

IndusInd Bank

June 6, 2017

**The Asst. Vice President
Listing Department
National Stock Exchange of India Ltd.**
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (East),
Mumbai – 400 051

**The Deputy General Manager
Corporate Relationship Dept.**
BSE Ltd.
1st Floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Fort
Mumbai – 400 001

NSE Symbol: INDUSINDBK

BSE Scrip Code: 532187

Dear Sir,

Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

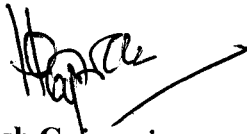
We enclose herewith the Presentation on 'Indian Banking – Topical Themes' made in Mumbai today, June 6, 2017, at the Morgan Stanley Conference.

In compliance with the Regulation 46, the Presentation is also being hosted on the Bank's website at www.indusind.com.

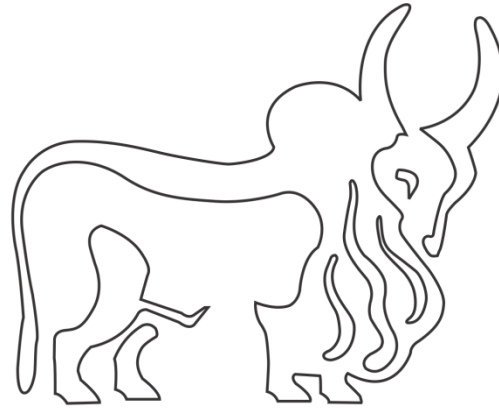
Kindly take the same on record and oblige.

Thanking you,

Yours faithfully,
For IndusInd Bank Limited


Haresh Gajwani
Company Secretary





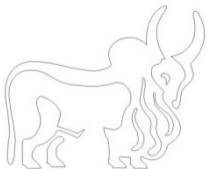
IndusInd Bank

Morgan Stanley Conference
Indian Banking: Topical Themes

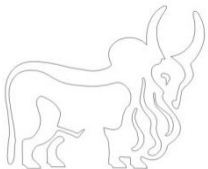
June 06, 2017

Agenda

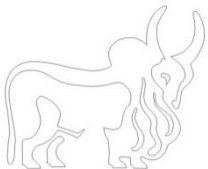
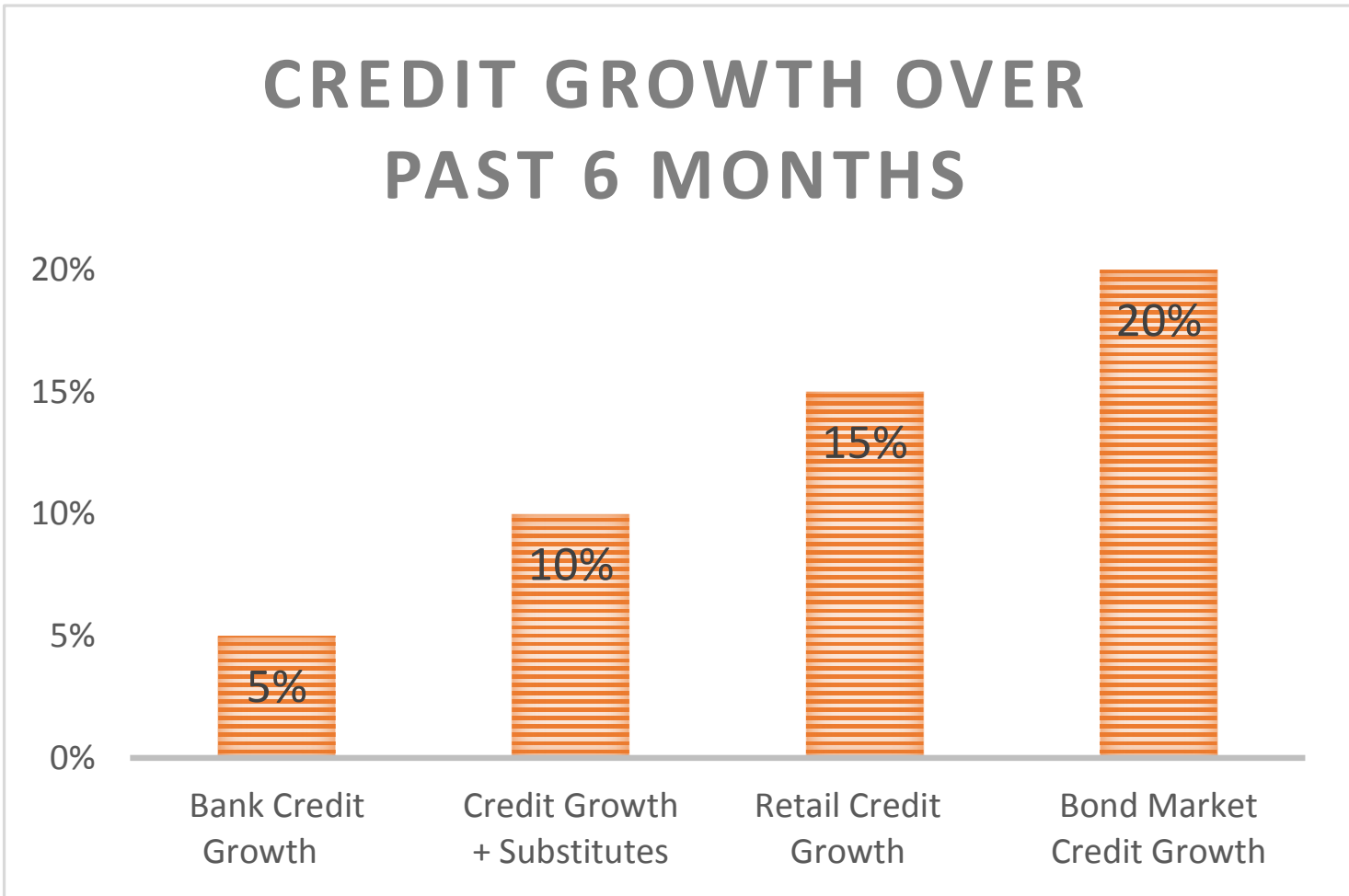
- Shifting Sands within the Financial Sector
- Emerging Themes in IndusInd Bank & Banking Industry



Shifting Sands within the Financial Sector

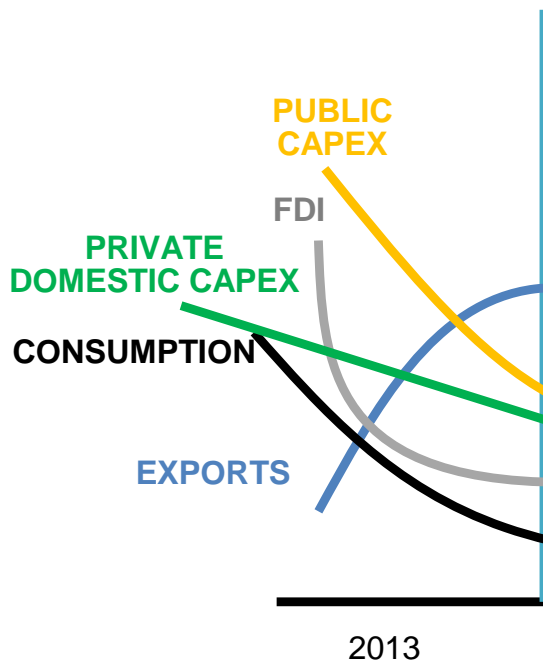


Credit Growth not the worst; Composition Changing



2018 Private Capex Revival in sight

MACRO ADJUSTMENT,
WEAK TREND IN
DOMESTIC DEMAND.



CRP > CURRENCY REPLACEMENT PROGRAM

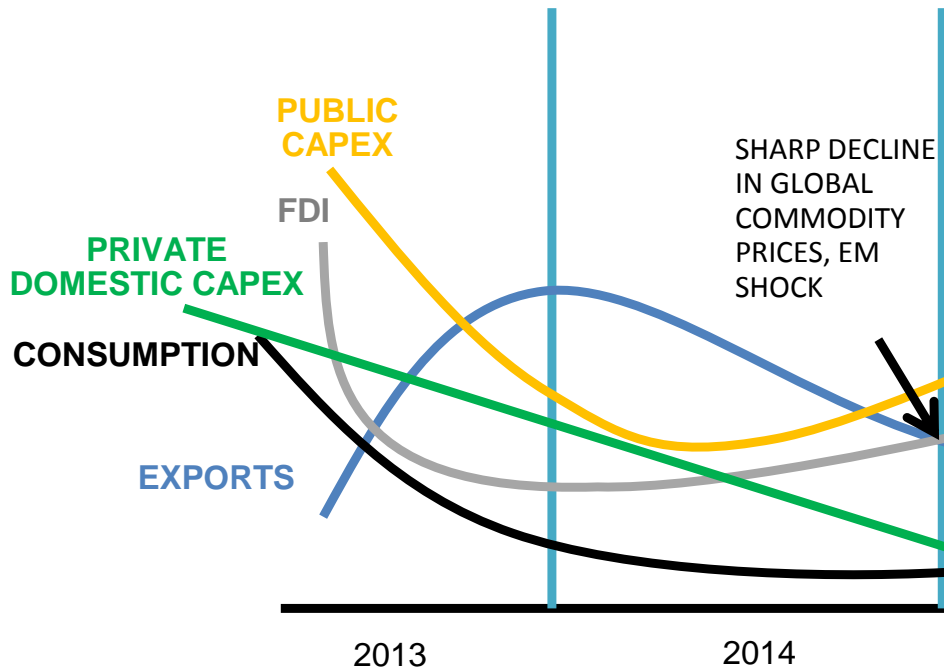
Stylised representation of growth recovery cycle: Morgan Stanley Research

IndusInd Bank

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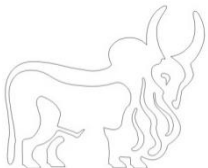
DOMESTIC DEMAND
STILL WEAK.
EXTERNAL DEMAND
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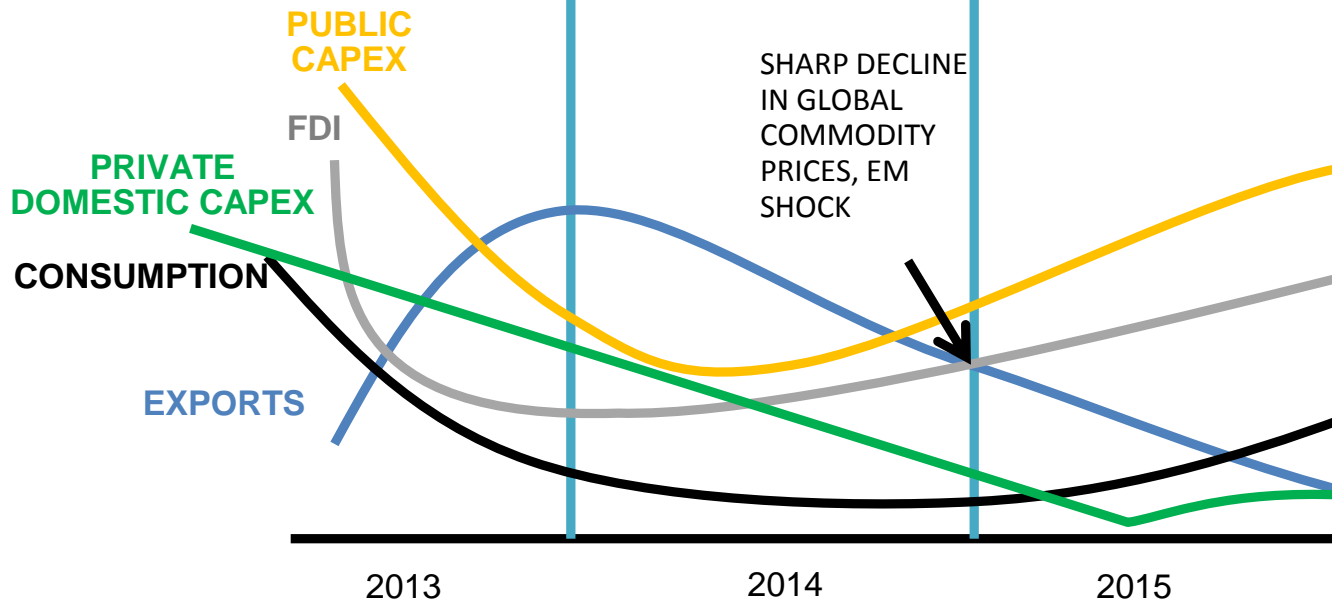


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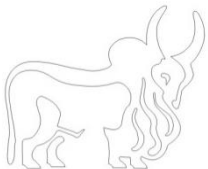
MACRO ADJUSTMENT
COMPLETE. GROWTH
IMPROVES LED BY
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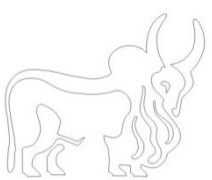
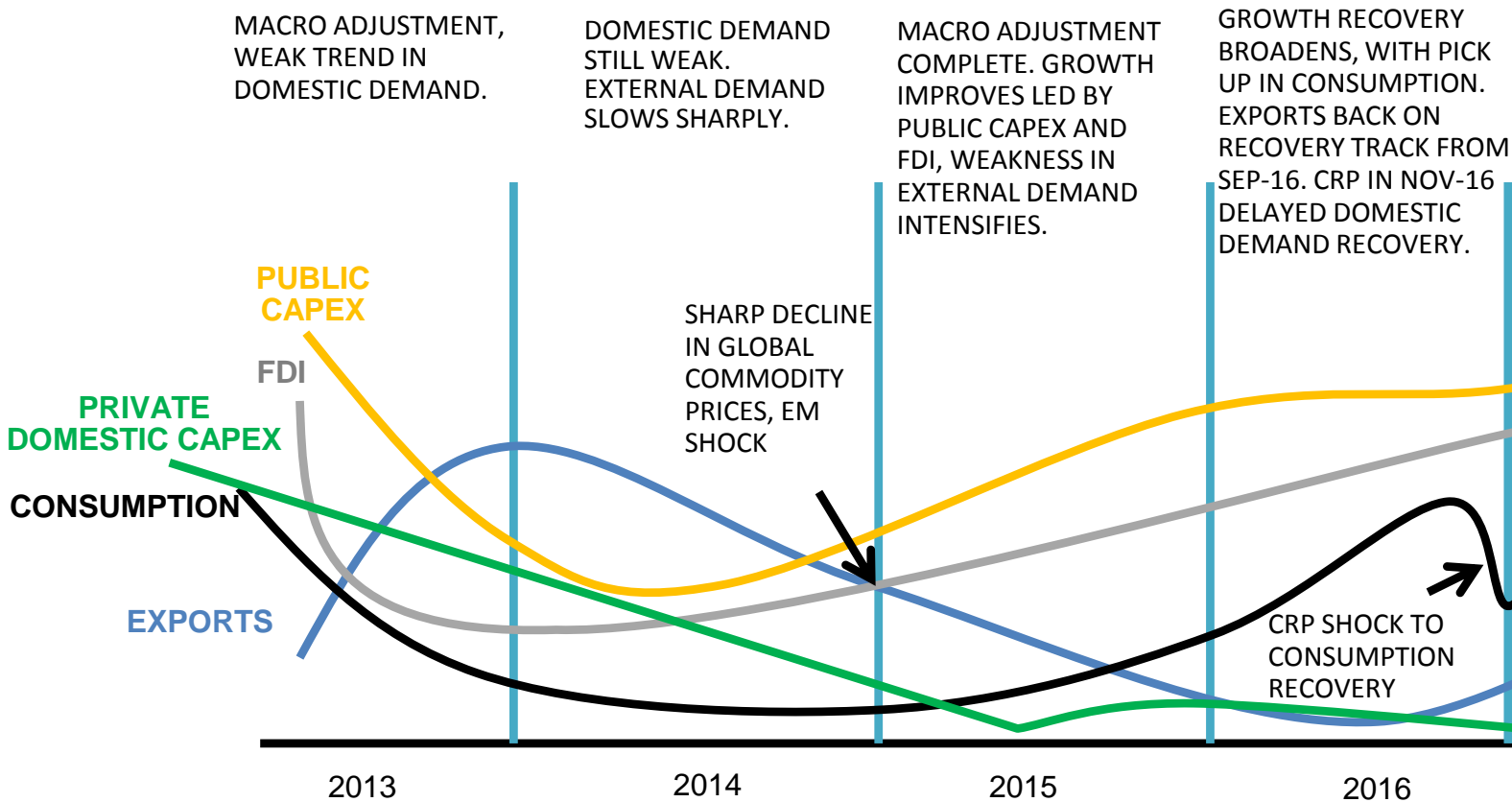
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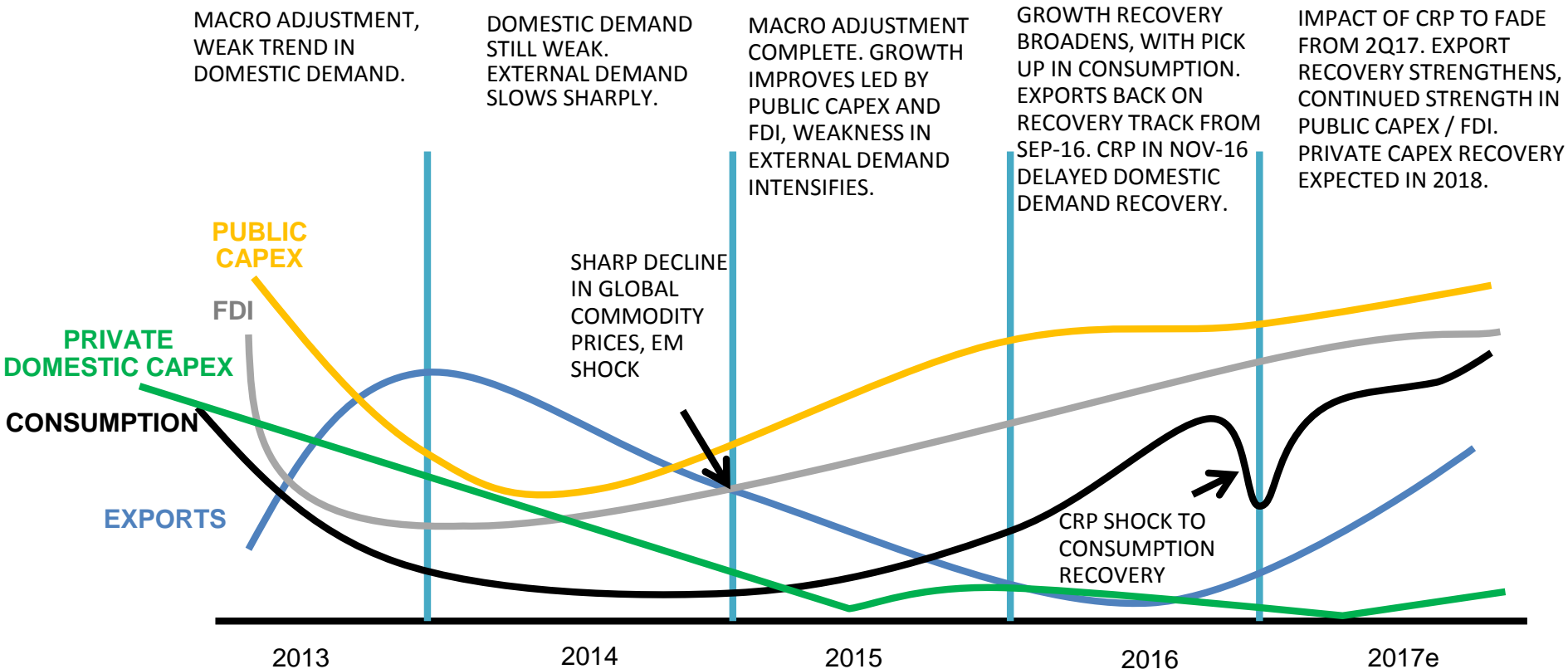


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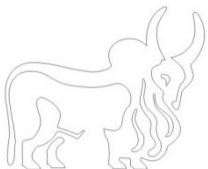
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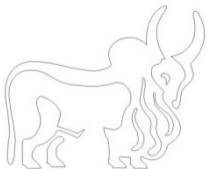
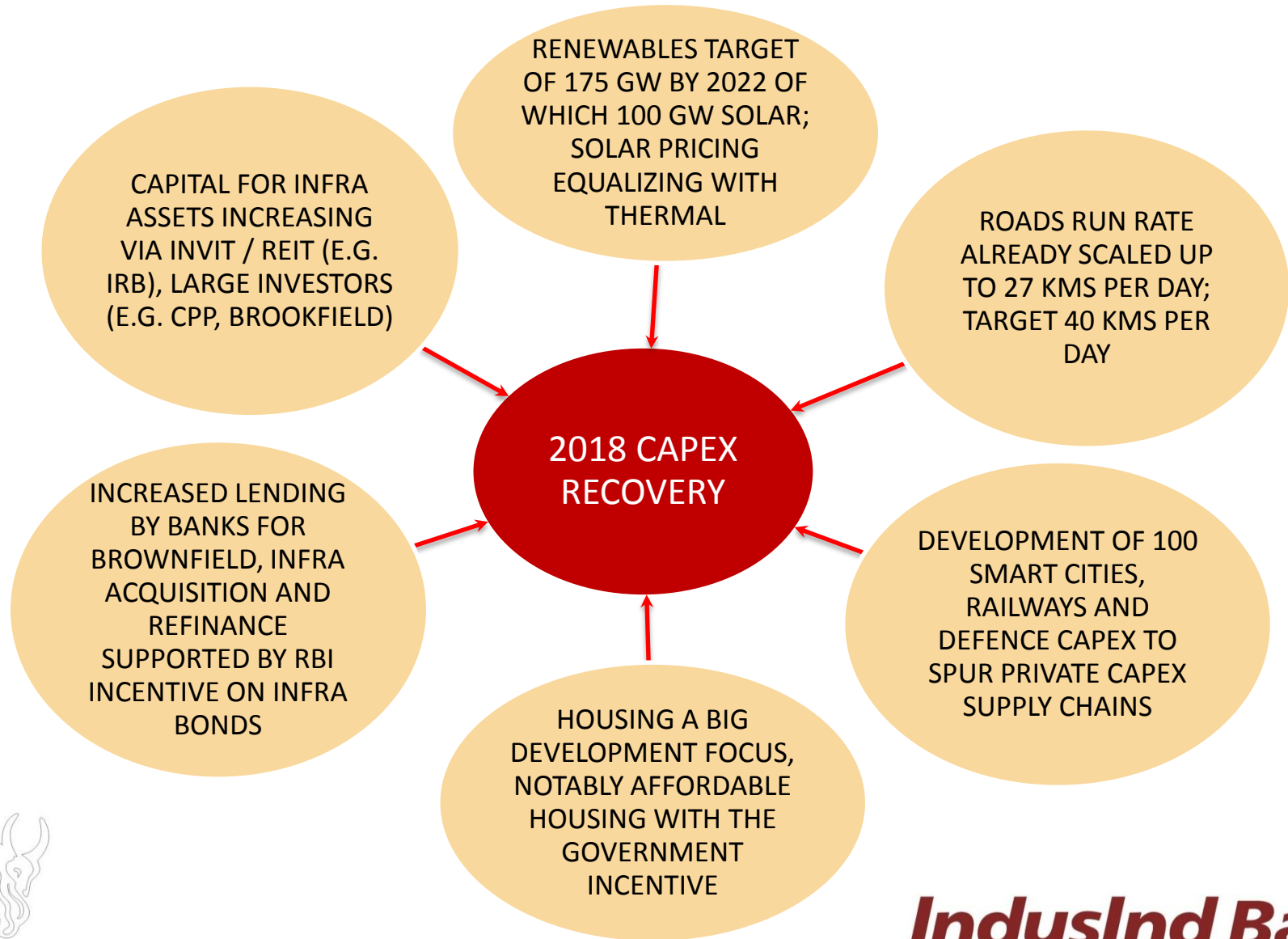
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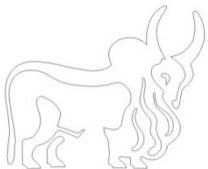
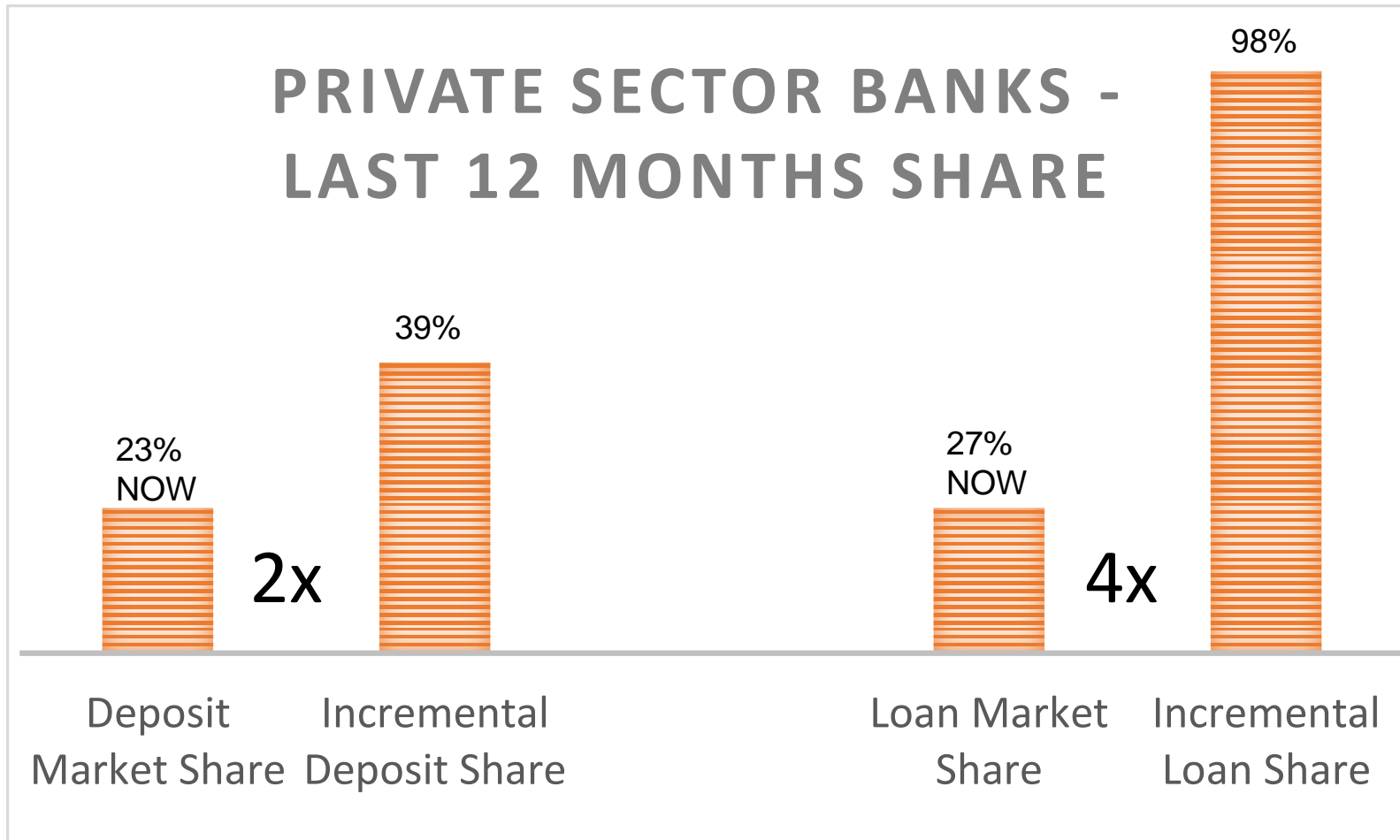
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Sources of Private Capex showing early stage pick up



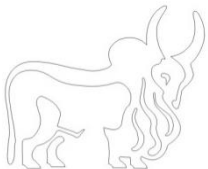
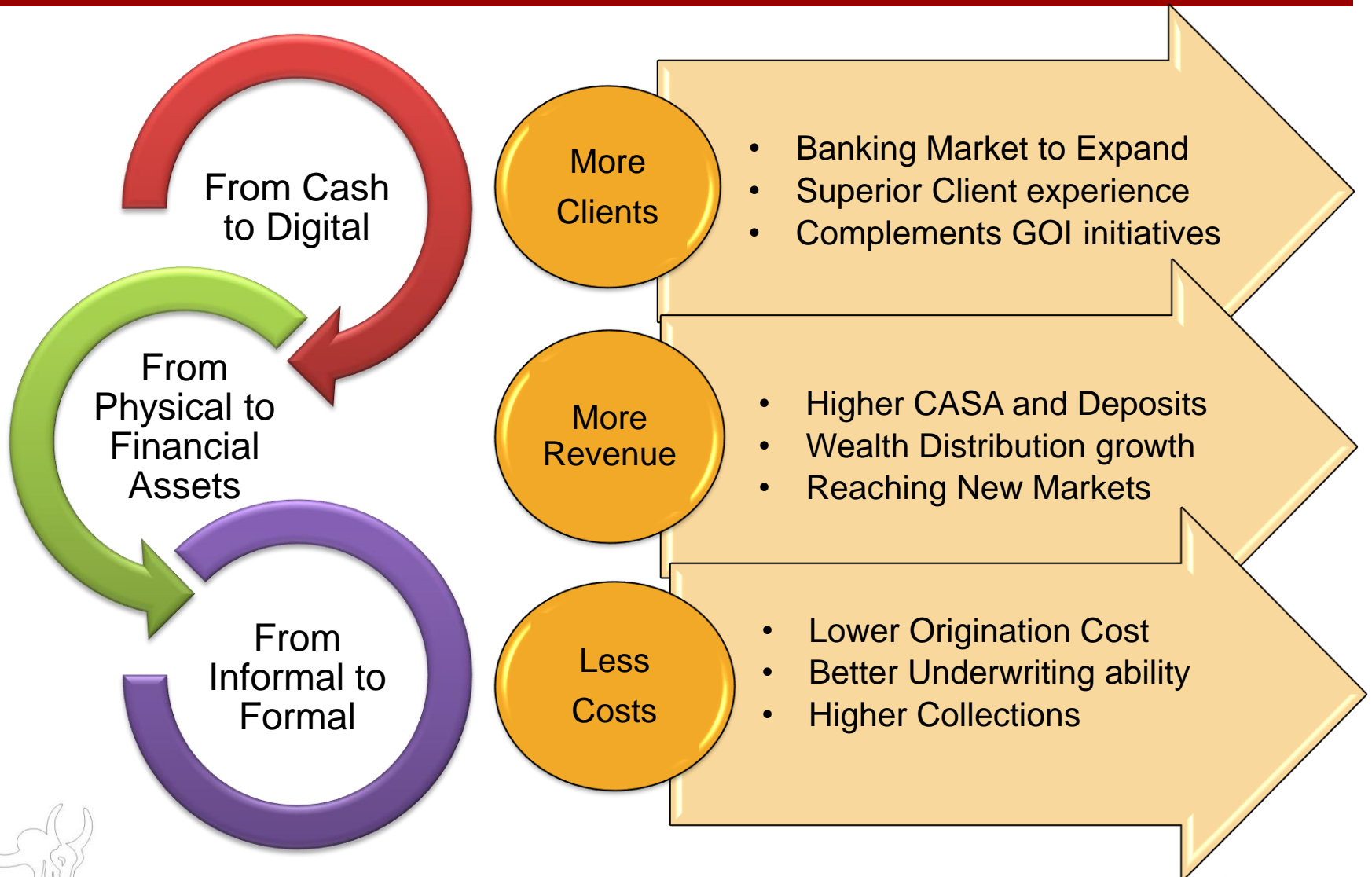
Market share shift has accelerated last 12 months



Data for Private Sector Banks versus PSU Banks only

IndusInd Bank

Demonetization also causing shifting sands



Margin headwinds and coping strategies

Industry Trends

Insight

Our Approach

MCLR has dropped sharply in past 6 months

Bank books re-pricing (gains on investment book recorded)

MCLR to AA & AAA with X sell based on client wallet analysis

Savings Bank rates static

GSECs down 2% but Savings rate remain @ 4% for most

Our Savings Bank buckets have been adjusted downward

Current Account opportunity

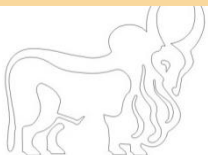
Very challenging to grow free float money

Government wallet for e-marketplace. ISSL acquisition.

Retail Credit spreads

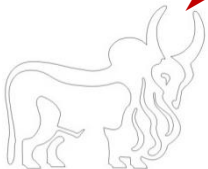
Mortgage and auto financing pricing cut to the bone; other segments some spread compression

Increased mix change towards granular Retail businesses

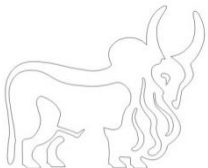


Regulator supportive of M&A

- Market speculation at an all time high; not without reason
- Apparent to some players they will find the going difficult on stand-alone basis
- We don't get swayed by noise, focus remains on key drivers:
 - Differentiated offering or business with domain expertise
 - Accretive to all vectors, not just EPS, on Day 1
 - No contamination nor integration risk to our existing business
 - Ability to hit the ground running & transform acquisition in 12 to 18 months
 - Prefer “bolt on” businesses, by “lift and drop” with minimal integration risk

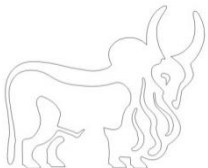


Light at the end of the Asset Quality Quagmire

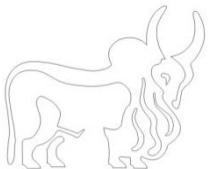


Views on Microfinance

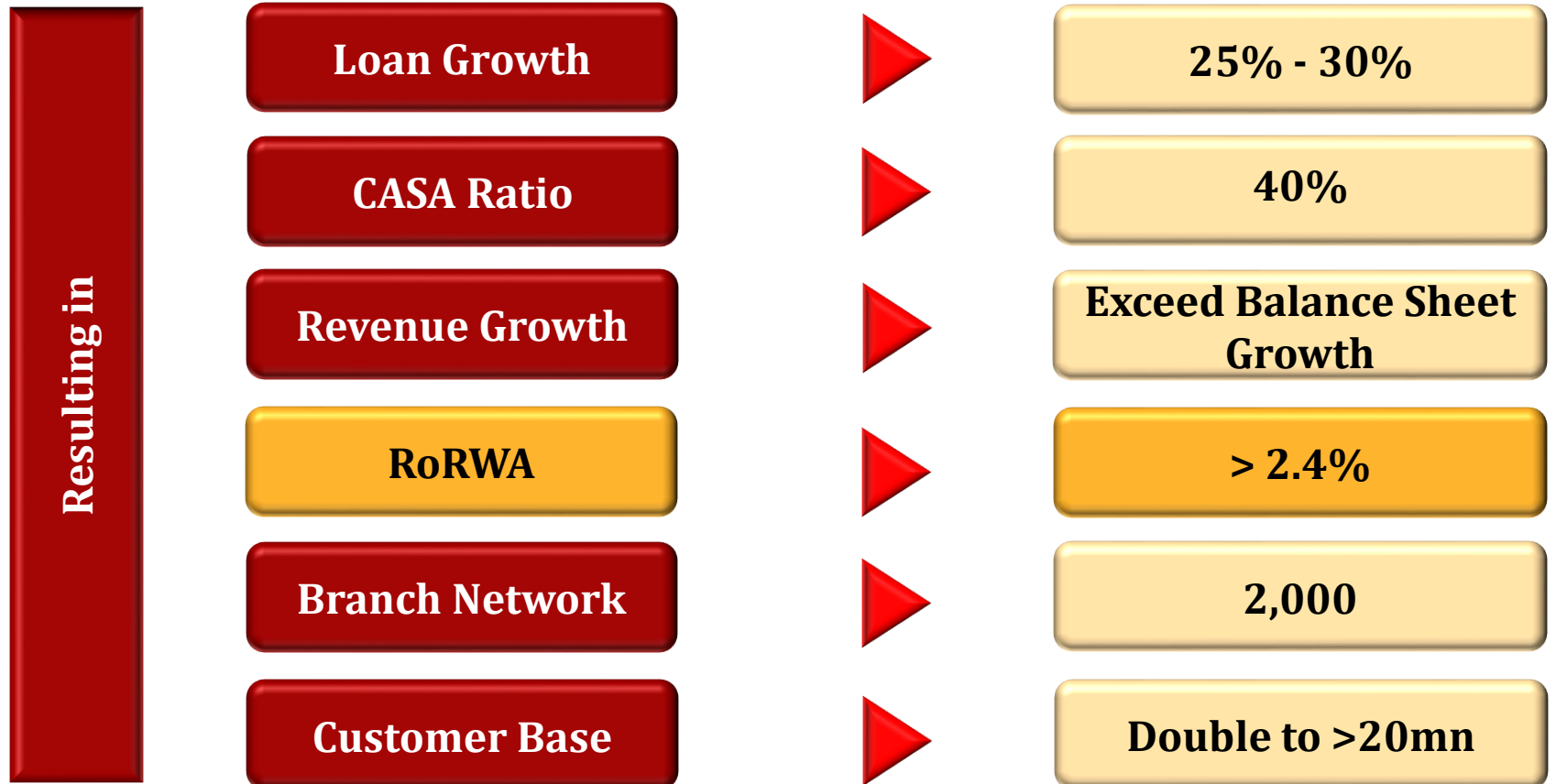
- Long period average shows Microfinance does not give stress
- Other than a few hot-spots; collection efficiency is now above 97%
- Livelihood loans and Credit Bureau reports are powerful incentives to pay
- Some elements playing in muddy waters, but regulatory environment supportive
- MFI market may see some weaker players /aggressive practices being punished
- For well organised players expect dust to settle in 2 quarters with some credit costs; emerge fitter for a continued, if slightly moderated, growth recovery



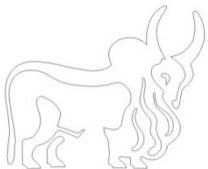
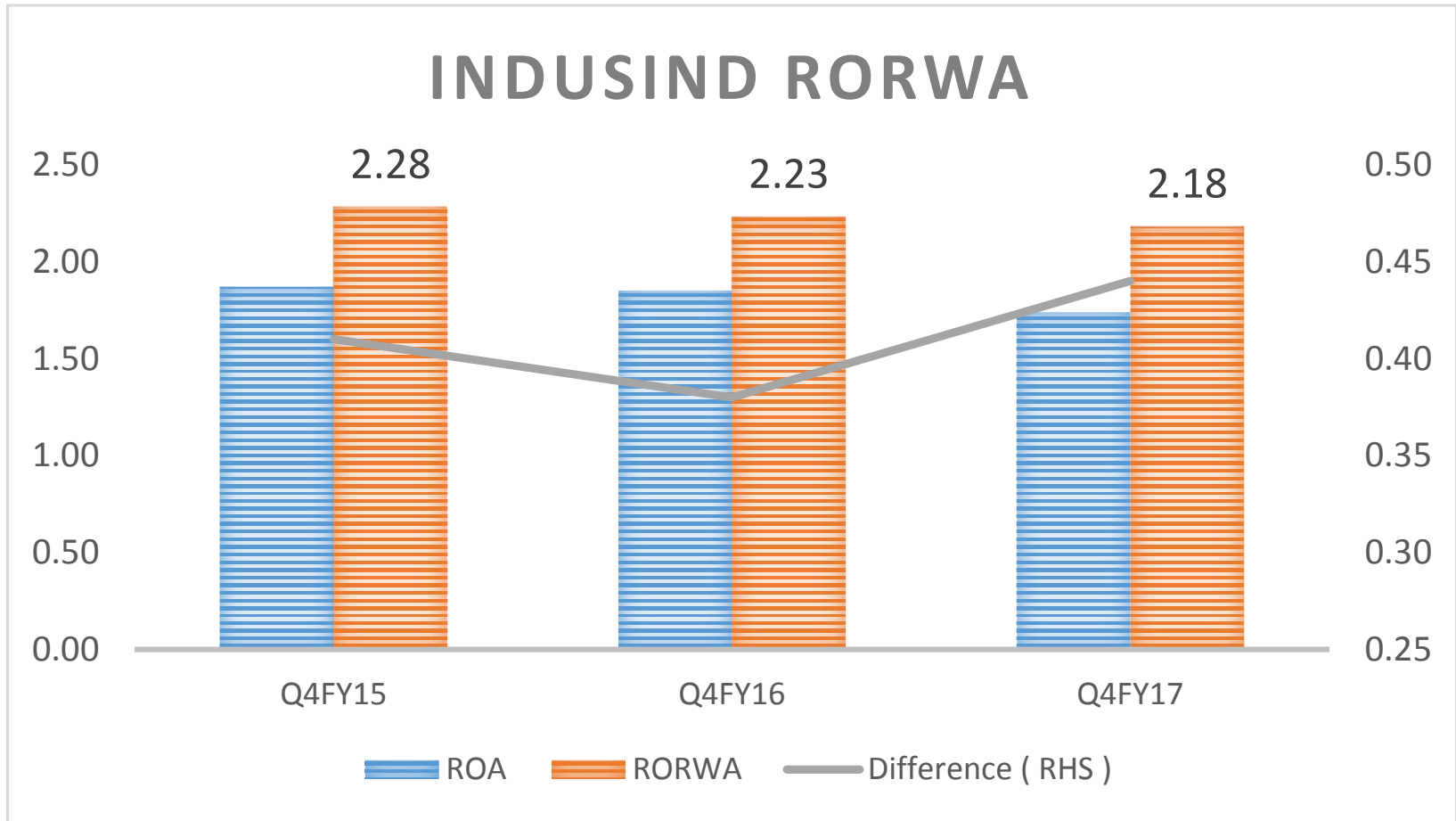
Emerging Themes in IndusInd Bank & Banking Industry



New Pillar of Growth: RORWA



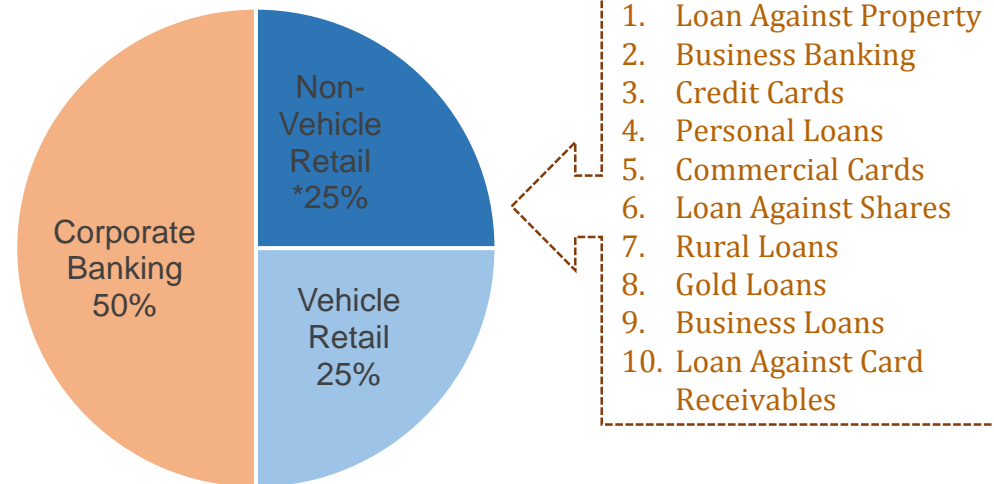
Return on Risk Weighted Assets (RORWA)



RORWA Ambition to be with Best In Class

- RORWA a measure no bank is disclosing, normally restricted to ROA & ROE
- The vector reflects the risk and capital utilized in generating ROA & ROE
- We have a target to go from 2.18% levels in Q4FY17 to >2.4% in 3 years

Loan Mix – 2020 Ambition



- Key Drivers:
 - Change in Retail to Wholesale Mix to 50 / 50 driven by the non vehicle retail portfolio
 - Improvement in the risk profile of the Corporate Book aided by MCLR (lower risk, not lower ROE)
 - Driving execution of this strategy into the businesses at granular level (wallet planning, loan pricing tools, SMART Objectives)



Fast Evolving Strategic Themes



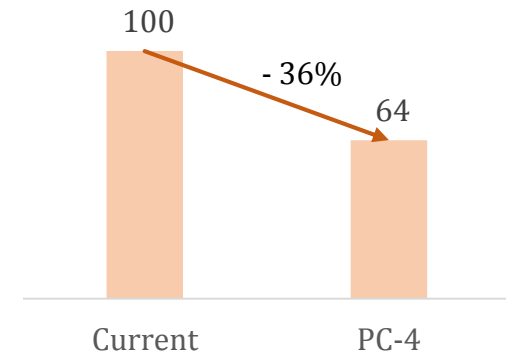
Digitize to Differentiate, Diversify & create Domain Expertise

■ Integrated Digital Strategy to extract significant value (14% of 2020 profit) via:

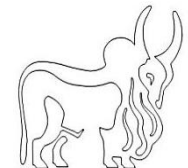
1. Agility & Innovation as Service Differentiator
2. Operating Efficiency in Front & Back Office
3. Evolution to Online/Digital Channels
4. Partnering with the Digital Ecosystems
5. Improved Decision Making & Analytics
6. Transform to Digital Offerings
7. Re-skilling Staff on Digital Technologies

40% OF PL WILL BE SOLD ONLINE IN FY18

AVERAGE BRANCH COSTS



OVER 20 PRODUCTS SOLD ONLINE



Analytics: Improved Decision Making example

SALES: IMPROVE PRODUCTIVITY THROUGH TAB / MOBILE BASED LEADS AND SALES MANAGEMENT



FRAUD: ENHANCED OPERATIONAL RISK CAPABILITY FOR FRAUD AND AML MANAGEMENT



ENGAGEMENT: SEGEMENT SPECIFIC OFFERS BASED ON SOCIAL DATA, ETC.



360 DEGREE
DIGITAL
ANALYTICS

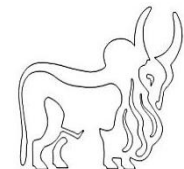
PRODUCTS: ANALYSED PRICING FOR BETTER CUSTOMER PROFITABILITY



CREDIT: RIGHT PRICING RISK, DATA MINING TO PREVENT RISK

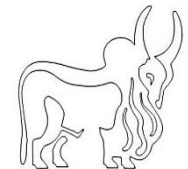


USAGE: MIGRATION TO DIGITAL CHANNELS AND HIGHER TRANSACTIONAL LEVELS



Customer Experience: A Key Differentiator

- Belief that customers will gravitate by “experience” (e.g. Uber owns no Taxis/Drivers)
- Customer Experience Drivers will enhance our CASA by 10,000 crores by 2020:



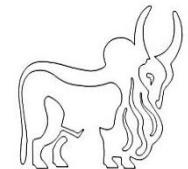
CEM > *Client Engagement Manager*; **CEX** > *Client Experience*

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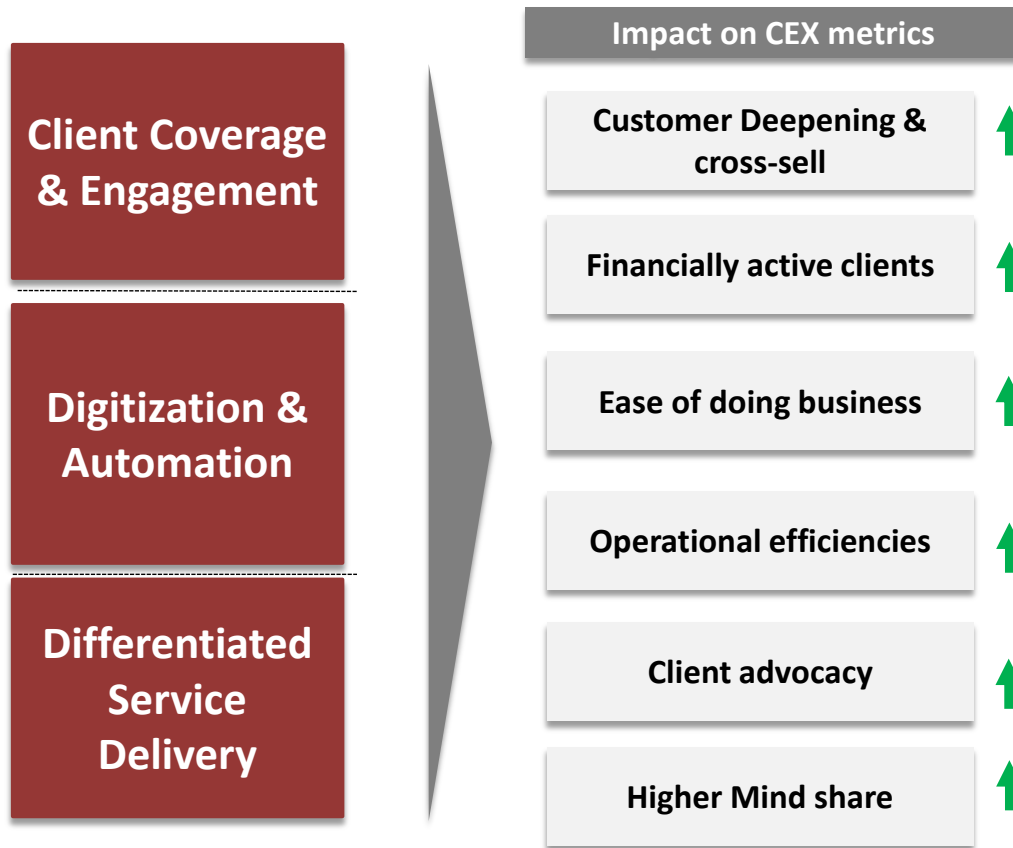


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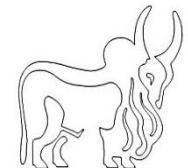


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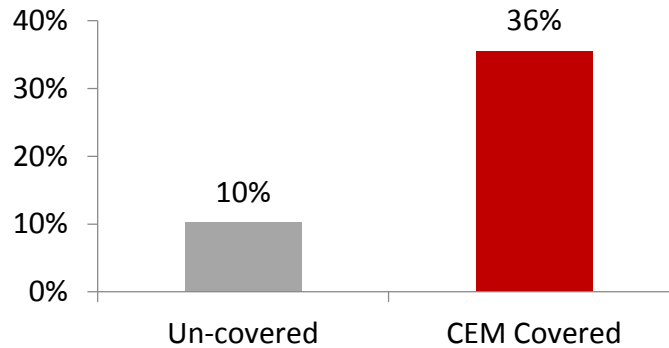


CEM > Client Engagement Manager; **CEX** > Client Experience



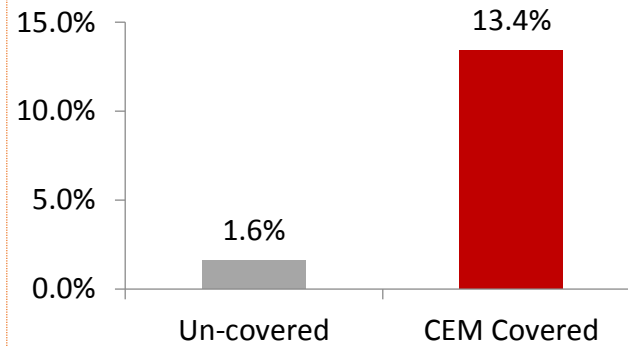
Results from a Managed Segment Pilot

Positive Engagement brings Liabilities Growth



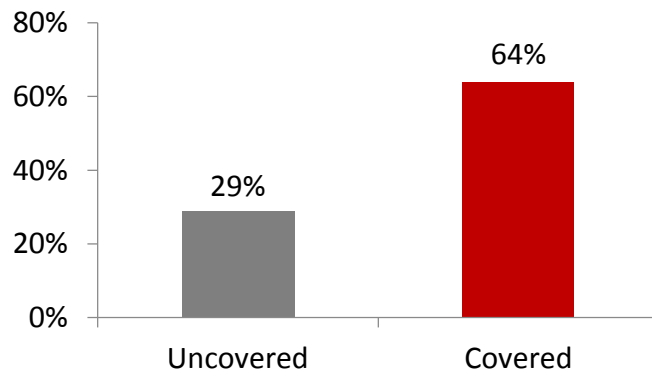
- 3.5x growth of CASA compared to un-covered base

Household Penetration Impact



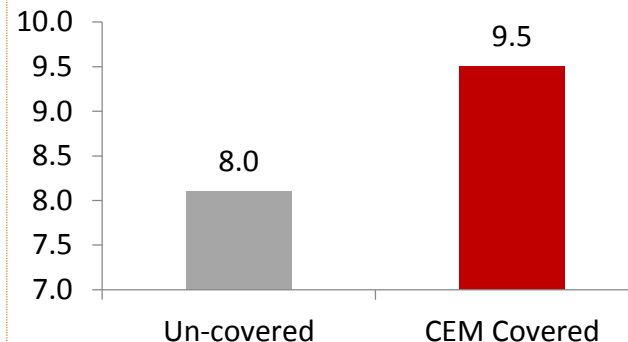
- Grouped Household Customers' Deepening
- Attrition Rate is almost ZERO

Digital Txn Penetration

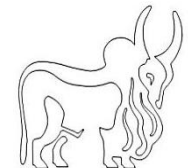


- 65% Higher Digital penetration

Overall Txn / Customer / Mth

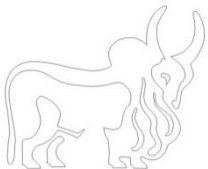


- ~ 20% higher transactions



Sustainable Banking

**How you do business
is more important than
how much business you do !**



Sustainable Banking: Good Ecology is good Economics!

Regulatory Compliance

- ✓ Operational Compliance
- ✓ Market Risk Management
- ✓ Liquidity Management
- ✓ AT-1 Capital Issuance
- ✓ IT & Information Security
- ✓ Reputation Risk Management
- ✓ Strategic Risk Management

Environmental

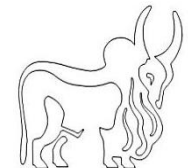
- ✓ Solar ATMs
- ✓ Thin Servers
- ✓ Waste Management
- ✓ Green champions
- ✓ LEEDs certified building
- ✓ Financing Renewable Energy
- ✓ Afforestation Projects

Social

- ✓ Water rejuvenation projects
- ✓ Micro Credit
- ✓ Rural Branches
- ✓ Para Champions
- ✓ Priority sector compliance
- ✓ Legal and Financial literacy
- ✓ Critical care support

Governance

- ✓ Board Level CSR Committee
- ✓ 6 Years of Sustainability Reporting
- ✓ Participation in CDP, DJSI Surveys
- ✓ Environmental Lending Policy
- ✓ Integrated Financial Reporting

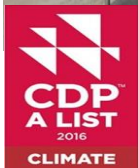




ENVIRONMENT



- 35,000 trees planted through our afforestation projects with Satpuda Foundation and CERE (Centre for Environmental and Research Education) in Maharashtra
- Solarizing Bank's ATM and premises with 100 additional grid tied ATMs in addition to existing 100 solar ATMs
- Energy Reduction Initiatives: Greening our IT environment, LEED certification of our premises
- Green Procurement and Carbon Footprint Assessment of Key Suppliers
- GHG Accounting and Inventorization: External Assurance of GHG data
- Sustainability Reporting since 2010, Sustainability Disclosures, Sustainability Indices,
- Recognised leader in Carbon Disclosure Project





Rural Development

Before



After



Water Conservation Project at Satara, Maharashtra

- Refurbishment & Strengthening of Check Dam at Ghigewadi on river Vasna in Satara, Maharashtra
- Enhanced Water Storage Capacity – 97.5 Million Litres
- Land Area covered: 110 Hectares.
- Larger project benefits close to 1,00,000 occupants.

Financial Inclusion & Rural Banking:

- Financing and microcredit for weaker sections, especially women. Created entrepreneurial opportunity for 2 Million households in 110 districts in 14 States
- Financing and Micro-Credit for priority sectors

Digital Literacy in Rural India through the PMG-Disha (PM's Digital Literacy Programme):

To cover 1 Lakh people in rural areas of 5 states





HealthCare & Sanitation



SUPPORT – SAPHALE PROJECT

Post Detoxification of drug addicted young adults at Mumbai, long term residential rehabilitation is undertaken at Saphale, Maharashtra where basic Vocational Skills like Carpentry, Welding, plumbing etc. are imparted

IndusInd Swachh Vidyalaya

Bank constructed/ refurbished toilets in 46 schools in Kolhapur Maharashtra and 24 Eastern U.P. benefitting over 5000 children. Bank also maintained these toilets over a year

Treatment of Cancer Affected Children

Bank supports treatment of cancer affected children in partnership with the Bhagwan Mahaveer Cancer Hospital and Research Centre (BMCHRC), Jaipur.



Education



Legal Literacy Programme for Women

- Legal Literacy programme In partnership with Samhita our Business Correspondent, Samhita to cover 65,000 women across Madhya Pradesh
- 30,000 women benefitted from the programme in Bhopal, Gwalior, Sagar, Damoh, Sehore and Vidisha districts of Madhya Pradesh
- Community resource persons now being trained to provide paralegal and counselling advice to victims of violence in their neighbourhoods.
- Legal Counselling Centres managed by these trainers are also being set up.



Education



Education Through Arts – Nalandaway Foundation

- The art lab benefits close to 2000 children from low income groups in Coimbatore, Tamilnadu
- The art labs provide exposure and advanced structured arts education programme to the children from the Government school In Kuniamuthur and neighbouring Government schools
- Art programmes help children concentrate in academics better, considerably reducing drop out rates from 70% to 40%



SPORTS

IndusInd Para-Champions Programme



- **18** para-athletes received support following a comprehensive selection process in Year 1. **3** more athletes added to the programme before Paralympics at Rio
- **Journey to Paralympics** – Support with Equipment, Nutrition, Training, Fitness, Mental conditioning and high performance trainings
- **Athlete Performances** : 11 out of 19 athletes chosen to represent India were from the Para-champions programme
 - ✓ Devendra Jhajharia – Gold in Men's Javelin Throw
 - ✓ Varun Singh Bhati – Bronze in Men's High Jump
 - ✓ Deepa Malik – Silver in Women's Shot Put
 - ✓ Sandeep and Narender Ranbir finished 4th and 6th respectively in Javelin Throw
 - ✓ Amit Kumar Saroha and Dharambir finished fourth and ninth respectively in Men's Club & Discus Throw
 - ✓ Rampal Chahar, finished sixth in Men's High Jump



SPORTS

IndusInd Blind Cricket Programme



- Facebook Event Ad Reached 1L
- Campaign had 53 Million Impressions, 3 Million Video Views and 7 Lakh clicks
- Players visited several NGOs and special schools to encourage them to take up sports
- Awareness camps conducted in 8 cities where over 2400 visually impaired school children were sensitized.



Community Welfare and Internal Capacity Building



- **Bank Contributions:** Donations made to various social causes like Arts, Culture Heritage , Education and Healthcare
- **Share2Care:** Employee Monthly Payroll Contributions to 6 NGOs including SUPPORT, HelpAge India, Aaranyak, Nalandaway Foundation, Samarthanam and Prayas
- **Green Champions Programme:** 43 Green Champions pan-India implementing 12 Acts of Leadership including volunteering for social and environmental causes through the year. Over 1000 Green Commandos assist Green Champions in their activities

Thank You

