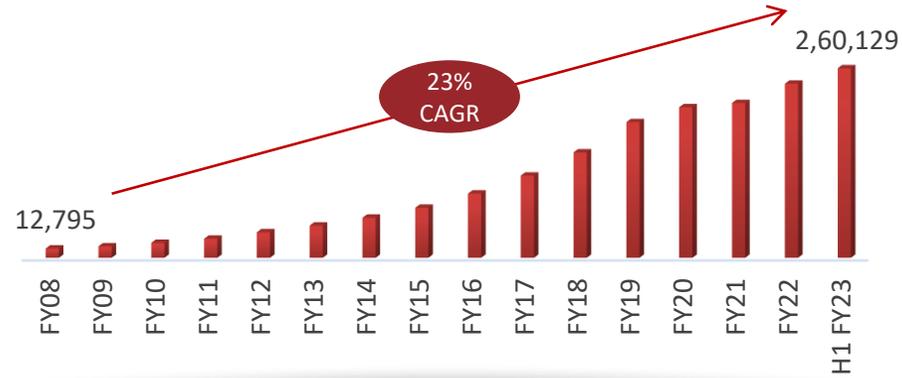
Experienced
Management Team

Our Core Executive Team Refreshed with Smooth Succession

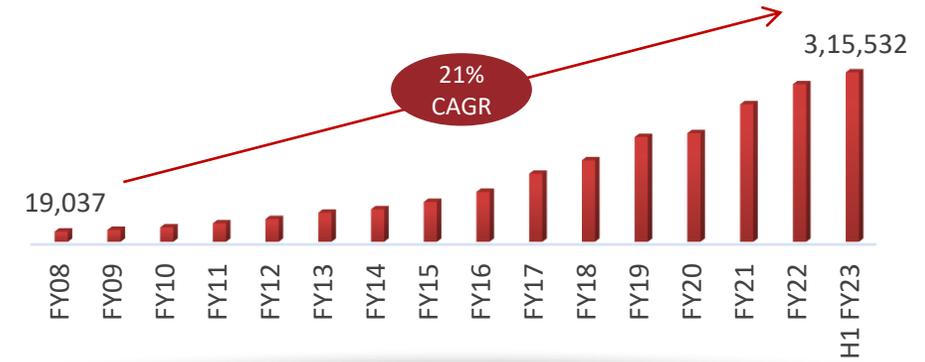


The Bank has Delivered Scale with Profitability over the Years

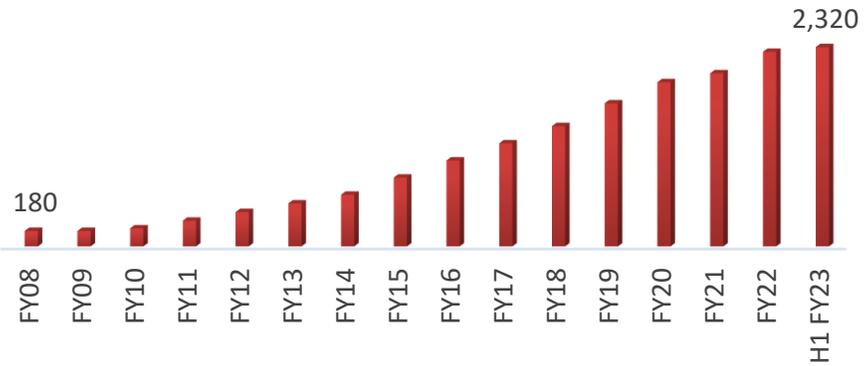
Loan Book (Rs.cr)



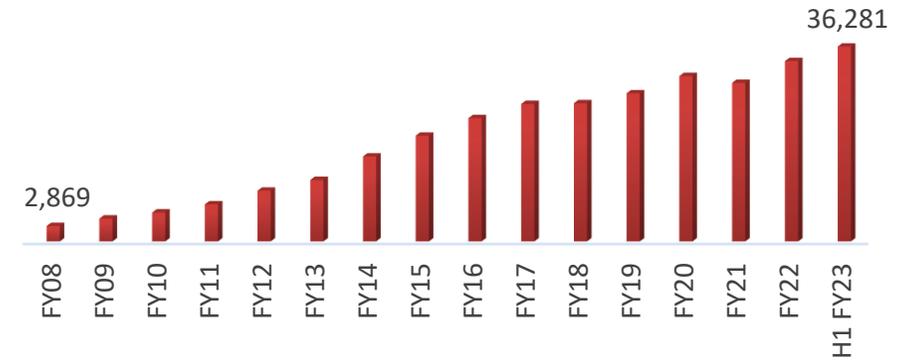
Deposits (Rs.cr)



Branches (#)



Employees (#)



The Bank, however, Faced a Few Internal and External Challenges in Last Couple of Years

Concerns on potential Corporate slippages and chunky exposures

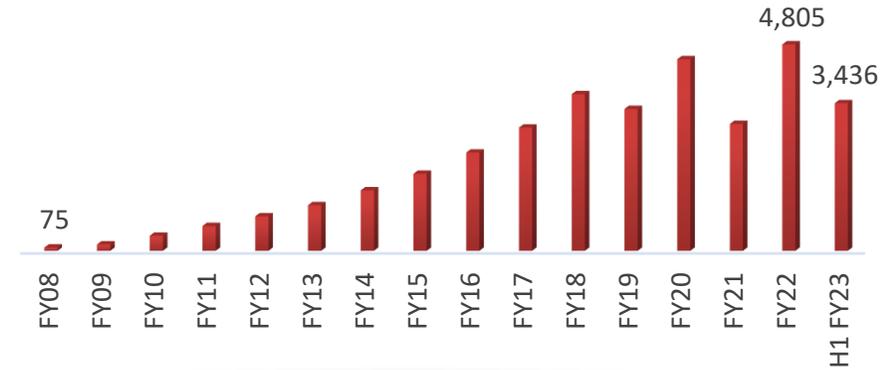
Government Deposit Outflows

Covid-19 outbreak and impact on 'high touch' businesses such as Vehicle Finance & MFI

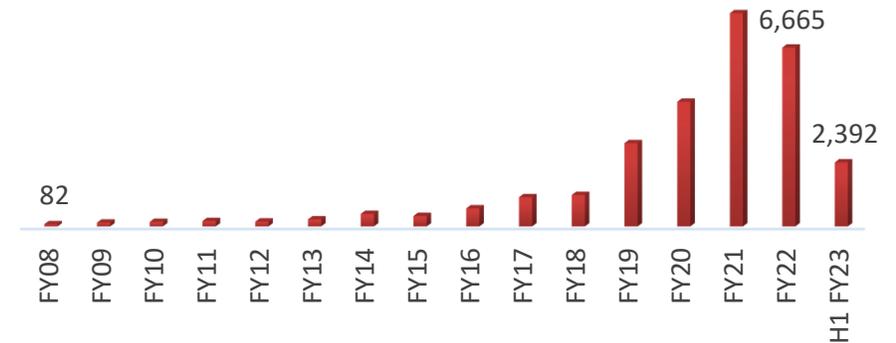
Adequacy of capital and provisions to see through volatility

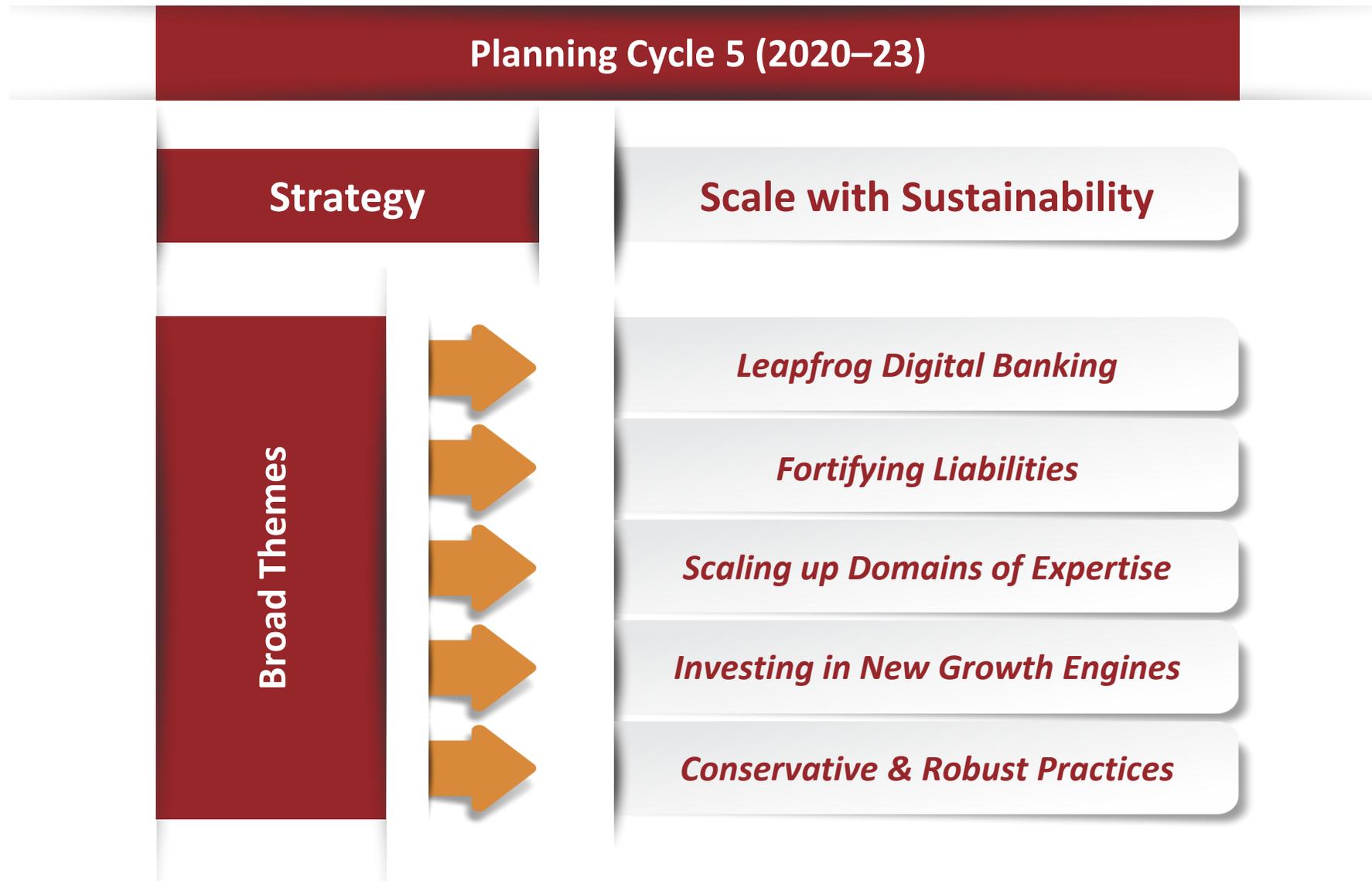
Management transition amidst these challenges

Profit After Tax (Rs.cr)

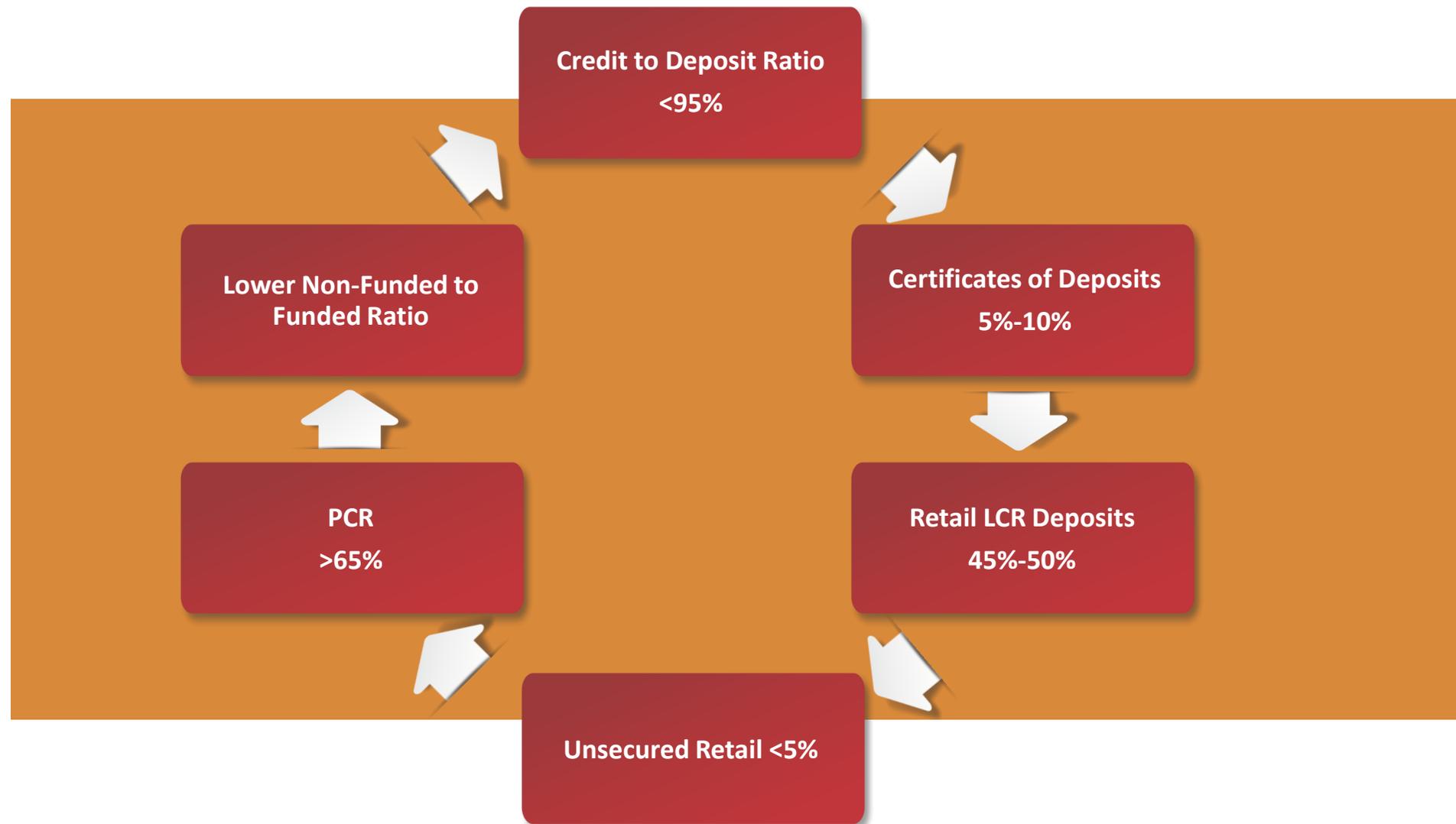


Provisions (Rs.cr)









Resulting in

Planning Cycle 5 (2020–23)



* For FY22-FY23



1

Backdrop of the Bank's Strategy

2

Building Blocks in Place

3

Focused on Sustainable Growth



Laying Foundation for Growth

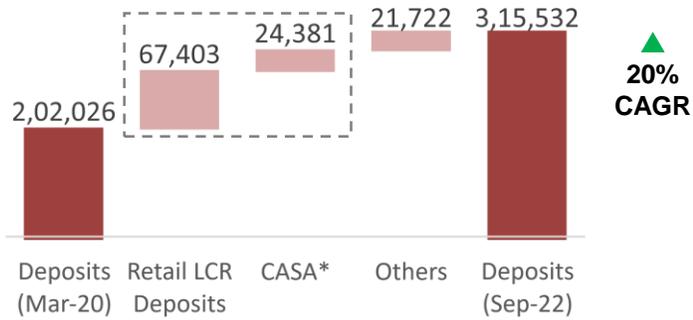
- 1 Fortified Liability Franchise with Strong Liquidity Buffers in Place
- 2 Fine-tuned Corporate Bank Approach
- 3 Domains Outperformed Industry
- 4 Maintained Healthy Operating Margins & Improved Stressed Coverage
- 5 Continued Investment in Growth Boosters
- 6 Strengthened Leadership & Talent Base
- 7 Reinforced Risk Management Framework
- 8 Bolstered Support Functions



Fortified Liability Franchise with Focus on Retailisation of Deposits

Robust Deposit Growth Driven by Retail & CASA

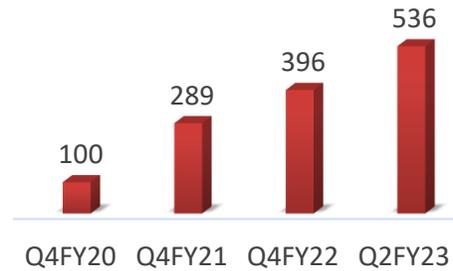
~81% of incremental deposits from retail & CASA (Rs.cr)



*excludes CASA considered as part of Retail LCR Deposits

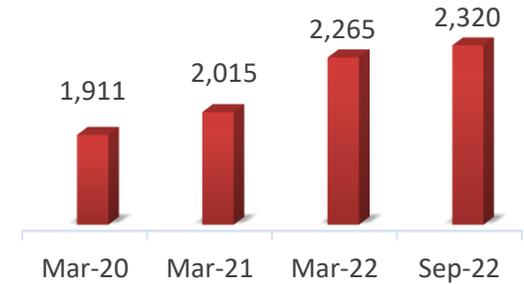
Ramped up Client Acquisition

NTB CASA & Retail TD Acquisition (#)



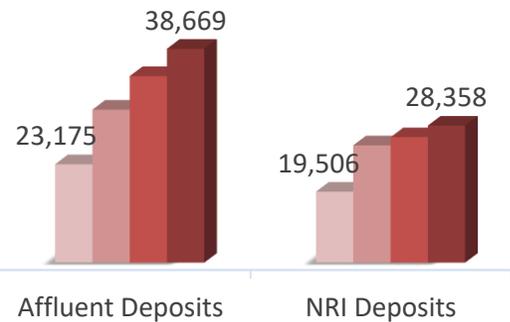
Continue Investment in Distribution Network

Narrowing Differential with Large Peers

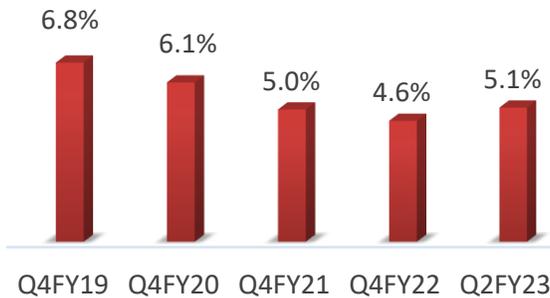


Scaled up New Initiatives (Rs.cr)

■ Mar-20 ■ Mar-21 ■ Mar-22 ■ Sep-22

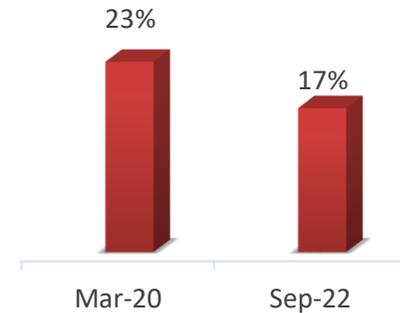


Moderating Cost of Deposits (%)



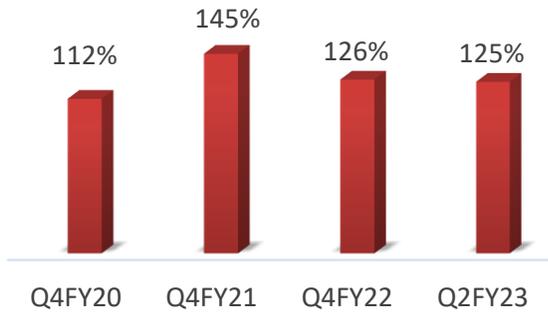
Reduced Concentration of Deposits

Top-20 Deposits as % of Total Deposits



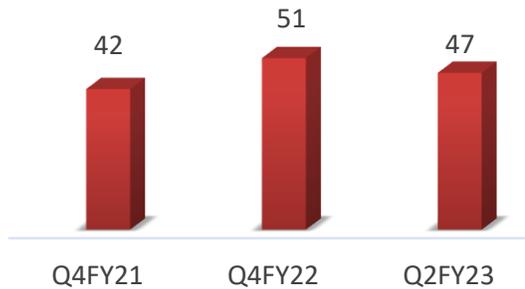
Strong Liquidity Buffers with Diverse Sources of Funding

Healthy Liquidity Coverage Ratio (%)



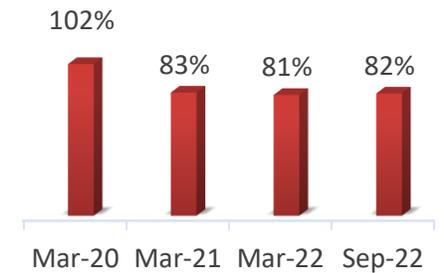
With Buffers in Place

Average Surplus Liquidity (Rs.'000cr)



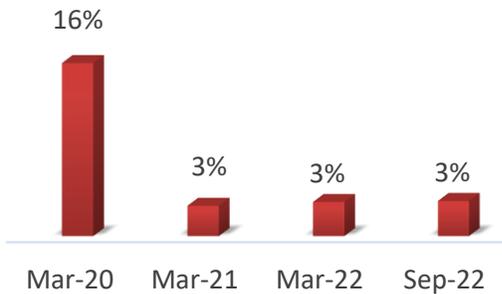
Surplus liquidity including excess SLR

Credit / Deposit Ratio (%)



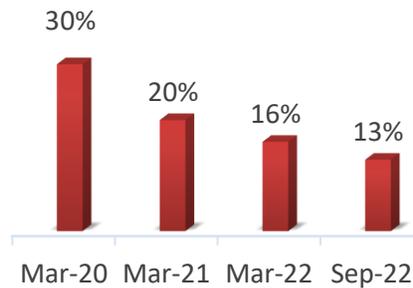
Reduced Dependency on Certificate of Deposits

Certificate of Deposits % of Deposits



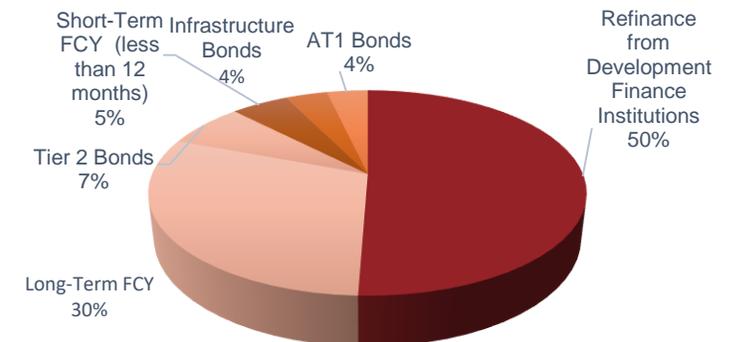
Lowered Share of Borrowings

Borrowings % of Deposits



Borrowing mix Constituted by Long Term Sources

Borrowing Mix as on Sep-22 (%)



Fine Tuned Corporate Bank Franchise with Focus on Building Granular Low Risk Portfolio

- 1 Loan book orientation towards higher rated granular portfolio
- 2 Portfolio rebalancing done with significant reduction in chunky exposures
- 3 Building Specialization with re-orientation of coverage groups
- 4 Robust portfolio monitoring with focus on sharpening overall RORWA
- 5 Fee Income focused on annuity streams



Corporate Book: No New Surprises



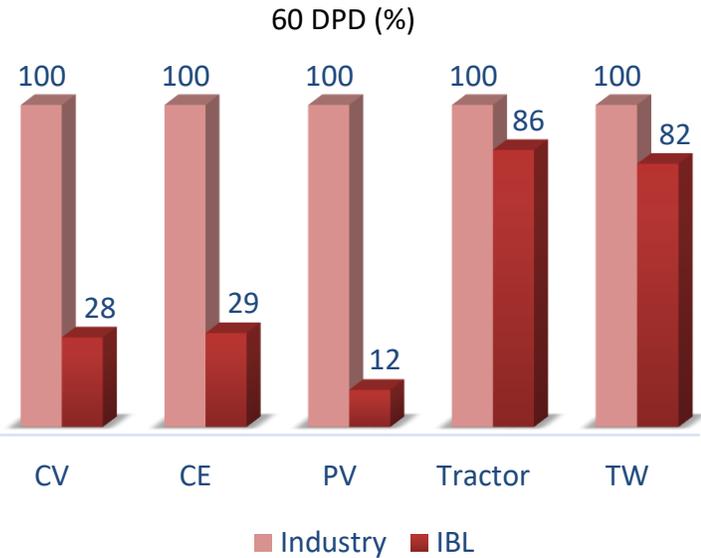
Steadily Pivoting towards Growth after Rebalancing



3

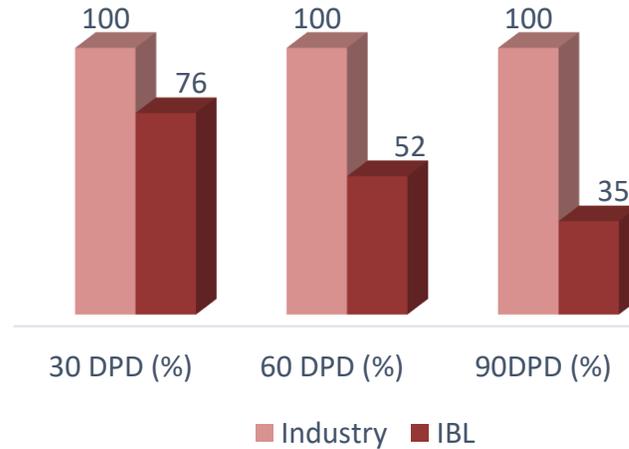
Domains Outperformed Industry Amidst Macro Challenges

Vehicle Finance



Indexed to 100

Micro Finance



Indexed to 100

Gems & Jewellery

- No Restructuring
- No NPA
- No SMA1 & SMA2



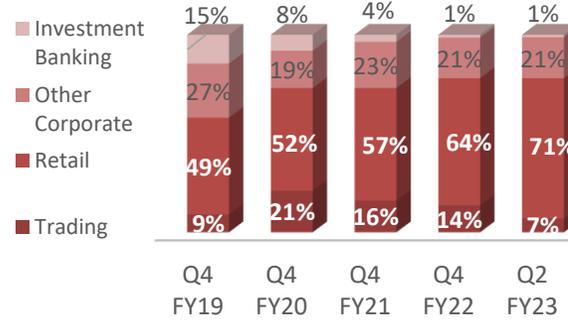
4

Maintained Healthy Operating Margins & Improved Stressed Coverage

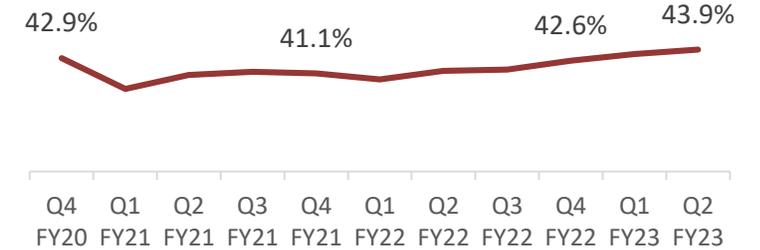
Stable NIMs



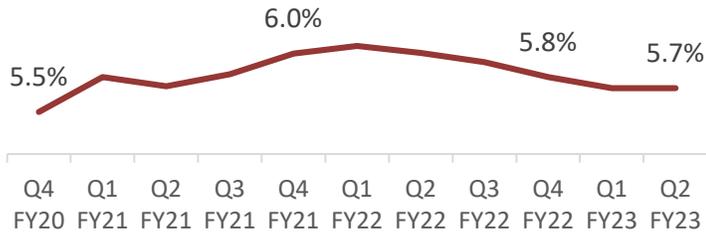
Granular Fee Mix



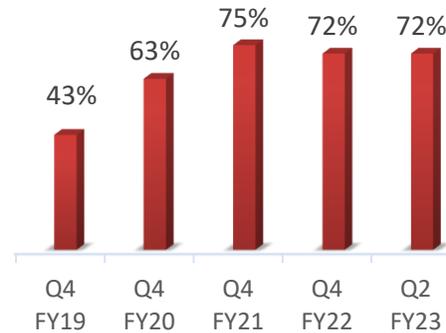
Range-bound Cost to Income Ratio



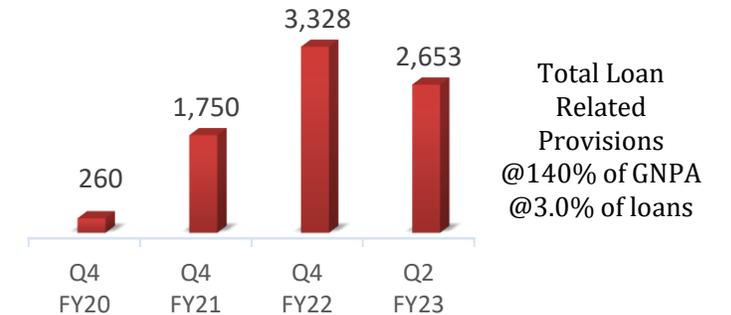
Maintained Amongst the Industry Best PPOP Margin



Healthy Provision Coverage Ratio



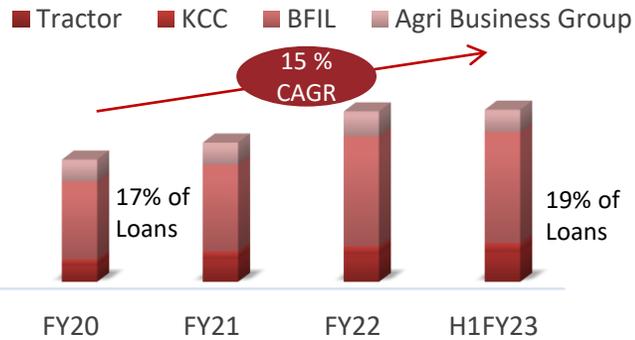
With Significant Contingent Provisions



Continue Investment in New Initiatives to Boost Growth

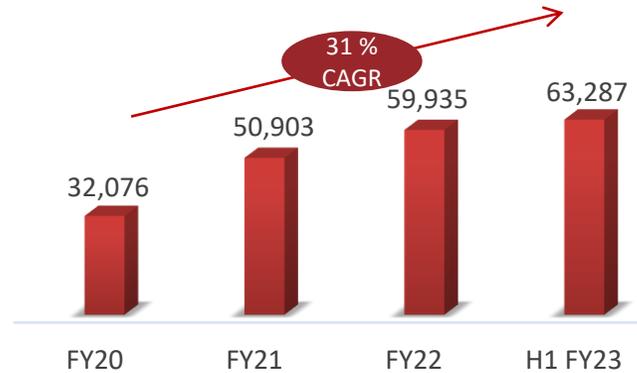
Holistic Rural Banking

Rural Focused Loans



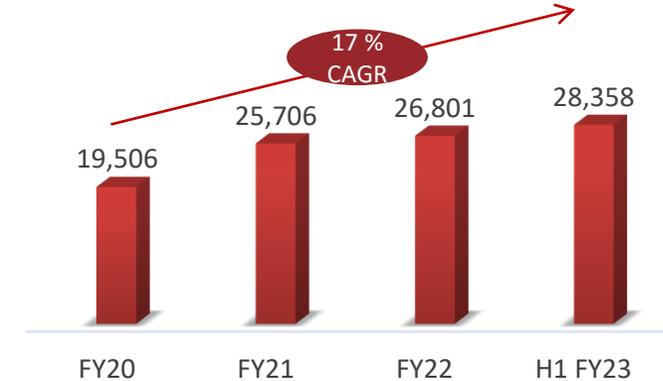
Affluent Banking

Net Relationship Value (Rs.cr)

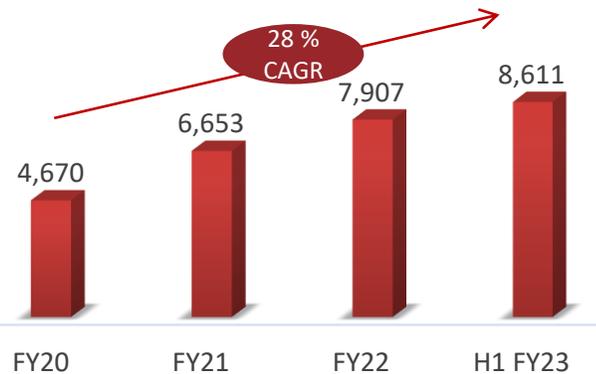


NRI Banking

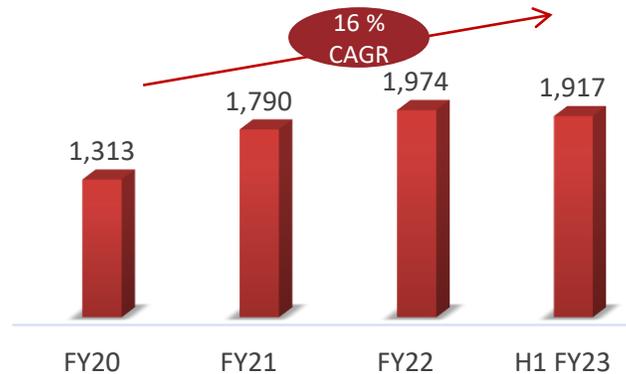
Deposits (Rs.cr)



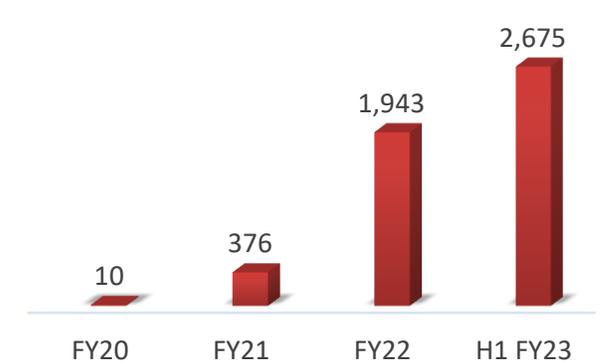
Tractor Finance (Rs cr)



Affordable Housing (Rs cr)



Merchant Advances – BFIL (Rs.cr)



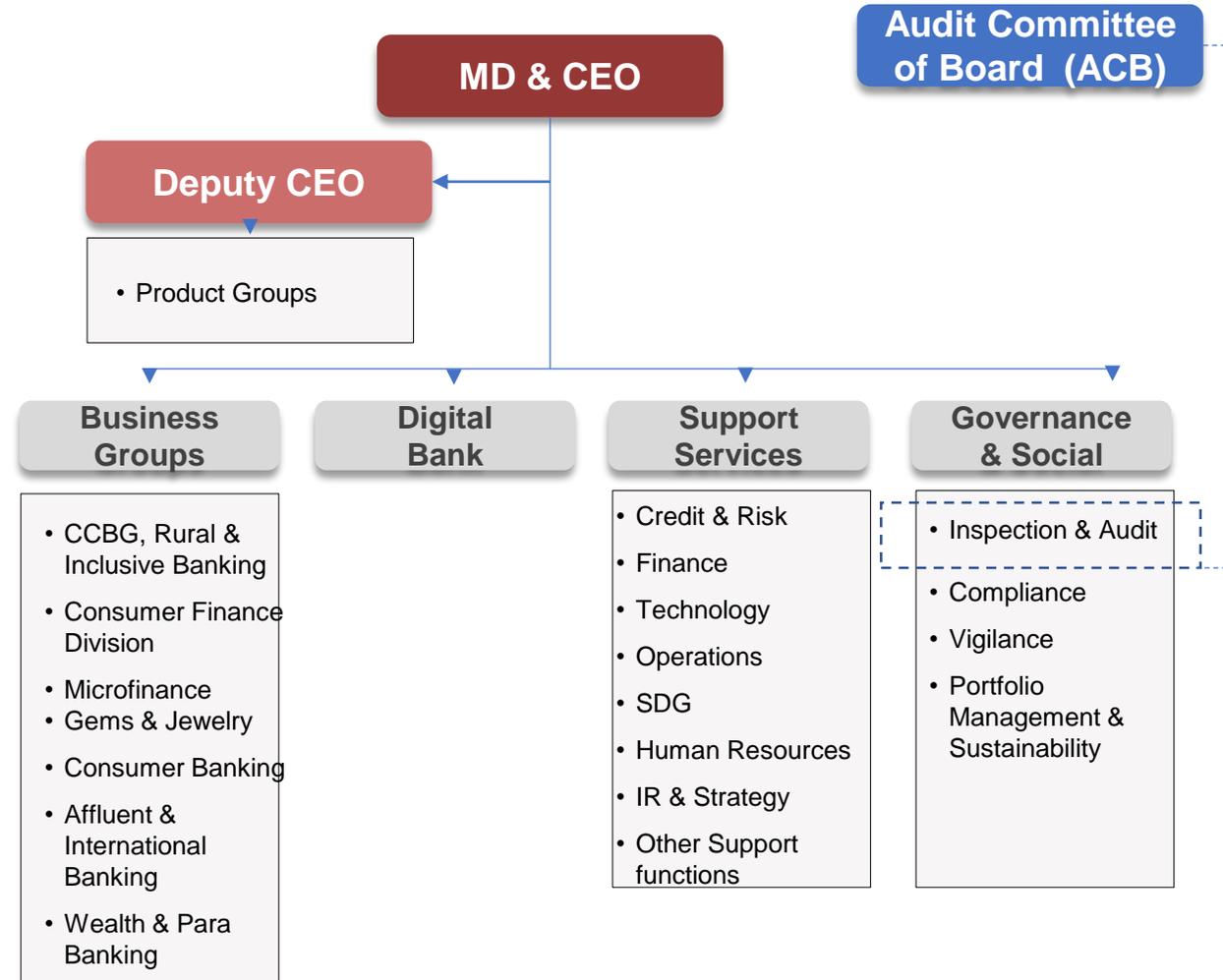
6

Strengthened Leadership and Talent Base

Continue to Strengthen Human Capital

- 1 Smooth succession planning across leadership positions
- 2 Reorganised Corporate Banking Unit with Lateral Hiring and Internal Reallocations
- 3 Carved out dedicated Digital Banking Unit with focus on attracting best talent
- 4 Fortified Assurance Functions
- 5 Strengthened Staff Accountability; Re-aligned with Compensation

Organisation Structure



Reinforced Risk Management Framework Incorporating Past Learnings & Evolving Macro Environment

1

Reduced corporate exposure Concentration; Increased focus on granular high rated working capital loans

2

Conservative Capping of Sensitive Sector Exposures; Tightened overall Concentration Exposure norms

3

Enhanced usage of Data for Risk analytics; Enriched Early Warning Signal (EWS) with AI based set of algorithms

4

Updated policies & risk models in line with evolving macro environment & learnings from past

5

Launched Digital Policy Management Module ensuring timely review & update of policies across the business units

Building Highly Scalable and Performance oriented environment

- Enhancing Core Banking System Architecture
- Hybrid Cloud & Infrastructure as a Service model
- On-Premise Software Defined Data Center
- Auto Scalable applications using modularization

Customer Experience is at Centerpiece of our initiatives

- Future ready enterprise solution CRM NEXT
- End-to-end paperless, presence-less, cashless real-time journeys for PL & CC (Straight-Through-Processing)
- Banking on WhatsApp & Alexa with Natural Language Processing

Top Class IT Security & Risk Management

- Embedded end-to-end security architecture
- Strict adherence with data related compliances & standards
- Holistic cyber security & threat detection
- Risk Engine using AI and machine learning techniques to profile the end user behavior

Enhancing Convenience via Product Innovation

- Unified Cash, Payment and Trade Portal
- Enterprise Payments Hub moving entire real time payments stack to a cloud based environment
- UPI based retail product offering
- Cloud based platform for simplified open banking
- First bank to be certified on Account Aggregator (AA)

Multiple HR Initiatives for Enhanced Employee Experience & Engagement

HR Mobile App: One Stop Solution for all Employee needs

Many questions one assistant

INTRODUCING **INDY**
A CHAMPION TO HELP YOU ANYWHERE, ANYTIME

IndusInd
Digital. Connected. Personal.

Scan the QR code to download the app

- Interactive platform to answer employee questions
- Enhanced employee experience
- Remote support: Anytime, Anywhere 24x7
- Fast & personalised response
- 1 Direct action from bot for leave, payslip, attendance regularization etc.
- 2 Raise Ticket for Service request
- 3 Track status of ticket
- 4 Natural Language Processing

Curated and Rolled out Multiple Activities and Programs for Women Employees under ELEVAT



Gamified Learning Modules

IndusInd Bank

SPACE ADVENTURE

Presenting our new game based module on **Operational Risk Management**

Here is your chance to get an in-depth overview of Operational Risk Management, including the 5 steps of the ORM process.

START NOW

You can now access this E-Learning Module on your Mobile. Download the Indus Evolve App. now!

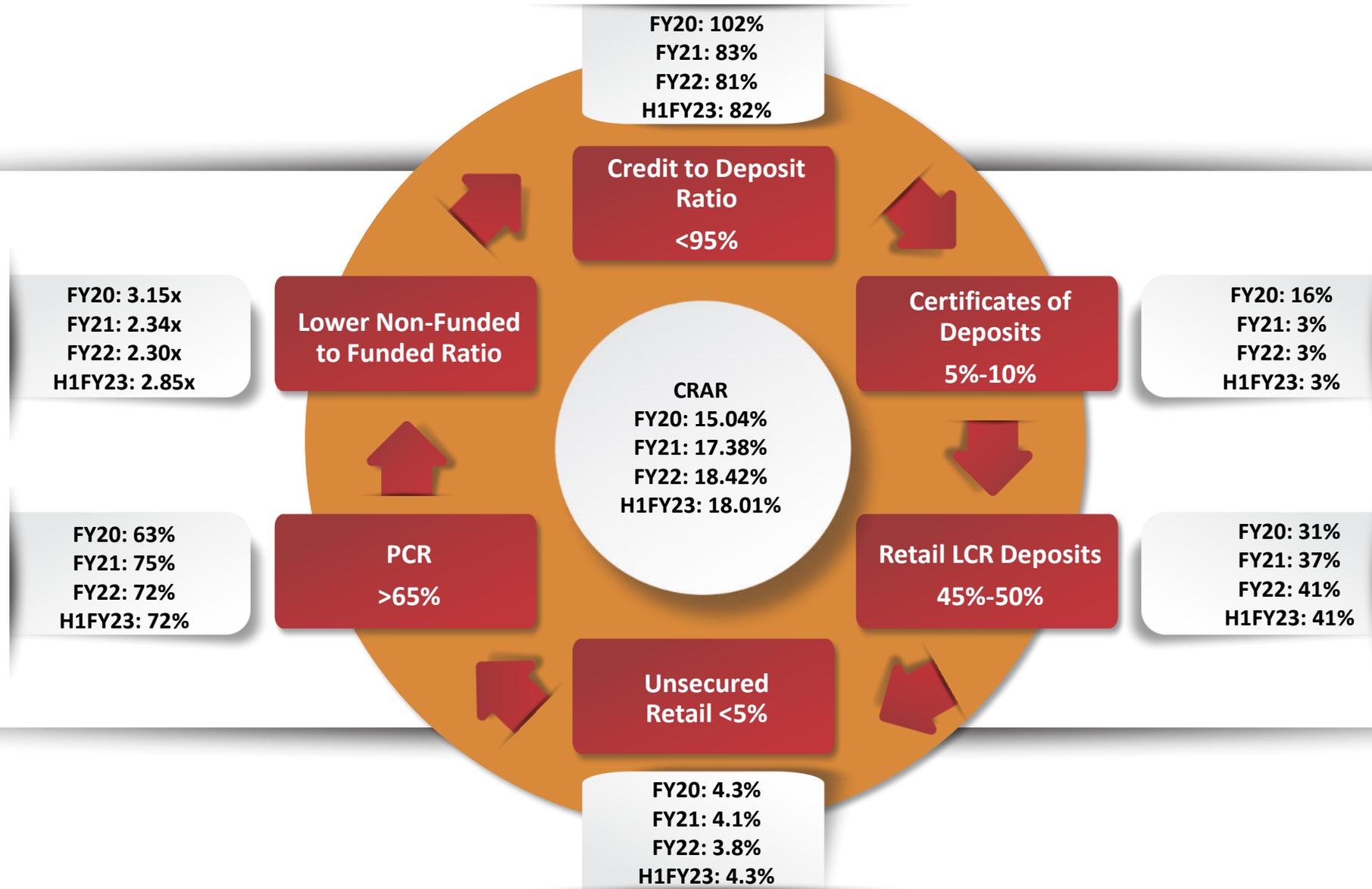
Team Learning & Development
Human Resources

For Internal Circulation Only.

AI based Chat Bot with 24x7 Support



Overall, We have moved towards Improving Sustainability of Organisation



1

Backdrop of the Bank's Strategy

2

Building Blocks in Place

3

Focused on Sustainable Growth



Themes for the Coming Years: Growth with Sustainability

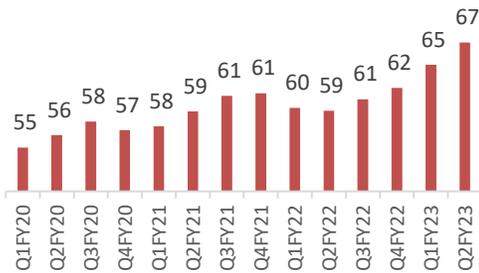


1

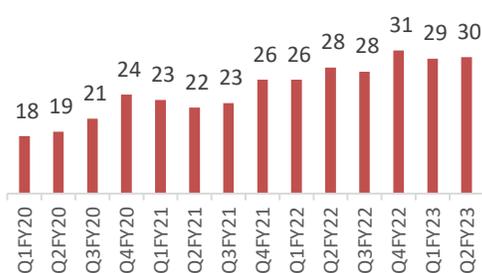
Acceleration in Loan Growth Led by Areas of Domain Expertise

Steadily Pivoting towards Loan Growth

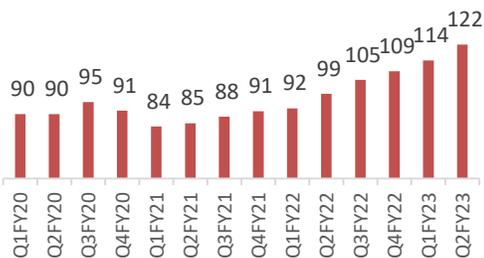
Vehicle Finance Loan Book (Rs.'000cr)



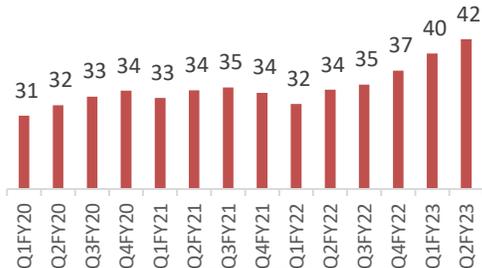
MFI Loan Book (Rs.'000cr)



Corporate Loan Book (Rs.'000cr)



Non-Vehicle Retail Loan Book (Rs.'000cr)



All Businesses are Poised for Loan Growth Acceleration

1

Domains Poised for Loan Growth with Cyclical Recovery

2

Growing Corporate Book under Revised Risk Framework

3

Scaling up Sub-scale Businesses

Deposit Mobilization to Continue Apace; Multiple Initiatives in Place

Multipronged Strategy in Place with Data Intelligence Driven Client Engagement Approach

Best-in-Class Experience at "PIONEER" Branches



Doorstop Banking with Bharat Money Stores across 7,000+ villages



1

Strengthening the Core Business

- Branch Network Expansion
- Market Share Gain in Home Markets
- SKY (Digital) Branches to boost productivity
- Leveraging Inter BU Synergies

2

Continue Scaling New Initiatives

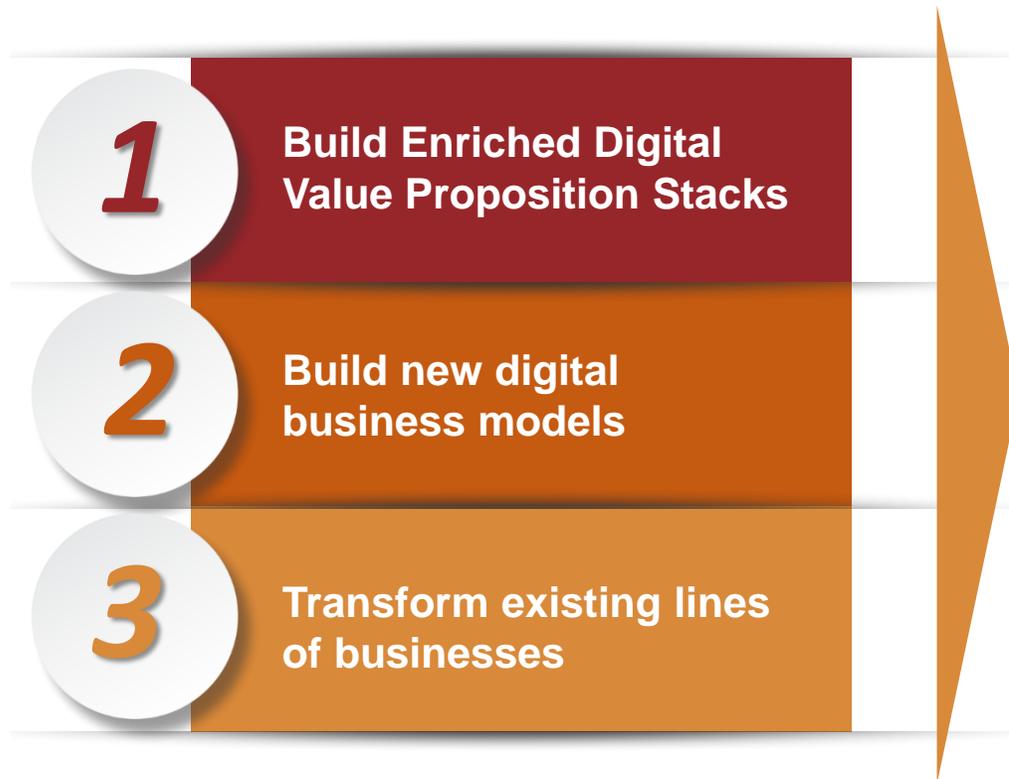
- Affluent Banking
- NRI Banking
- SME Banking/Business Owner Segment
- Rural Banking

3

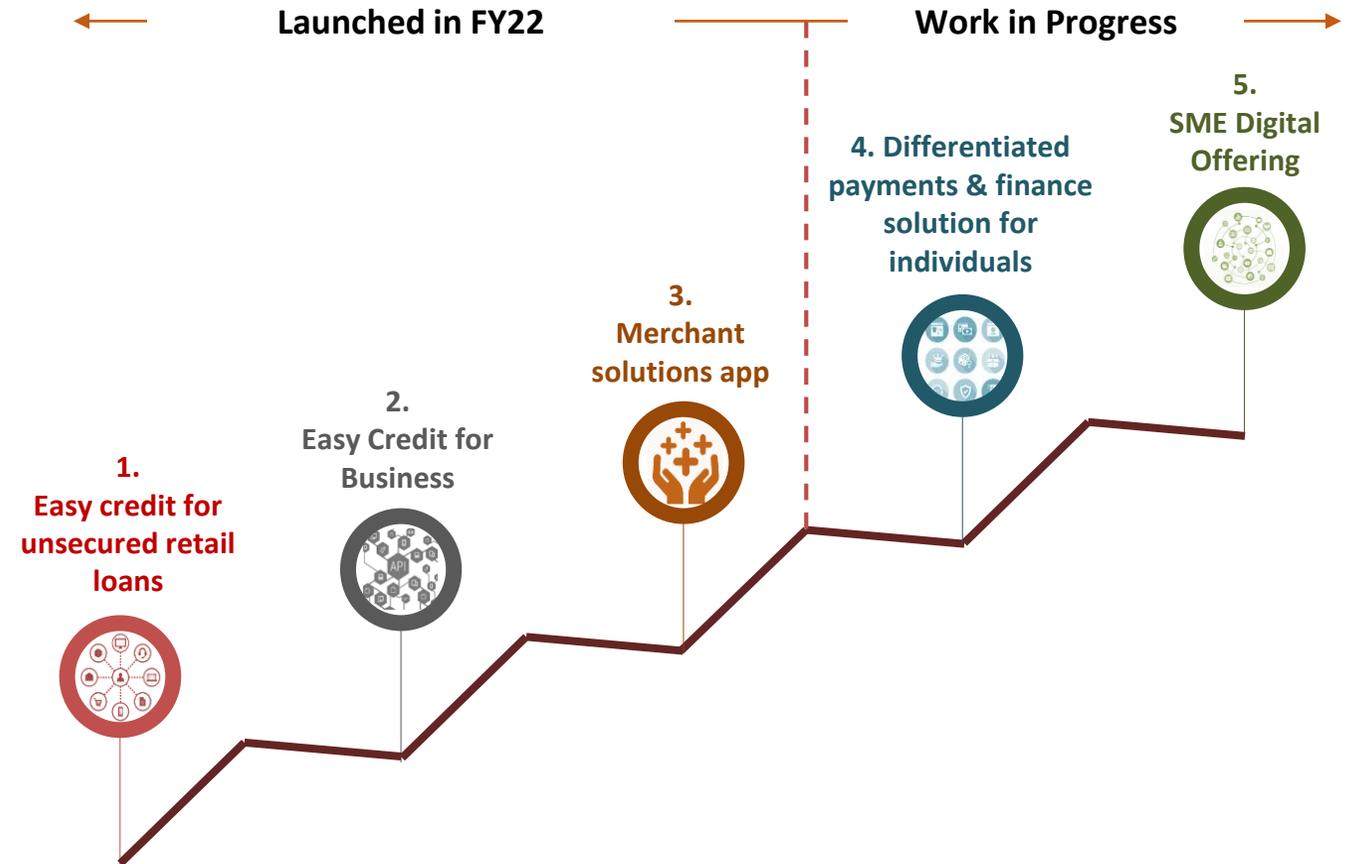
Invest to Boost Growth

- Merchant Acquisition (Digitally enabled offering for enterprise merchants)
- Agency Business
- Digital initiatives focused on individuals, SMEs etc.

Digital 2.0 Strategy to drive 3 main objectives across business lines



Continued Execution on Our Digital 2.0 Initiatives



4

Scaling-up New Growth Boosters

Scaling Up Existing Initiatives...

Affluent Banking

- Pioneer” offering well accepted in the market
- Product & customer segment expansion to boost growth

NRI Banking

- Ramping-up NR branches, international presence
- End to end digital offerings

Tractor Finance

- Continue dominance with market leadership
- New market expansion

Affordable Housing

- Leveraging vehicle finance distribution network
- Geography focused policies to capitalize on demand

MSME

- Full stack digital offerings across spectrum
- Launch of new product & programs for small businesses

Merchant Acquisition

- Diversifying BFIL asset Book
- Doorstep banking solutions micro retailers generating daily cash-flows

...Adding New Boosters

Home Loans

Investment Banking

Para Banking



Work



Work Environment

1. Recognition & Autonomy
2. Work environment – quality infrastructure
3. Continuous evaluation and feed-forward

Opportunities



Advancement

1. Continuous learning at work
2. Career development
3. Role advancement (horizontal / lateral)
4. Fast-track careers for Hi-PO's

Rewards



Pay & Benefits

1. Market-linked compensation
2. Increments and promotion : linked to role and job-size
3. Fair and Transparent
4. Timeliness

Culture



Affiliation

1. Pride & Trust
2. Collaboration & team spirit
3. Social responsibility
4. Open-door and meritocracy

WORC @ INDUSIND BANK

Sustainable Banking : Integrating ESG with Business, Risk & Operations

2022 Highlights

- Integration of ESG Risk with Credit Risk
- Launch of ESG Theme Products
 - Green Fixed Deposit
 - Risk Sharing with Multilateral Agencies
 - NR Home Coming with Akshay Patra Foundation
- GHG Intensity down from 3.8 to 3.1 MT of CO₂e / Rs crore revenue in 2 years
- Growth in Climate Finance book from 2.85% to 3.26 % of Bank's book*
- Only Indian Bank to be included in Dow Jones Sustainability Year Book
- Highest rating amongst Indian Banks in Refinitiv ESG Rankings

2023 New Initiatives

- Planning for Carbon Neutrality by 2032
- Launch ESG Theme Products
 - Women Entrepreneurship - Focus in Retail Banking
 - Finance for Water Sector - SME & Corporate Bank
 - EV Car Finance – Vehicle finance
 - Solar Rooftop Finance – Personal Loan
- Diversity & Inclusion

*Assurance Certification Underway

We are winning at What Really Matters

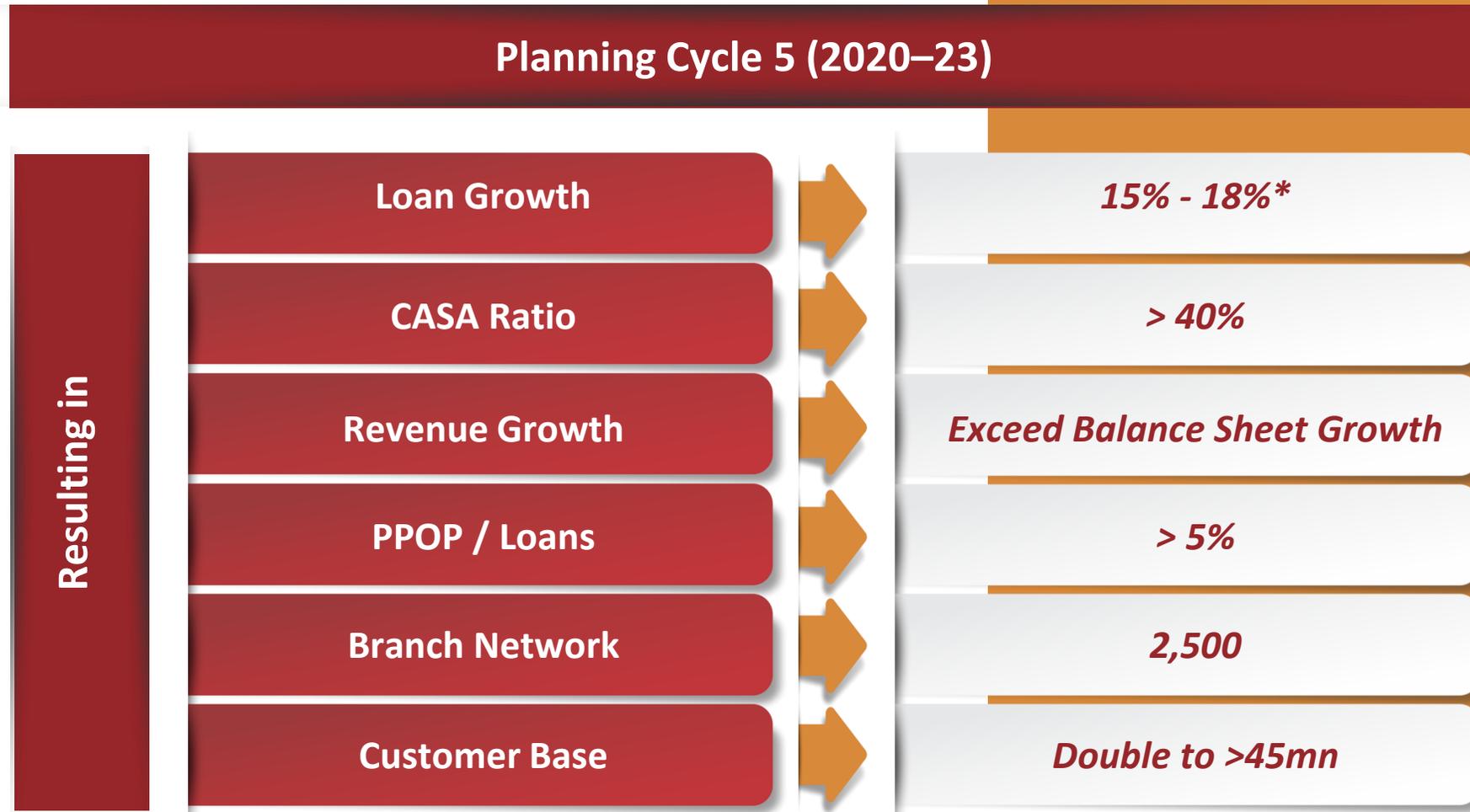
IndusInd Bank is proud to be the **'Best Bank for ESG – India'** at Asia Money Best Bank Awards



Accorded **'Market leaders in ESG'** status by Euromoney for FY 2022

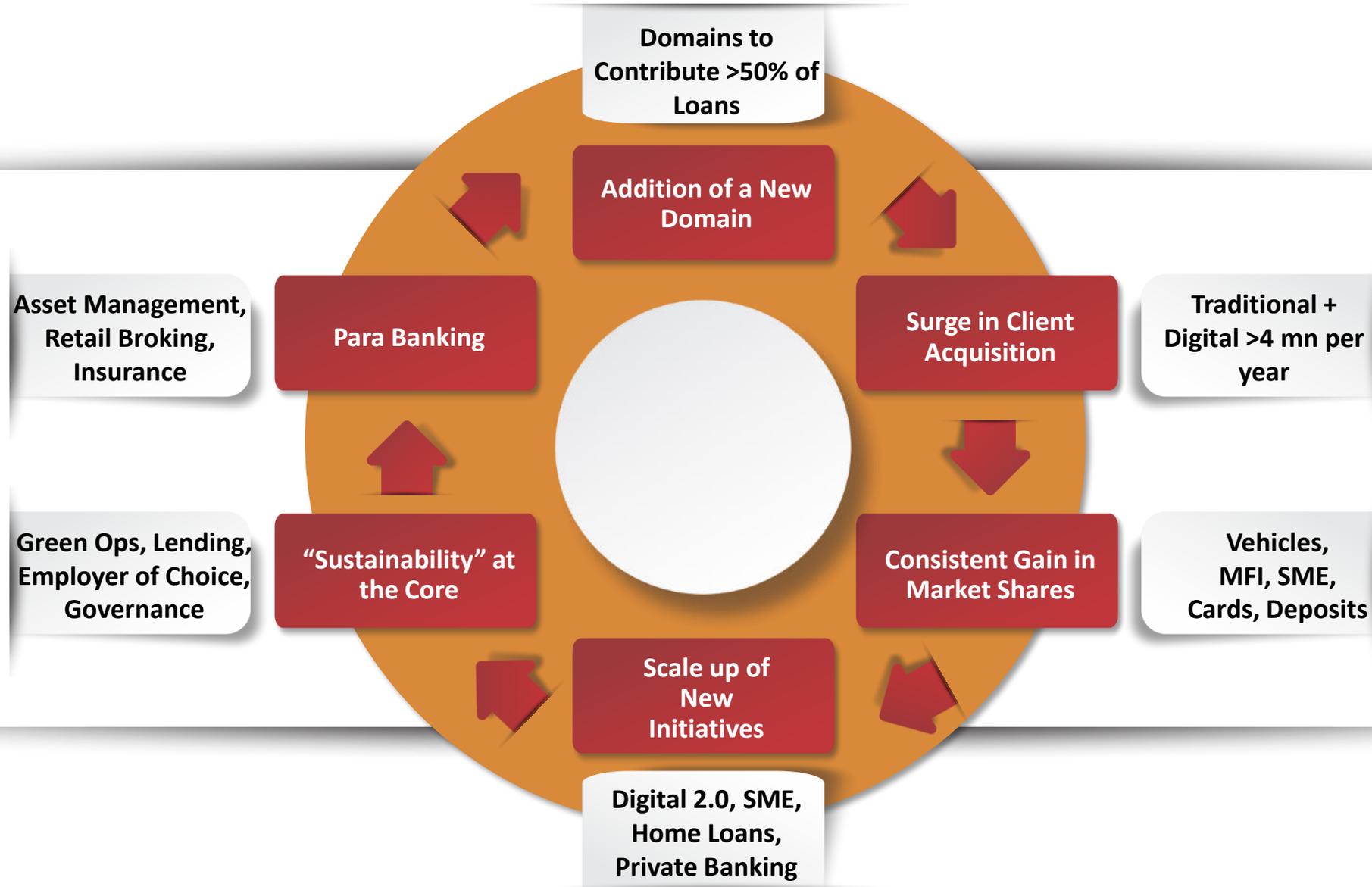


We are thus Committed to the PC-5 Ambitions



* For FY22-FY23

A Peep Into Potential "Planning Cycle 6"



Potential Initiatives to Drive the Themes

Ramping up Secured Retail Assets

Micro Banking in Rural India

Used Vehicles Scale-up

INDIE Launch & Scale-Up

Investment in Distribution

Doubling of Affluent & NRI Business

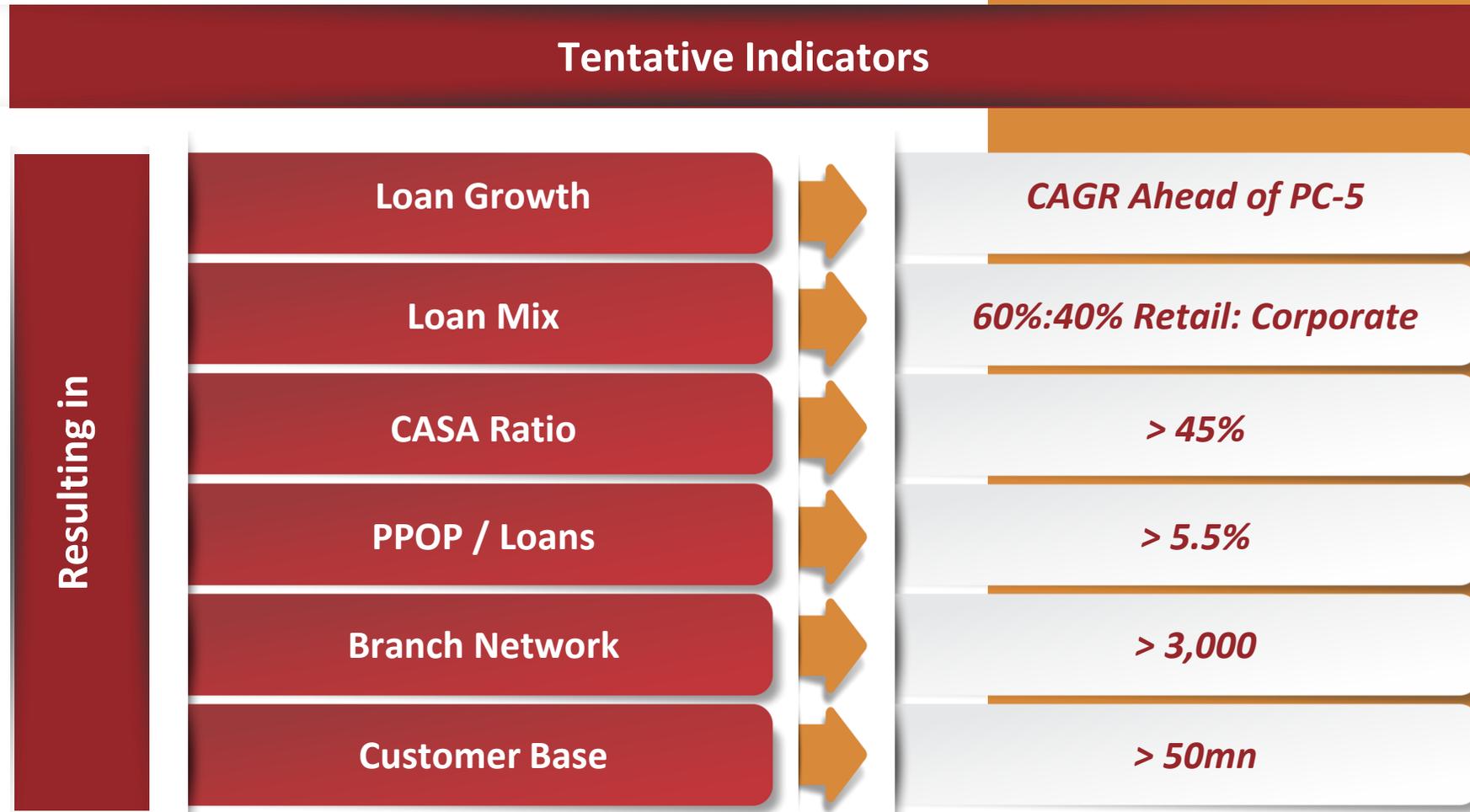
Driving SME & MSME Penetration

Imbibing ESG in Business

Addition of 4th Domain / Para Banking Opportunities



Potential "Planning Cycle 6" Outcomes



THANK YOU



Disclaimer

This presentation has been prepared by IndusInd Bank Limited (the "Bank") solely for information purposes, without regard to any specific objectives, financial situations or informational needs of any particular person. All information contained has been prepared solely by the Bank. No information contained herein has been independently verified by anyone else. This presentation may not be copied, distributed, redistributed or disseminated, directly or indirectly, in any manner.

This presentation does not constitute an offer or invitation, directly or indirectly, to purchase or subscribe for any securities of the Bank by any person in any jurisdiction, including India and the United States. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. Any person placing reliance on the information contained in this presentation or any other communication by the Bank does so at his or her own risk and the Bank shall not be liable for any loss or damage caused pursuant to any act or omission based on or in reliance upon the information contained herein.

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Further, past performance is not necessarily indicative of future results.

This presentation is not a complete description of the Bank. This presentation may contain statements that constitute forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially include, among others, future changes or developments in the Bank's business, its competitive environment and political, economic, legal and social conditions. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Bank disclaims any obligation to update these forward-looking statements to reflect future events or developments.

Except as otherwise noted, all of the information contained herein is indicative and is based on management information, current plans and estimates in the form as it has been disclosed in this presentation. Any opinion, estimate or projection herein constitutes a judgment as of the date of this presentation and there can be no assurance that future results or events will be consistent with any such opinion, estimate or projection. The Bank may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such change or changes. The accuracy of this presentation is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the Bank.

This presentation is not intended to be an offer document or a prospectus under the Companies Act, 2013 and Rules made thereafter, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended or any other applicable law.

Figures for the previous period / year have been regrouped wherever necessary to conform to the current period's / year's presentation. Total in some columns / rows may not agree due to rounding off.

Note: All financial numbers in the presentation are from Audited Financials or Limited Reviewed financials or based on Management estimates.

