



**Karur Vysya Bank**

*Smart way to bank*

## Investor Presentation

**31.12.2016**



# Awards and Accolades

- ✦ **IDRBT Award for the Best Bank Among Small Banks for Digital Banking , 2015-16 on 18.07.2016**
- ✦ **IDRBT Award for the Best Bank Among Small Banks for Managing IT Ecosystem, 2015-16 on 18.07.2016**
- ✦ **Dun & Bradstreet Banking Awards 2016, Karur Vysya Bank has been awarded the Best Private Sector Bank – Priority Sector Lending on 31.08.2016**
- ✦ **FE India’s Best Banks Award, KVB is the winner in Credit Quality category for the year 2013-14 received on 01.09.2016**
- ✦ **Karur Vysya Bank has been selected as The Best Bank at National Level under Private Sector category for the year 2015-2016 in the State Forum of Bankers’ Clubs Kerala (SFBCK) Banking Excellence Award 2016 on 11.12.2016**
- ✦ **Karur Vysya Bank has received NSDL star performer award for the top performer in new accounts opened under Bank Category - 2<sup>nd</sup> position on 24.12.2016**
- ✦ **Award for Solar irrigation pump scheme – Ministry of New & Renewable Energy, Government of India has selected Karur Vysya Bank for 1<sup>st</sup> prize for having achieved highest disbursement under the category Solar irrigation pumps – Off grid & decentralized solar applications programe for the FY 2015-16 on 24.01.2017.**
- ✦ **Business Today KPMG Award – Best Small Bank for FY 2015-16 announced in January 2017**

## About Us

- *Banking tradition of 100 years*
- *Earning profits since its inception*
- *Declaration of uninterrupted dividend*
- *100% and above dividend for 15 years consecutively from 2004, out of which 120% for five years*
- *Dividend of 130% for two years and 140% for two years*
- *First bank to get permission from RBI to issue bonus shares*
- *706 branches and 1711 ATMs as on 31<sup>st</sup> December 2016*
- *A Customer Base of 6.09 million*
- *Fully on CBS facility since 2005 and all latest technology products are available*
- *Top Rating from CRISIL (A1+) and ICRA (A1+) for Short Term Borrowings*

The logo for Karur Vysya Bank (KVB) features the letters 'KVB' in a bold, grey, sans-serif font. The text is centered within a circular emblem composed of two concentric, light green rings that appear to be slightly offset from each other, creating a sense of depth and movement.

KVB

# Q3FY17 Results Snapshot

**Deposits**  
Rs. 55,066 crore  
(↑ 16.33%)

**Advances**  
Rs. 38,459 crore  
(↑ 1.54%)

**CASA**  
Rs.16,973crore  
(↑ 53.26%)  
(30.80% as %of  
Total Deposits)

**Branches**  
706  
**ATMs**  
1711

**Net Profit**  
Rs. 116 crore  
(↓ 24.25%)

**ROA**  
0.74%  
(Q3FY16 -1.10%)

**NIM**  
3.68%  
(Q3FY16 -3.47%)

**Net NPA**  
1.68%  
(Q3FY16 – 0.96%)

# 9Months FY17 Results Snapshot

**Net Profit**  
Rs. 388 crore  
(↓ 10%)

**ROA**  
0.87%  
(9 month FY16 – 1.05%)

**NIM**  
3.62%  
(9 month FY16 – 3.39%)

**ROE**  
10.35%  
(9 month FY16 – 12.23%)

# Profit & Loss Account

Units: Rs crore

Particulars	Quarter Ended		
	Q3FY17	Q3FY16	YoY%
<b>Net Interest Income</b>	518	448	16%
Other Income	170	173	(-)2%
<b>Total Income</b>	688	621	11%
Operating Expenses	416	295	41%
<b>Operating Profit</b>	272	326	(-)17%
<i>Operating Profit before amortisation of loss on sale of assets to ARC</i>	335	330	1.51%
Provisions	95	93	2%
Credit Related	80	78	--
Others	15	15	--
<b>Profit Before Tax</b>	177	233	(-)24%
Tax	62	80	(-)23%
<b>Net Profit</b>	115	153	(-)25%

# Profit & Loss Account

Units: Rs crore

Particulars	9 months Ended		
	FY 17	FY16	YoY%
<b>Net Interest Income</b>	1494	1309	14%
Other Income	550	540	2%
<b>Total Income</b>	2044	1849	11%
Operating Expenses	1170	873	34%
<b>Operating Profit</b>	874	976	-10%
<i>Operating Profit before amortisation of loss on sale of assets to ARC</i>	1064	981	8%
Provisions	280	336	-17%
Credit Related	247	293	--
Others	33	43	--
<b>Profit Before Tax</b>	594	640	-7%
Tax	206	210	-2%
<b>Net Profit</b>	388	430	-10%

# Breakup of Other Income (Quarter)

Units: Rs crore

<u>Particulars</u>	<u>Q3 FY 16-17</u>	<u>Q3 FY 15-16</u>	<u>YoY %</u>
<b>Total</b>	<b>170</b>	<b>173</b>	<b>(-)1.73%</b>
<b>Fee Income</b>	<b>138</b>	<b>164</b>	<b>(-)15.85%</b>
<i>Forex</i>	<i>10</i>	<i>26</i>	<b>(-)61.53%</b>
<i>Commissions</i>	<i>112</i>	<i>110</i>	<b>1.81%</b>
<i>Other</i>	<i>16</i>	<i>28</i>	<b>(-)42.85%</b>
<b>Profit on Sale of Investments</b>	<b>32</b>	<b>9</b>	<b>255.55%</b>



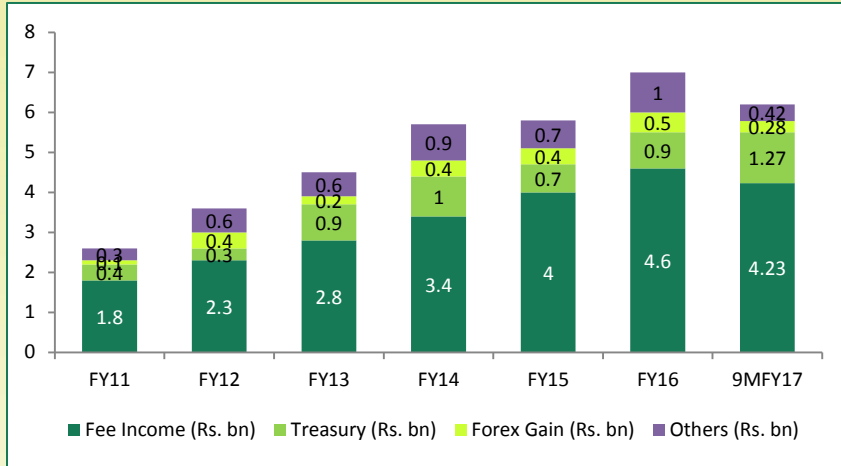
# Breakup of Other Income (9 months)

Units: Rs crore

<u>Particulars</u>	<u>9M FY 16-17</u>	<u>9M FY 15-16</u>	<u>YoY %</u>
<b>Total</b>	<b>550</b>	<b>541</b>	<b>1.66%</b>
<b>Fee Income</b>	<b>423</b>	<b>457</b>	<b>(-)7.43%</b>
<b>Forex</b>	<b>28</b>	<b>46</b>	<b>(-)39.13%</b>
<b>Commissions</b>	<b>353</b>	<b>352</b>	<b>0.28%</b>
<b>Other</b>	<b>42</b>	<b>59</b>	<b>(-)28.81%</b>
<b>Profit on Sale of Investments</b>	<b>127</b>	<b>83</b>	<b>53.01%</b>

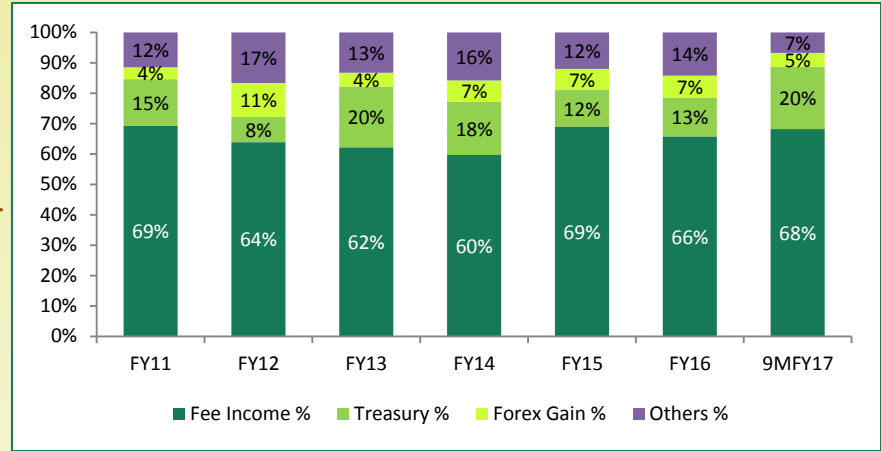
# Healthy Other Income Profile

## Growth in other income



- Diverse sources of non – interest income
- Non – interest income contribution to total income at 11.5% for FY 2015-16

## Fee income consistently contributes ~ 60% of other income



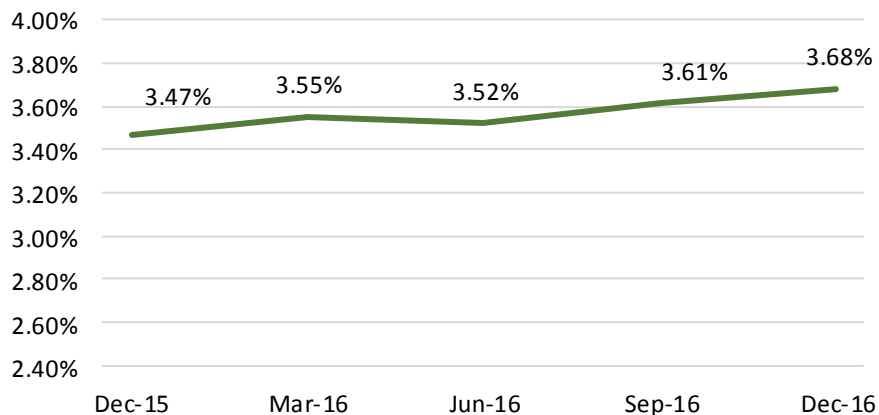
### KVB's Fee income streams :

- Banking charges (Corporate, Commercial & Retail)
- Bancassurance
- Third party product sales
- Trade Finance
- Retail Asset fees
- Card fees
  - Credit Card
  - Debit Card
  - Travel Card
  - Gift Card

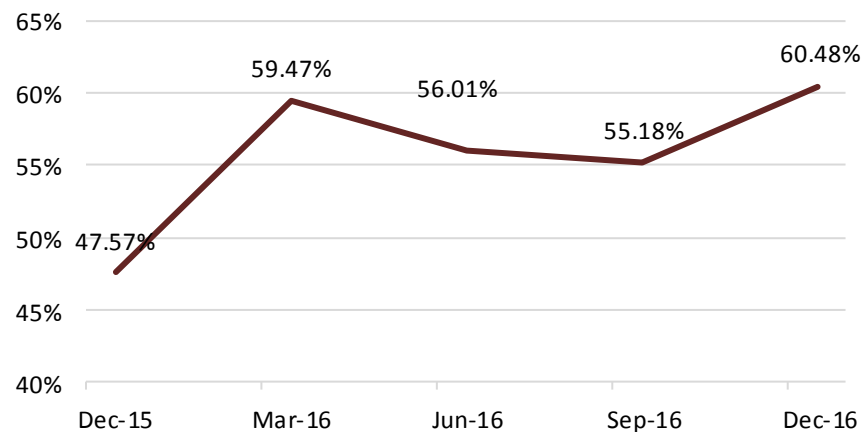


# Key Ratios (For the quarter ended)

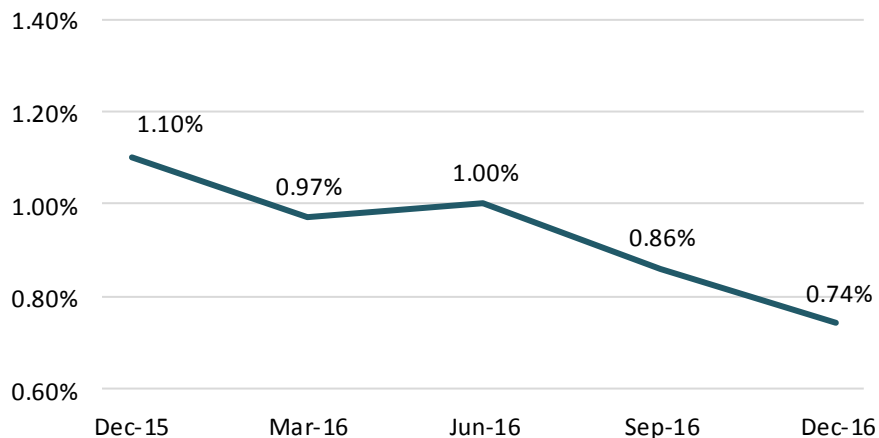
## Net Interest Margin



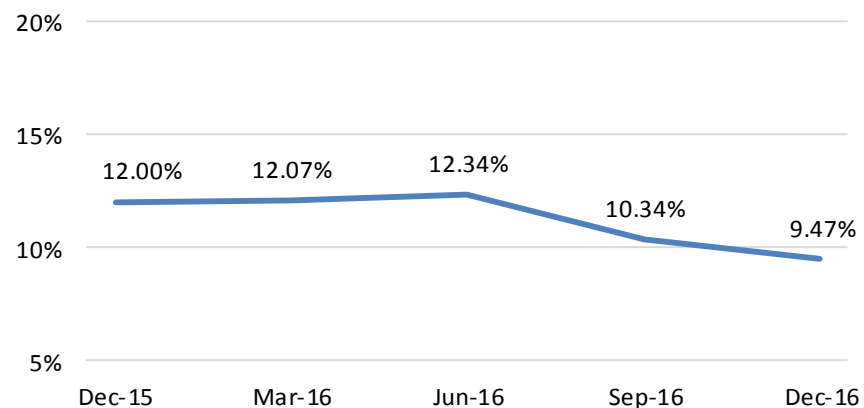
## Cost to Income %



## Return on Assets

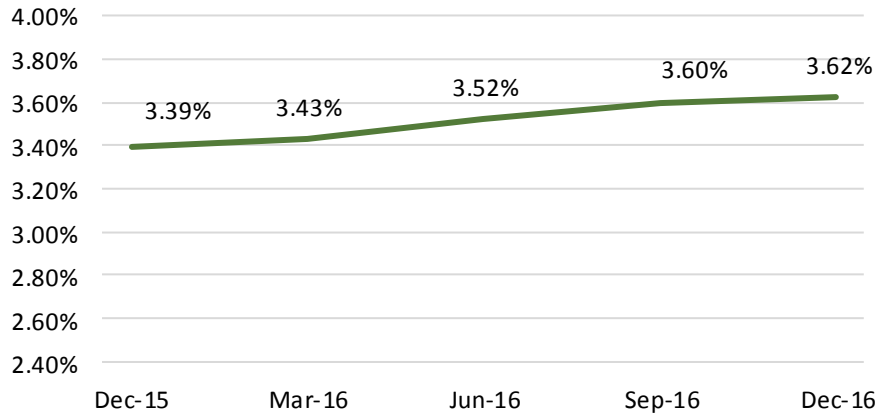


## Return on Equity

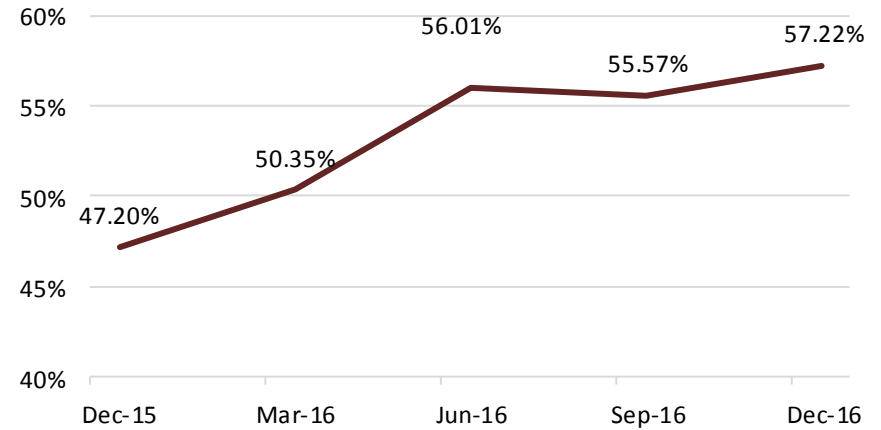


# Key Ratios (For the 9 months ended)

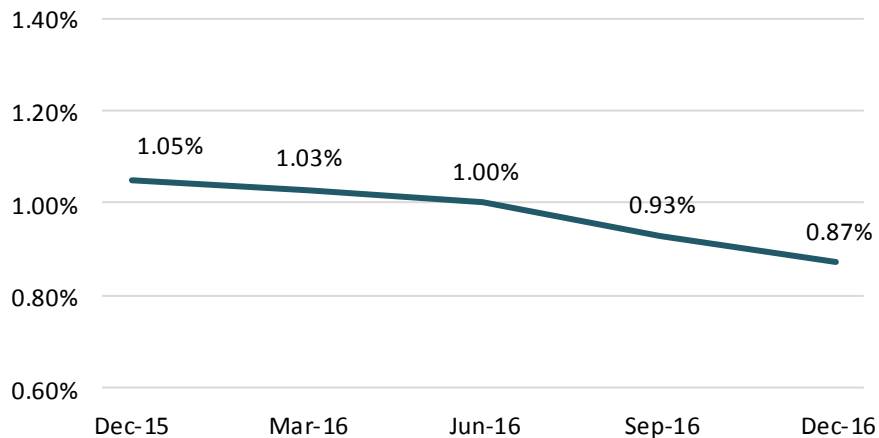
## Net Interest Margin



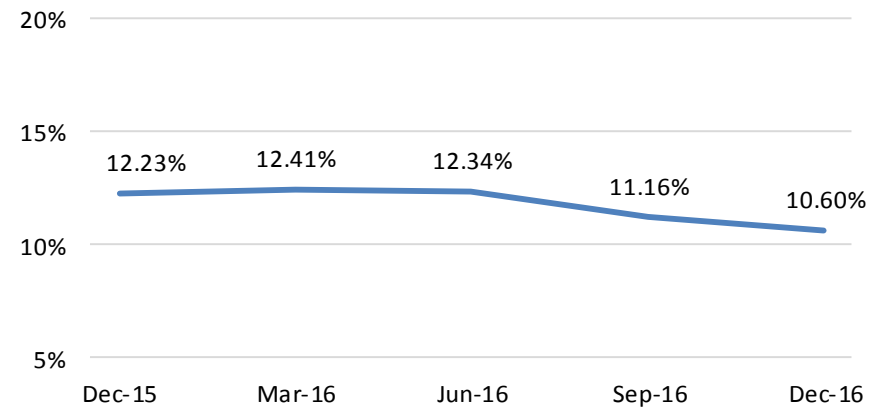
## Cost to Income %



## Return on Assets



## Return on Equity



# Key Ratios

<u>Particulars</u>	<u>Q3 FY 16-17</u>	<u>Q3 FY 15-16</u>
Cost of Deposits	6.44%	7.37%
Yield on Advances	11.30%	11.62%
Cost of Funds	6.34%	7.33%
Yield on Funds	9.55%	10.09%
Cost Income Ratio	60.48%	47.57%
Cost Income Ratio(before amortisation)	51.29%	46.86%
Spread	3.21%	2.76%
NIM	3.68%	3.47%
Business/Emp. (Rs crore)	12.96	11.70
Profit/Emp. (Rs lakh)	6.42	8.40
No. of Employees	7218	7278

# Key Ratios

## Particulars

## 9M FY 16-17

## 9M FY 15-16

Cost of Deposits

6.76%

7.52%

Yield on Advances

11.38%

11.79%

Cost of Funds

6.67%

7.50%

Yield on Funds

9.75%

10.16%

Cost Income Ratio

57.22%

47.20%

Cost Income Ratio(before  
amortisation)

47.95%

46.96%

Spread

3.08%

2.66%

NIM

3.62%

3.39%

Business/Emp. (Rs crore)

12.96

11.70

Profit/Emp. (Rs lakh)

7.18

7.87

No. of Employees

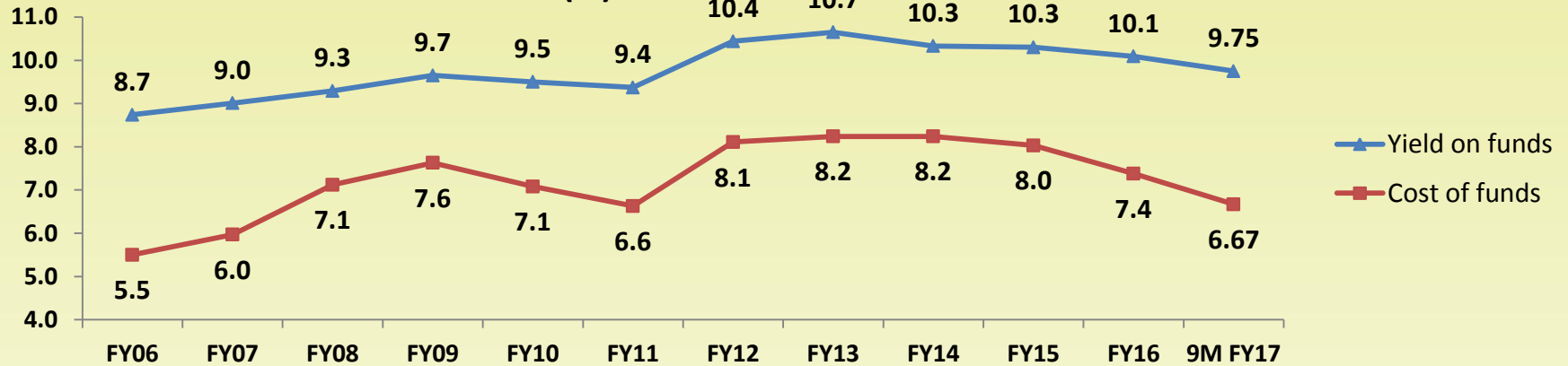
7,218

7,278

# Profitability Metrics

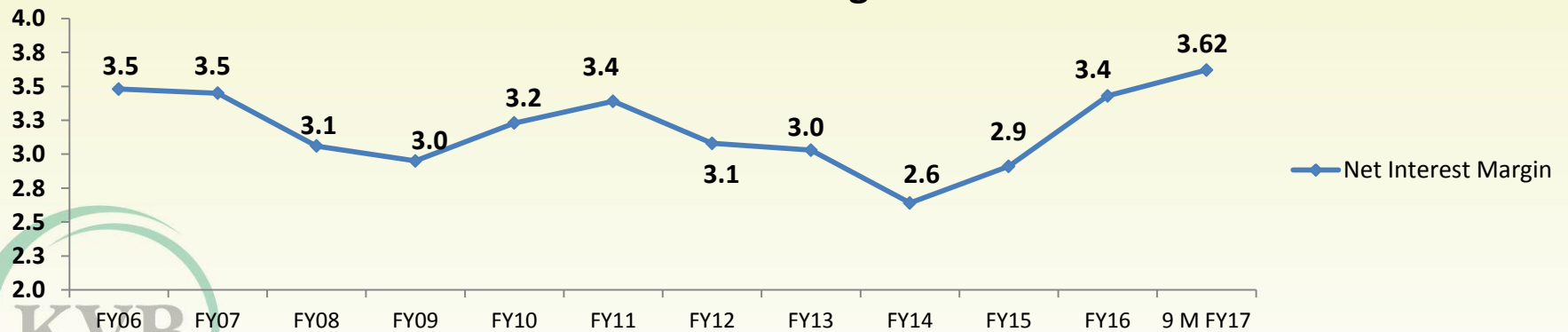
## Consistency in spreads

### Cost and Yield on Funds (%)



## Net Interest Margin (%) over the years

### Net Interest Margin



# Deposits

Units: Rs crore

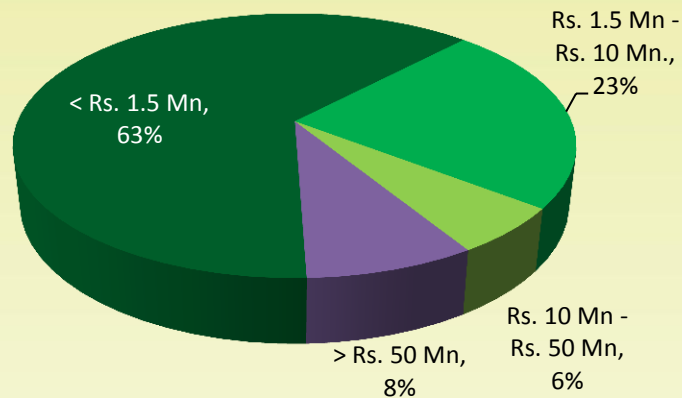
<u>Particulars</u>	<u>Q3 FY 16 -17</u>	<u>Q3 FY 15-16</u>	<u>YoY %</u>
Total Deposits	55,066	47,336	16.33%
CASA	16,973	11,074	53.26%
CASA Mix %	30.82%	23.40%	
Demand	5,816	3,986	45.91%
Savings	11,157	7,088	57.40%
Term Deposits	38,093	36,261	5.05%



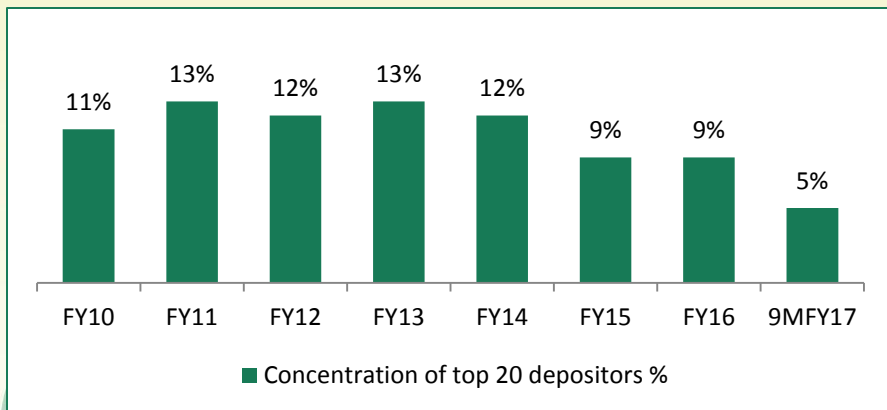
# Retail Liability Franchise – Granular and Sticky

## Low dependence on wholesale deposits (FY17)

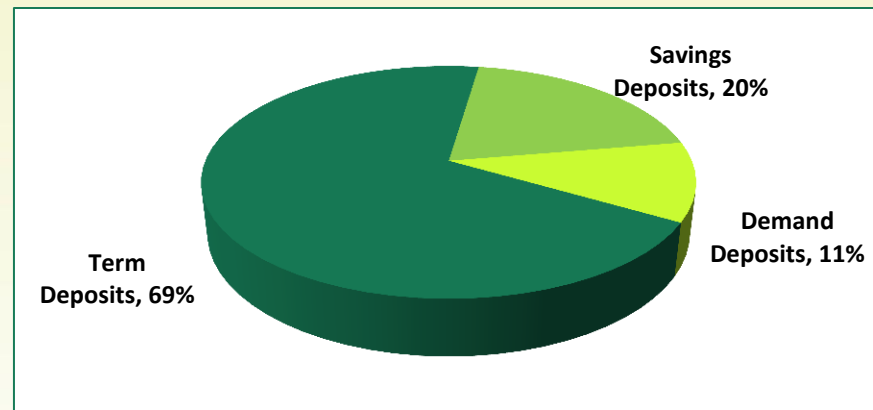
Term deposits are primarily retail deposits. Only 6% of term deposits are > Rs.50 Mn



## Low concentration of deposits

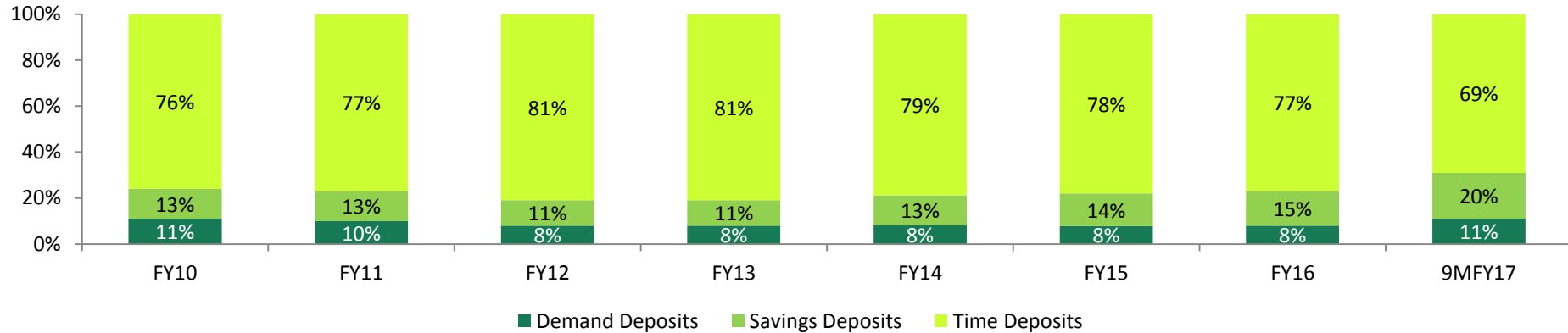


## Breakup of deposits (9M FY17)

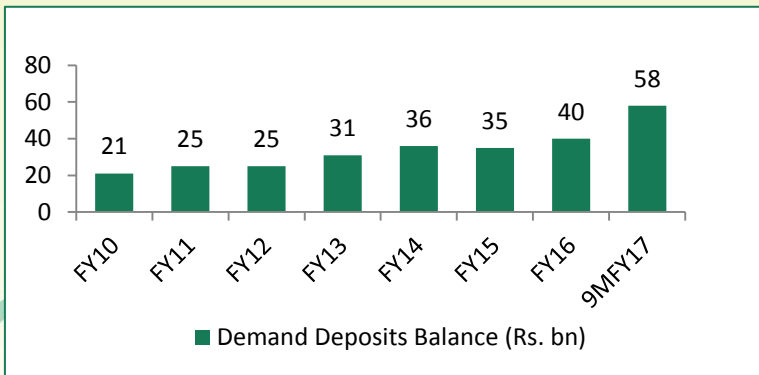


# Deposit Mix

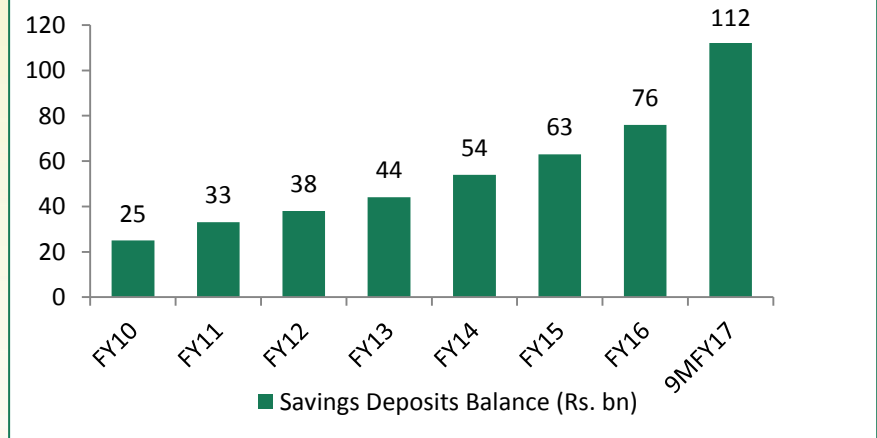
## Break-up of deposit base (in %)



## Demand deposit balances since FY10



## Savings deposit balances since FY10



# Advances

## Particulars

Q3 FY 16-17

Q3 FY 15-16

*Units: Rs crore*  
YoY %

**Advances**

**38,459**

**37,872**

**1.54%**

**Corporate**

**12,890**

**13,772**

**(-)6.40%**

**Commercial**

**13,035**

**12,181**

**7.01%**

**Agriculture**

**6,442**

**6,248**

**3.10%**

**Retail (Personal Banking)**

**6,093**

**5,671**

**7.44%**

**Jewel Loan**

(included in other segments)

**6,094**

**6,282**

**(-)2.99%**

# Advances – Category wise

Particulars	Amount (Rs. in crore)			% to Total Advance			Growth Over	
							Dec-15	
	Dec-16	Dec-15	Mar-16	Dec-16	Dec-15	Mar-16	Quantum	%
MANUFACTURING SECTOR	12,627	13,688	13,633	32.8	36.1	34.5	(1061)	(7.8)
JEWEL LOAN	6,094	6,282	6,359	15.8	16.6	16.1	(188)	(3.0)
Personal Segment Loans @	5,364	5,031	5,310	13.9	13.3	13.5	333	6.6
TRADING	5,783	5,845	5,771	15.0	15.4	14.6	(62)	(1.1)
BILLS	1,118	1,347	1,352	2.9	3.6	3.4	(229)	(17.0)
NBFC	1,041	797	975	2.7	2.1	2.5	244	30.6
OTHER EXPOSURES*	6,432	4,882	6,076	16.7	12.9	15.4	1550	31.7
<b>TOTAL ADVANCES</b>	<b>38,459</b>	<b>37,872</b>	<b>39,476</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>587</b>	<b>1.5</b>

@ Vehicle, Housing, Deposit loans

\*\*includes Commercial Real estate, Capital Market and exposure to other service sectors, etc.

# Manufacturing Sector - Breakup

INDUSTRY	Amount (Rs. in crore)			% to Total Advance			Growth	
	Dec-16	Dec-15	Mar-16	Dec-16	Dec-15	Mar-16	Amount	%
TEXTILES	3,423	3,278	3,515	8.9	8.7	8.9	145	4.42
INFRASTRUCTURE (Ex - Power)	1,874	2,107	2,212	4.9	5.6	5.6	(233)	(11.06)
POWER	877	1,257	1,142	2.3	3.3	2.9	(380)	(30.23)
FOOD PROCESSING	1,302	1,281	1,282	3.4	3.4	3.2	21	1.64
BASIC METAL & METAL PRODUCTS	1,247	1,553	1,225	3.2	4.1	3.1	(306)	(19.70)
CHEMICALS & CHEMICALS PRODUCTS	488	826	720	1.3	2.2	1.8	(338)	(40.92)
ALL ENGINEERING	441	599	433	1.1	1.6	1.1	(158)	(26.38)
TRANSPORT EQUIPMENTS	393	352	368	1.0	0.9	0.9	41	11.65
CEMENT & CEMENT PRODUCTS	379	382	375	1.0	1.0	0.9	(3)	(0.79)
GEMS & JEWELLERY	371	343	342	1.0	0.9	0.9	28	8.16
OTHER INDUSTRIES	1,832	1,710	2,019	4.7	4.5	5.1	122	7.13
<b>Total INDUSTRY EXPOSURE</b>	<b>12,627</b>	<b>13,688</b>	<b>13,633</b>	<b>32.8</b>	<b>36.1</b>	<b>34.5</b>	<b>(1061)</b>	<b>(7.78)</b>

# Retail Advances

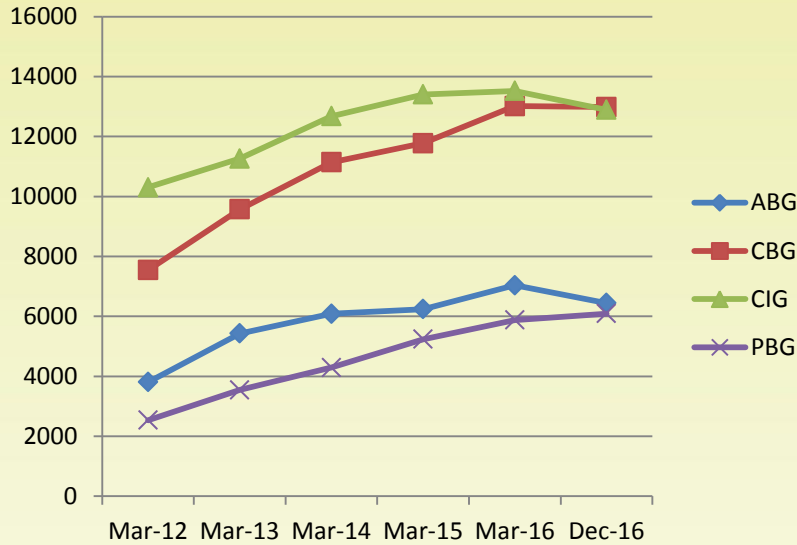
Segment	Amount (Rs. in crore)					
	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Dec-16
Housing Loan	611	971	1,387	1,757	2,094	2,264
Vehicle Loan	492	677	735	782	831	886
Educational Loan	104	133	169	207	245	264
Personal Loan	319	341	353	356	354	328
Jewel Loan	584	832	802	793	703	620
Mortgage Loan (LAP)	0	0	381	568	787	878
Retail (Others)	428	591	464	779	864	853
<b>Total</b>	<b>2,538</b>	<b>3,545</b>	<b>4,291</b>	<b>5,242</b>	<b>5,878</b>	<b>6,093</b>



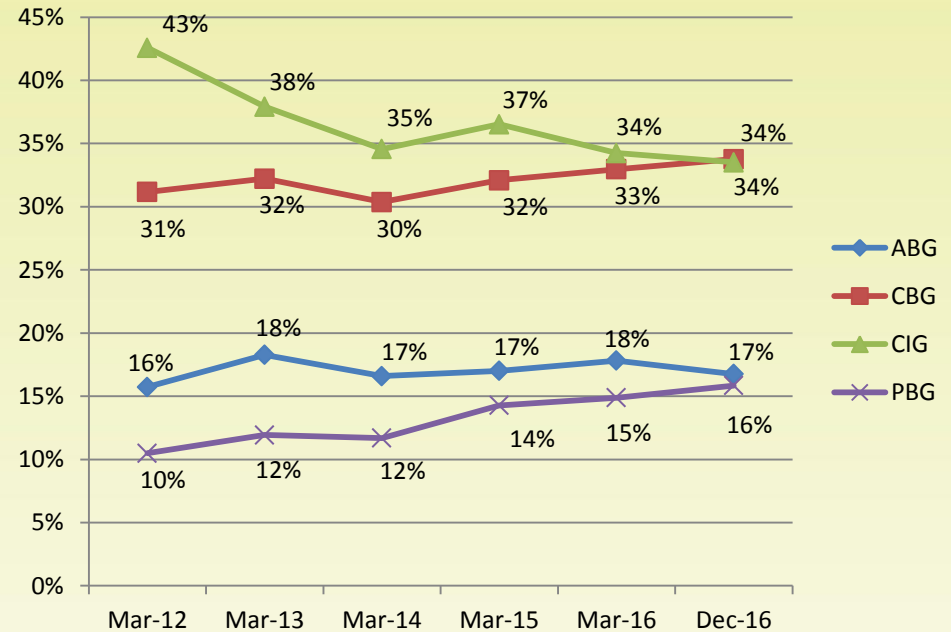
KVB

# Advances Mix

## Advance in Value (Rs.in crore)



## Advance Mix (in %)

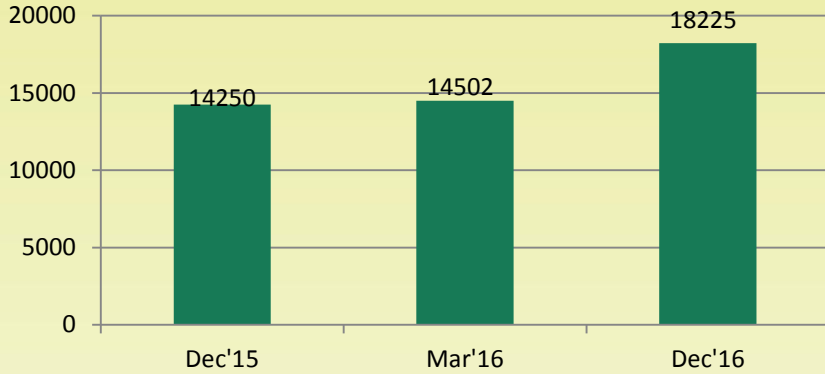


ABG- Agri Banking , CBG – Commercial Banking, CIG – Corporate Banking, PBG – Personal Banking

Increased focus on Commercial, SME & Retail Advances over the period

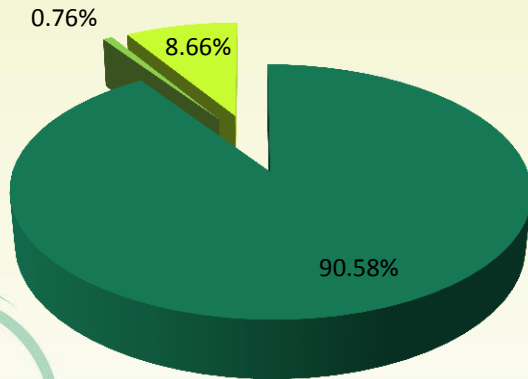
# Investment Portfolio

## Investment Outstanding (Rs. In crore)



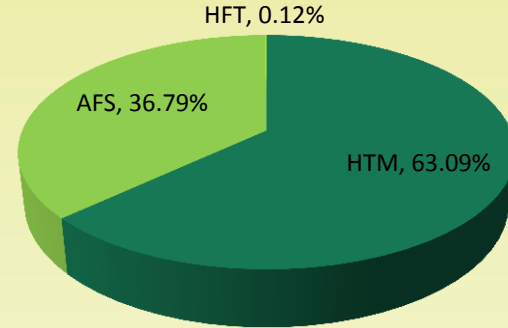
## Investment Portfolio

■ SLR ■ Shares ■ Debentures/CD/MF/CP



out of 8.66% Security Receipts constitutes 2.66%(Rs.504.48Crores)

## Portfolio wise Investment

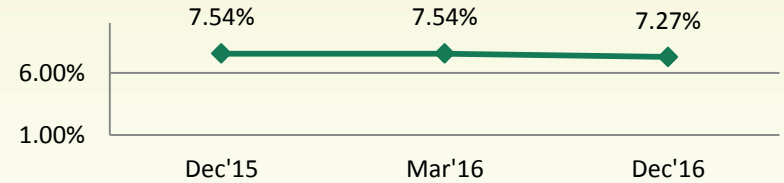


## Modified Duration

HTM	AFS	HFT	Total
4.49	1.54	8.39	3.50

## Yield on Investment

### Yield on Investments





# Sector Wise Restructured Advances

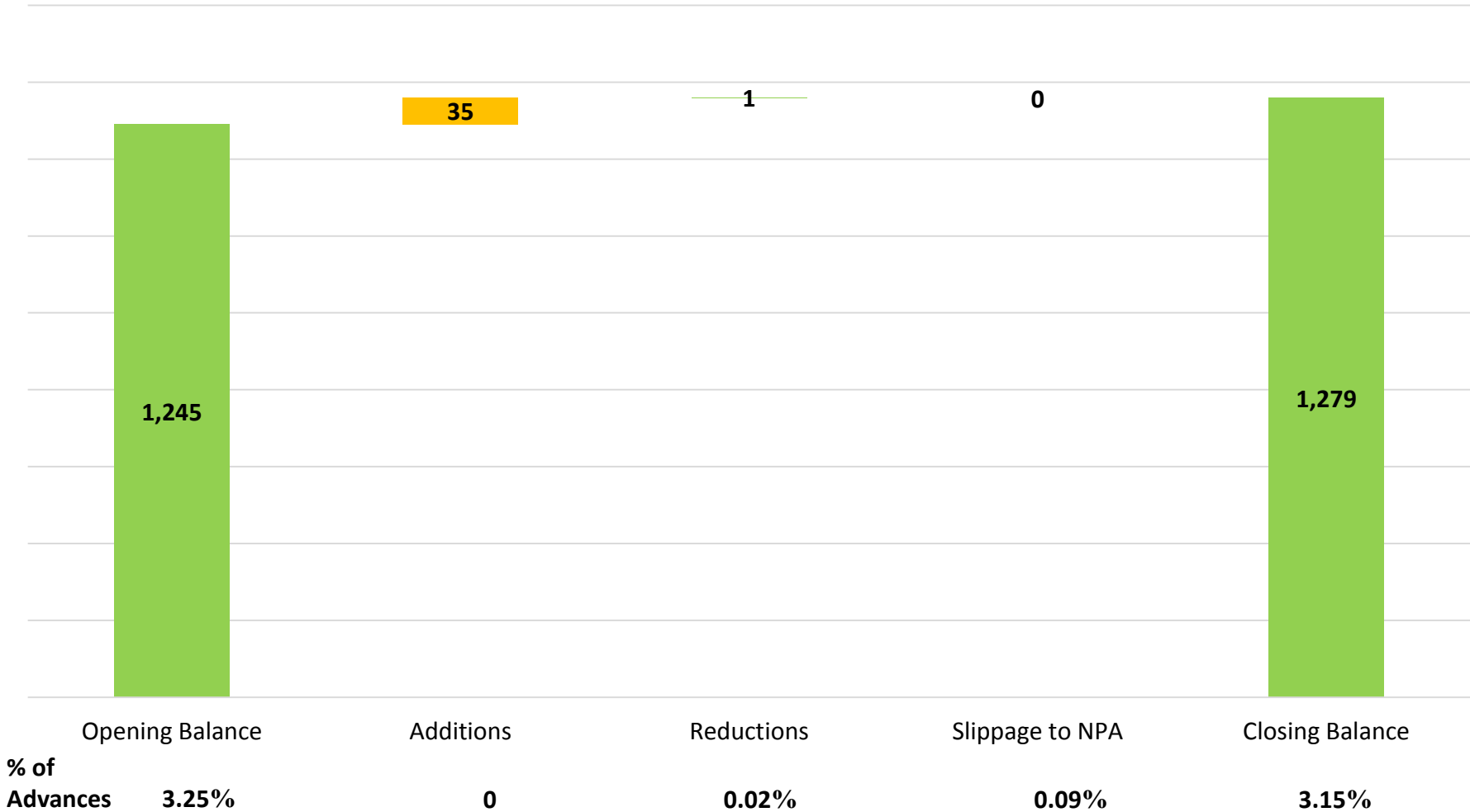
S.NO	SECTOR	AMOUNT (Rs. in crore)		(% to total Rest. Adv)	
		Dec-16	Mar-16	Dec-16	Mar-16
1	AGRICULTURE	7.93	15.82	0.62	1.17
2	IRON AND STEEL	Nil	Nil	Nil	
3	INFRASTRUCTURE	752.14	807.02	58.80	59.56
4	TEXTILES	195.67	205.01	15.30	15.13
5	HOUSING LOANS	0.68	0.97	0.05	0.07
6	AUTO LOANS	0.54	0.73	0.04	0.06
7	EDUCATIONAL LOANS	0.63	0.97	0.05	0.07
8	REAL ESTATE	23.37	0.44	1.83	0.03
9	FOOD PROCESSING	233.69	224.66	18.27	16.58
10	OTHERS	64.45	99.28	5.04	7.33
	<b>TOTAL</b>	<b>1,279.10</b>	<b>1354.90</b>	<b>100</b>	<b>100</b>
	<b>% to Total Advance</b>	<b>3.32%</b>	<b>3.43%</b>		



# Movement of Restructured Assets

Units: Rs crore

Oct 16 to Dec 16

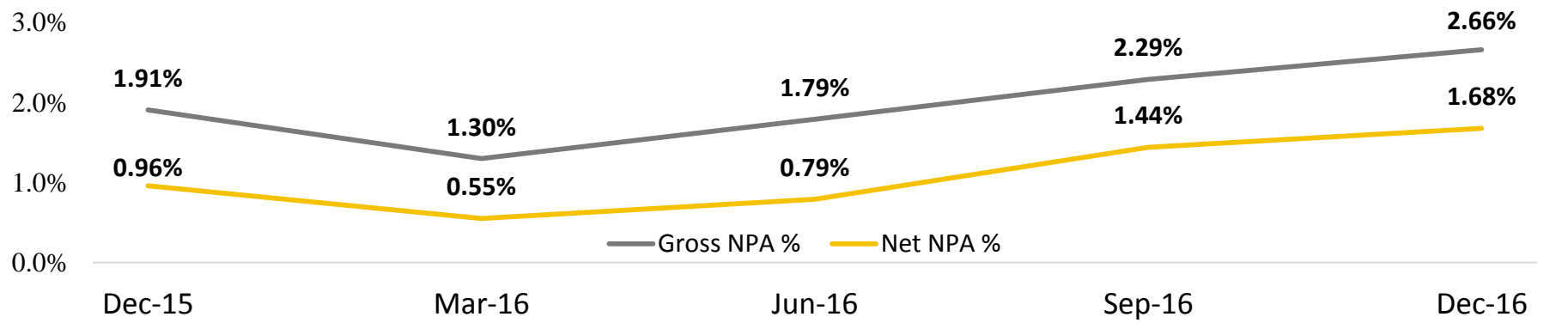
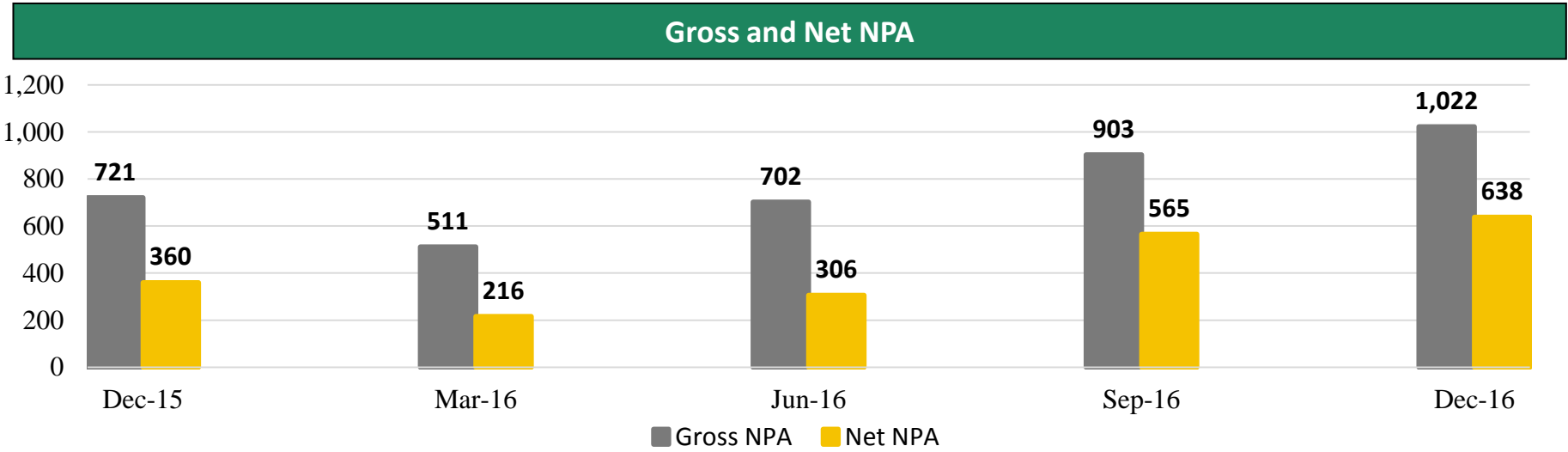


## Stress Accounts

	Rs. in Crore
SDR Outstanding (4 accounts)	273.12
5/25 ( 1 Account )	76.00
S4A Accounts	Nil
Sale to ARC in 9 months of FY 16-17	Nil

# NPA Details

Units: Rs crore

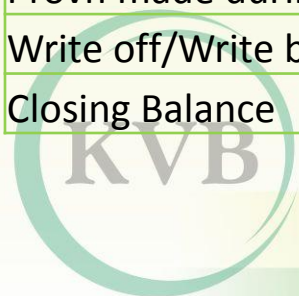


Provision Coverage Ratio	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
	75.20%	82.46%	78.49%	68.26%	67.06%

# Movement of NPA

(Rs. in crore)

Particulars	Apr 16 – Sep 16	Oct 16 –Dec 16	Apr-16 – Dec 16	Apr 15 - Dec 15
<b>Movement of Gross NPAs</b>				
Opening Balance	511.18	902.74	511.18	677.78
Additions during the period	617.83	243.33	771.01	382.57
Reductions during the period	226.27	123.83	259.95	339.17
Closing Balance	902.74	1022.24	1022.24	721.18
<b>Movement of Net NPAs</b>				
Opening Balance	216.17	565.14	216.17	280.97
Additions during the period	405.89	129.34	528.08	85.38
Reductions during the period	56.92	56.96	106.73	6.84
Closing Balance	565.14	637.52	637.52	359.51
<b>Movement of Provision for NPA</b>				
Opening Balance	285.00	317.65	285.00	380.00
Provn made during the period	202.00	110.74	234.78	297.27
Write off/Write back of excess provn	169.35	61.83	153.22	344.27
Closing Balance	317.65	366.56	366.56	333.00



# Breakup of Provisions (Other than Tax)

Units: Rs crore

<u>Particulars</u>	<u>Q3 FY 16-17</u>	<u>Q3 FY 15-16</u>	<u>YoY %</u>
Total Provisions	94	93	1.07%
NPA	88	73	20.54%
Standard Assets	(-)4	5	
Restructured	0.17	0	
Investment	0.25	0	
Others	9.58	15	

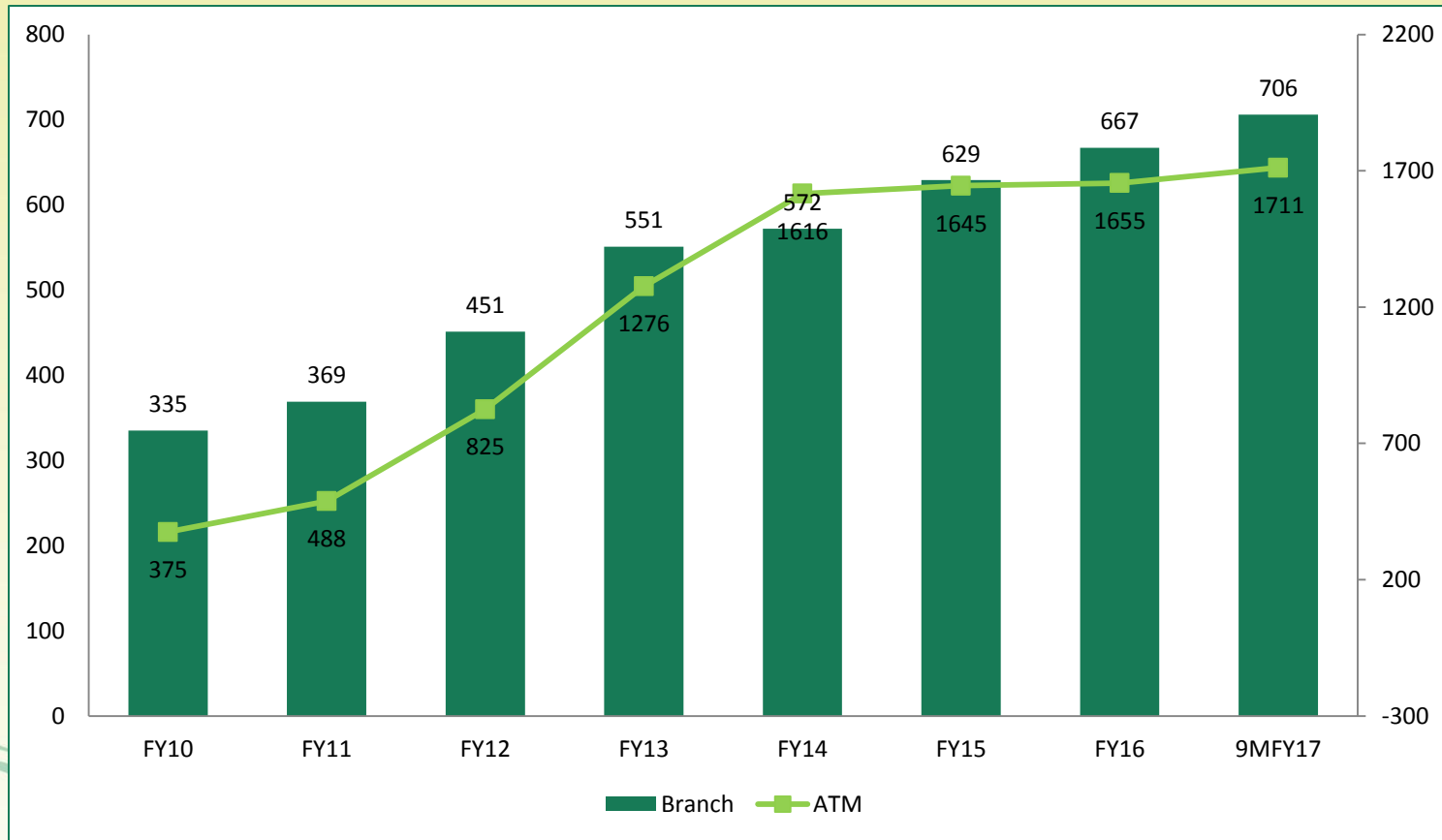
# Breakup of Provisions (Other than Tax)

Units: Rs crore

<u>Particulars</u>	<u>9M FY 16-17</u>	<u>9M FY 15-16</u>	<u>YoY %</u>
Total Provisions	280	336	(-)16.66%
NPA	278	297	(-)6.39%
Standard Assets	(-)9	25	
Restructured	(-)9	(-)29	
Investment	11	19	
Others	9	24	

# Growth in Branch & ATM Network

Branch network & ATM network



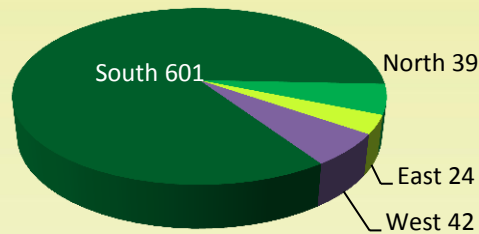


# Branch Network - Diversified Across the Country

## Geographical spread of branches 9 months (FY17)

Region, Number of branches

18 Divisional Offices spread across the country

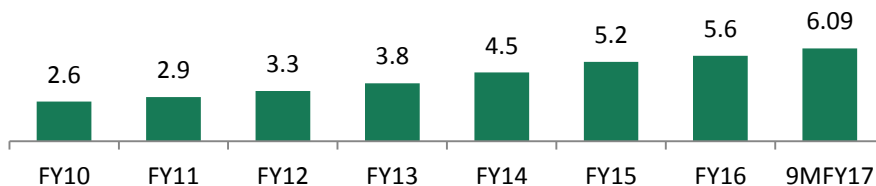


## Dominant presence (52%) in semi-urban and rural locations

### Branch Distribution in 9MFY16 (706 branches)



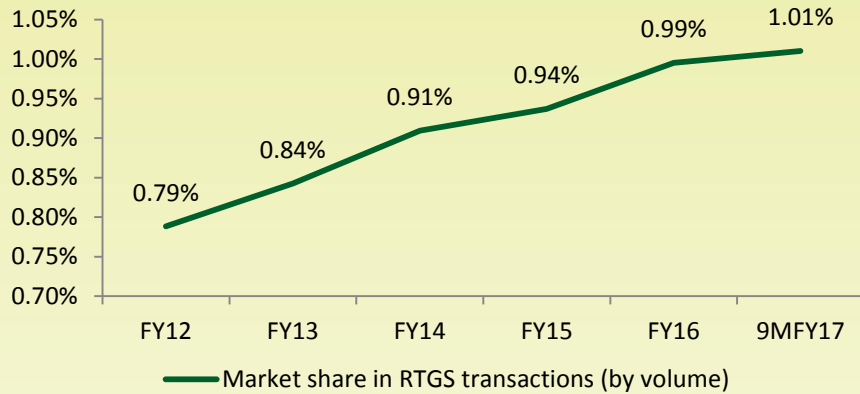
## Number of customers (Millions)



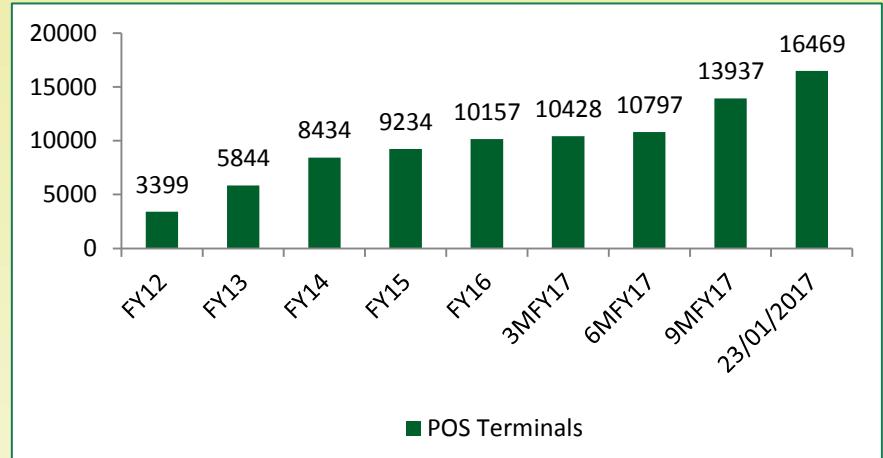
State /UT	Dec-16 - Branches (Nos)
TAMILNADU	375
ANDHRA PRADESH	102
TELANGANA	51
KARNATAKA	49
MAHARASHTRA	27
GUJARAT	15
WEST BENGAL	16
KERALA	17
DELHI	14
PUNJAB	7
UTTARPRADESH	6
ORISSA	5
HARYANA	4
PONDICHERY	6
M.P.	4
RAJASTHAN	3
JHARKHAND	2
CHANDIGARH	1
CHATTISGARH	1
GOA	1
Total	706

# Leveraging Technology – Alternate Banking Channels

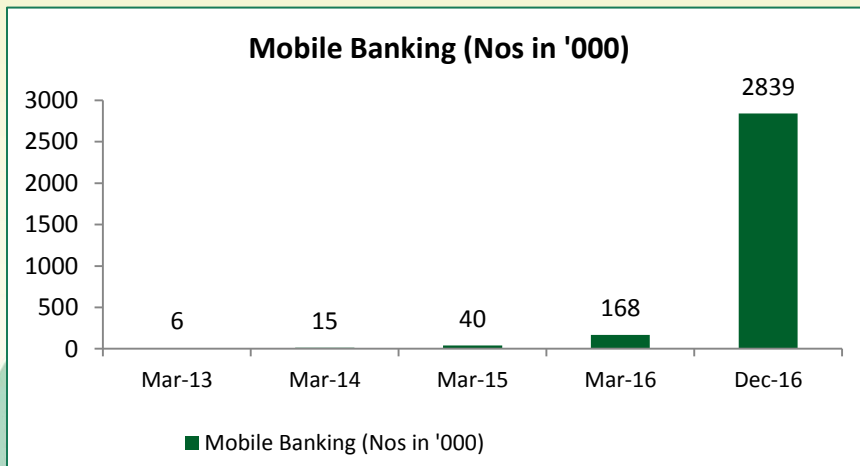
## Rising market share in RTGS transactions



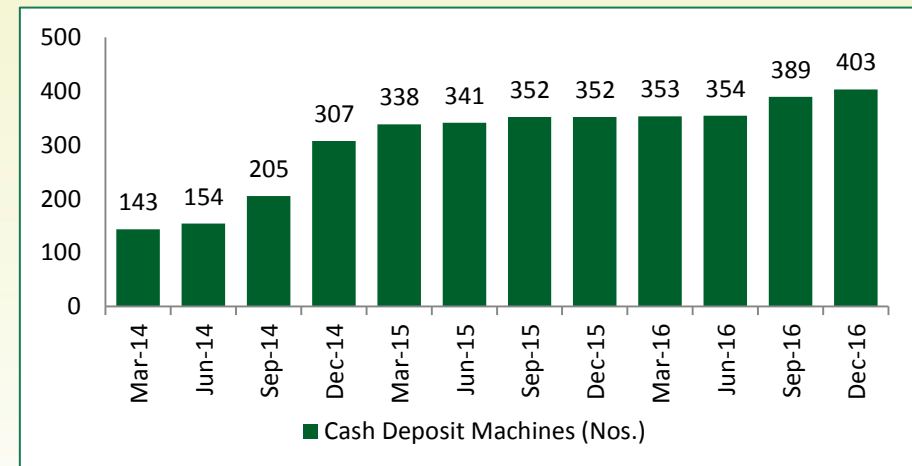
## POS Terminals



## Exponential growth in Mobile transactions

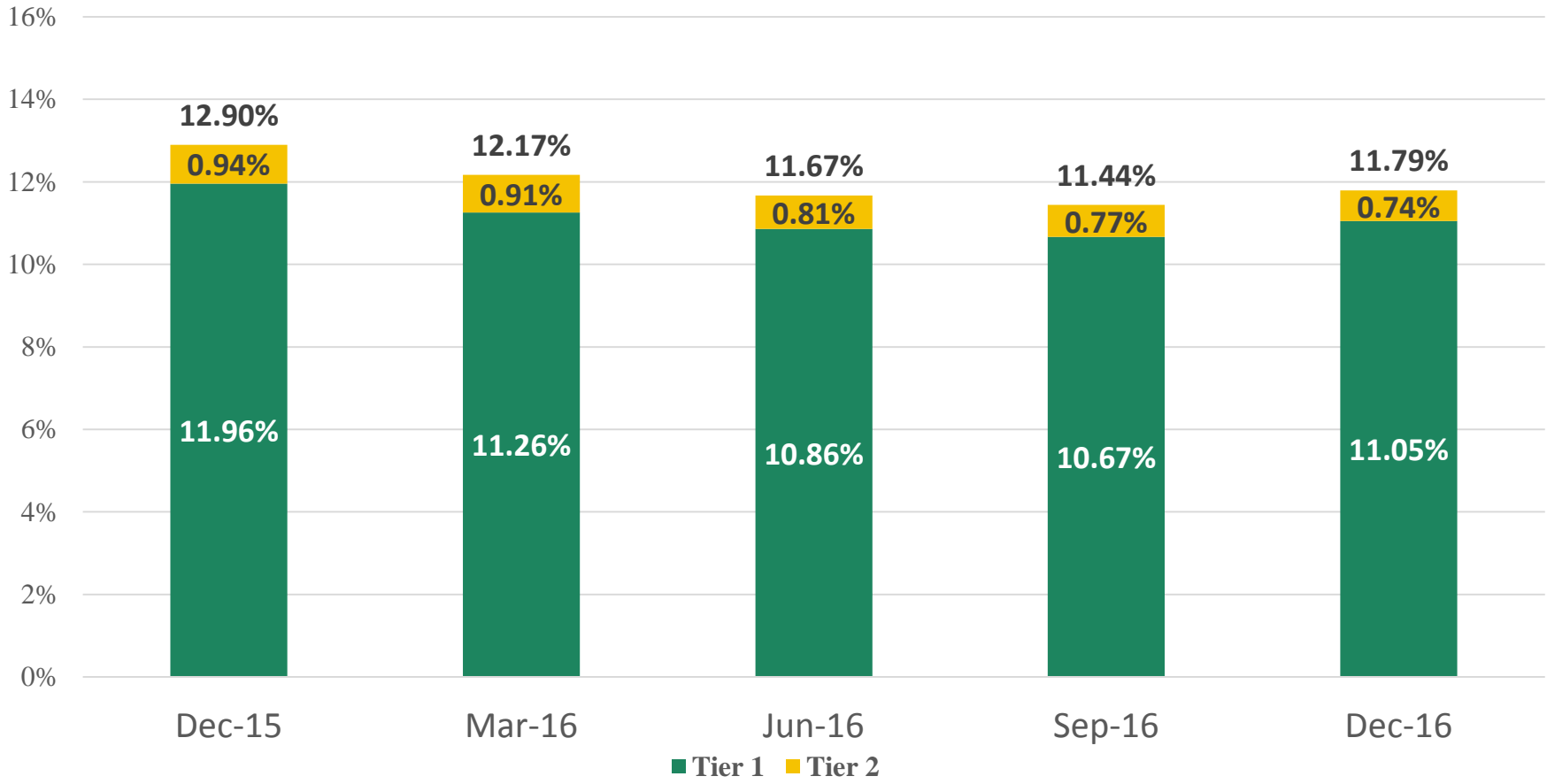


## Cash Deposit Machines



# Capital Adequacy

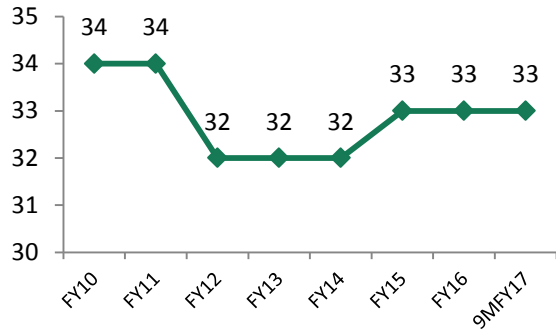
## Capital Adequacy Ratio (Basel III)



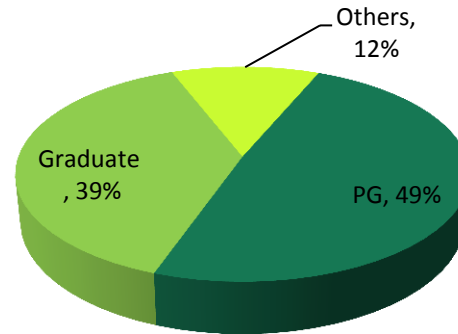
# Human Resources

Young workforce, average 33 years...

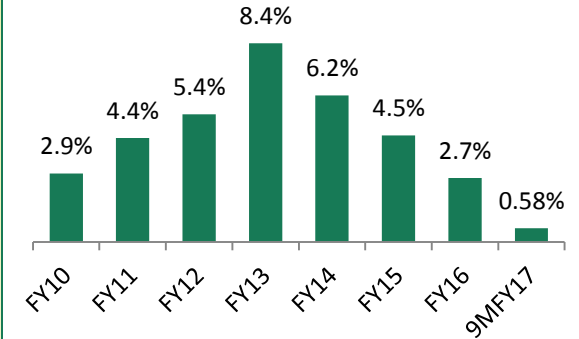
40% below 30 yrs of age out of 7,218 employees



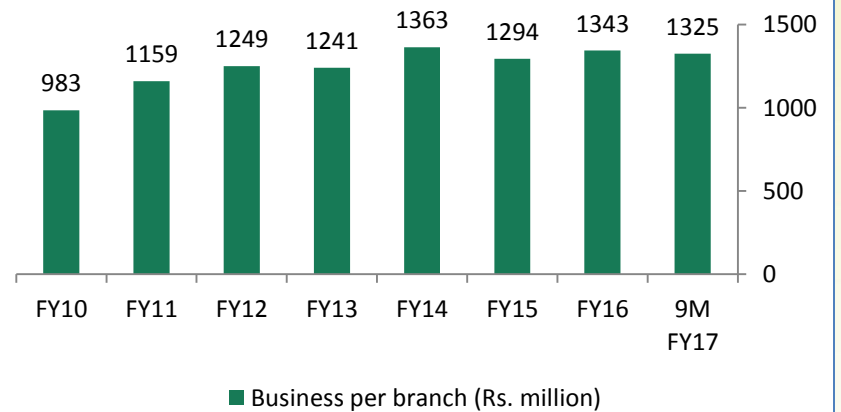
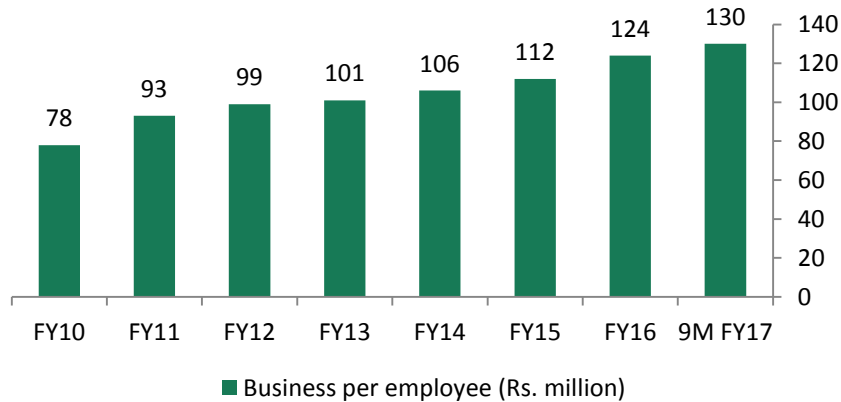
...well qualified work force...



...with decreasing attrition over time ...



...leading to improving productivity, despite employee base rising 1.6x between FY10-16



# A Decade of Progress

Units: Rs crore

Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Paid up Capital</b>	49.49	53.94	53.95	54.44	94.49	107.18	107.18	107.18	121.63	121.86
<b>Reserves</b>	1013.67	1136.06	1296.21	1565.54	2020.05	2601.04	2978.01	3219.16	4124.40	4451.09
<b>Owned funds</b>	1063.16	1190.00	1350.16	1619.98	2114.54	2708.22	3085.19	3326.34	4246.03	4572.95
<b>CRAR - Basel II</b>	-	-	14.92%	14.49%	14.41%	14.33%	14.41%	12.77%	14.63%	12.26
<b>Basel III</b>	-	-	-	-	-	-	-	12.60%	14.62%	12.17
<b>Deposits</b>	9340	12550	15101	19272	24722	32112	38653	43758	44690	50079
<b>Advances</b>	7194	9569	10563	13675	18052	24205	29706	34226	36691	39476
<b>Total Income</b>	987	1289	1711	2005	2482	3621	4695	5680	5977	6150
<b>Operating Profit</b>	274	308	418	463	600	726	849	838	943	1235
<b>Net Profit</b>	160	208	236	336	416	502	550	430	464	568
<b>Branches (No.)</b>	269	288	312	335	369	451	551	572	629	667
<b>EPS (Rs.)</b>	32.80	38.62	43.71	62.23	44.90	46.81	51.35	40.08	39.86	46.59
<b>Return on Assets</b>	1.53%	1.63%	1.49%	1.76%	1.71%	1.56%	1.35%	0.86%	0.88%	1.03%
<b>Book Value(Rs.)</b>	197.09	220.61	250.25	297.60	193.04	252.68	287.85	308.91	348.42	375.25
<b>No of Employees</b>	3286	3580	3941	4175	4574	5673	6730	7339	7197	7211

THANK YOU