



Karur Vysya Bank

Smart way to bank

Investor Presentation

December 2012

About Us

Origin

Established in 1916 at Karur by two illustrious sons of the soil Sri. M.A.Venkatarama Chettiar & Sri. Athi Krishna Chettiar with a seed capital of Rs.1.00 lakh which has grown into a leading financial institution that offers various financial services to millions of its customers under one roof

Vision

Delight the customers continually by blending tradition with technology to deliver innovative products and services at affordable costs through a pan-India branch network

The logo for Karur Vysya Bank (KVB) features the letters 'KVB' in a bold, serif font, centered within a circular emblem. The emblem consists of two concentric circles, with the outer one being a light green color and the inner one being a slightly darker shade. The text 'KVB' is positioned between these two circles.

KVB

About Us

- *Banking tradition of 96 years*
- *Earning profits since its inception*
- *Declaration of uninterrupted dividend*
- *100% and above dividend for 9 years consecutively from 2004, out of which 120% for five years*
- *Dividend of 140% for the year 2012*
- *Total of 14 Rights issues and 7 Bonus issues till date*
- *First bank to get permission from RBI to issue bonus shares*
- *520 branches and 1200 ATMs as on date*
- *A Customer Base of 9.5 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*

Net Profit & Operating Profit – 9M (YoY)



Net Profit

Operating Profit

■ Dec-11

■ Dec-12

KVB

Net Profit

- Net Profit increased by 10.37% from Rs.354.93 crore to Rs.391.74 crore

Operating Profit

- Operating Profit increased by 18.79% from Rs.512.66 crore to Rs.608.97 crore

Business Performance – 9M

	Dec 12	Dec 11	Growth (%)	Mar 12	Growth (%)	Sep 12
Business	62,811	52,390	19.9	56,316	11.5	59,121
Gross Deposits	35,494	30,107	17.9	32,111	10.5	33,444
Gross Advances	27,317	22,283	22.6	24,205	12.9	25,677
Average Deposits	33,262	26,132	27.3	27,156	22.5	32,910
Average Advances	24,975	19,188	30.2	19,976	25.0	24,442
Total Assets	41,736	34,965	19.4	37,635	10.9	40,298

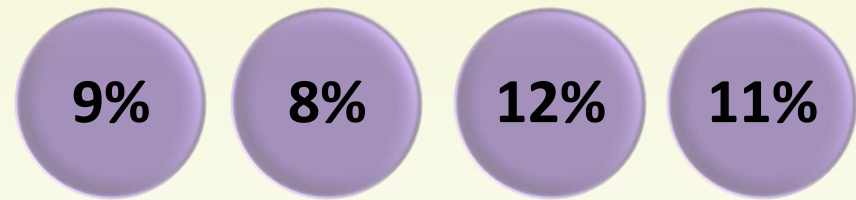
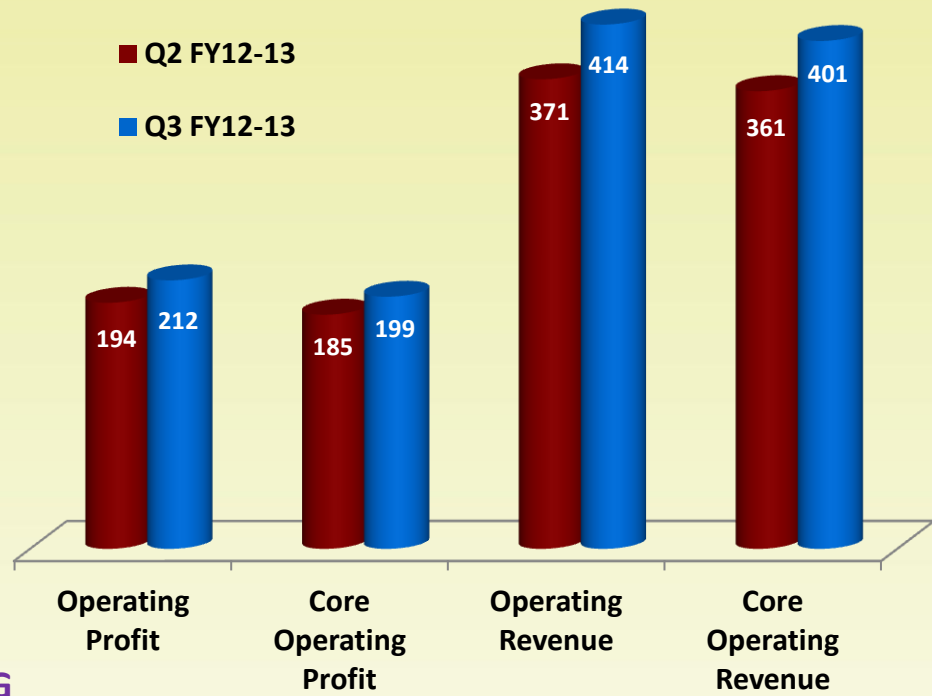
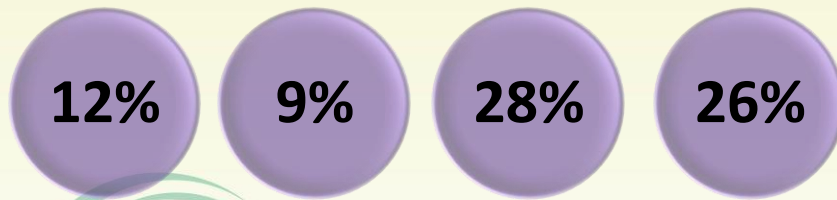
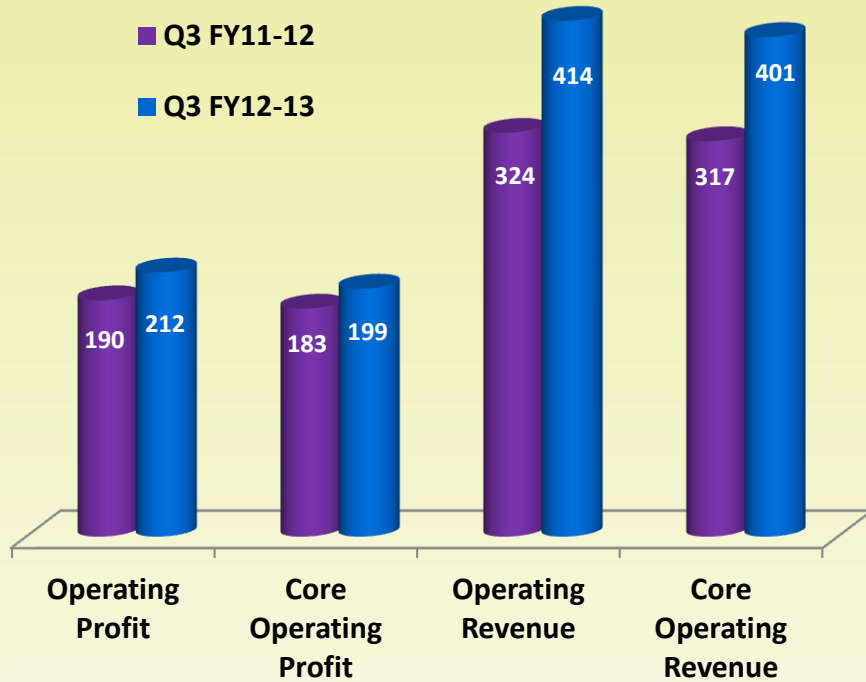
Performance Highlights – 9M (YoY)

	Dec – 12	Dec – 11	Growth
Net Interest Income	848.15	656.13	29.3%
Non Interest Income	294.76	238.35	23.7%
Operating Revenue	1,142.91	894.48	27.8%
Operating Profit	608.97	512.66	18.8%
Net Profit	391.74	354.93	10.4%
Net Interest Margin	3.03%	3.06%	(3 bps)
Return on Assets	1.32%	1.53%	(21 bps)
Return on Networth	16.85%	17.42%	(57 bps)

Performance Highlights (QoQ)

	Q3 FY 12-13	Q3 FY 11-12	Growth	Q2 FY 12-13
Net Interest Income	308.44	234.67	31.4%	285.77
Non Interest Income	105.49	89.44	17.9%	84.99
Operating Revenue	413.93	324.11	27.7%	370.76
Operating Profit	211.99	189.73	11.7%	194.30
Net Profit	113.04	124.92	(9.5%)	132.75
Net Interest Margin	3.20%	3.04%	16 bps	3.06%
Return on Assets	1.10%	1.49%	(39 bps)	1.35%
Return on Networth	14.59%	18.41%	(382 bps)	17.78%

Performance Highlights (QoQ)



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Note: Core Revenue/Profit excludes profit from investment

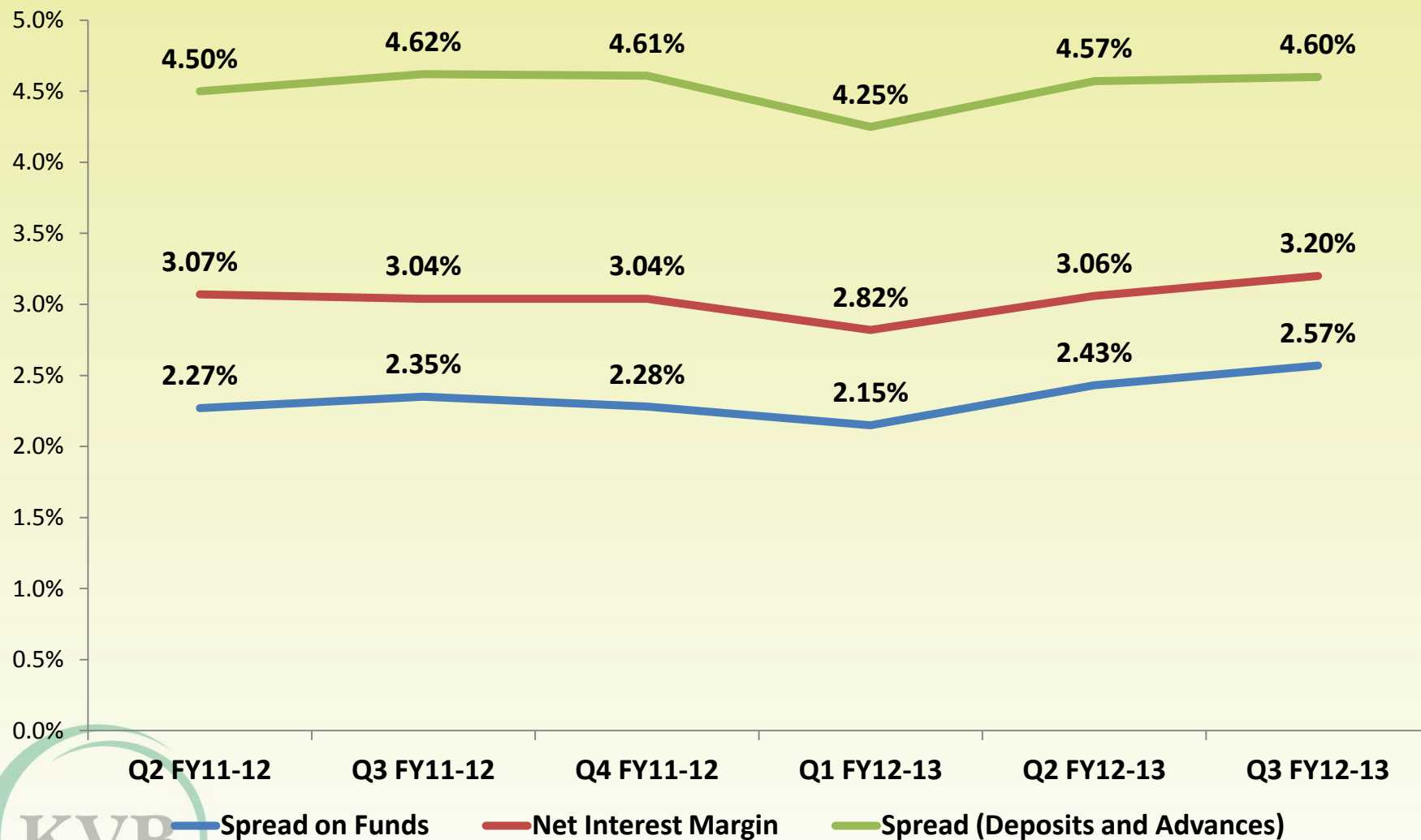
Key Ratios - I

Particulars	Nine Months Ended		Quarter Ended			FY 2011-12
	Dec-12	Dec-11	Dec-12	Dec-11	Sep-12	
Cost of Deposits (%)	8.37	7.97	8.21	8.18	8.34	8.11
Yield on Advances (%)	12.83	12.51	12.81	12.80	12.91	12.71
Cost of Funds (%)	8.28	7.95	8.11	8.16	8.28	8.11
Yield on Funds (%)	10.66	10.27	10.68	10.51	10.69	10.44
Yield on Investments (%)	7.84	7.66	7.63	7.74	7.70	7.73
Spread (%)	2.38	2.32	2.57	2.35	2.43	2.33
NIM (%)	3.03	3.06	3.20	3.04	3.06	3.08
Return on Assets (%)	1.32	1.53	1.10	1.49	1.35	1.56
Return on Net worth (%)	16.85	17.42	14.59	18.41	17.78	21.64

Key Ratios - II

Particulars	Nine Months Ended		Quarter Ended			FY 2011-12
	Dec-12	Dec-11	Dec-12	Dec-11	Sep-12	
Cost to Income (%)	46.72	42.69	48.79	41.46	47.59	42.73
Cost to Income - excl Bad Debts w/o (%)	43.52	40.91	42.56	40.99	45.94	41.47
Business per employee (Rs. in crore)	10.03	9.91	10.03	9.91	9.81	9.84
Profit per employee (Rs. in lakhs)	8.35	9.14	7.22	9.65	8.72	8.84
Operating Profit/ Total Income (%)	17.85	20.02	18.00	20.06	17.29	20.04
Net Profit/ Total Income (%)	11.48	13.86	9.60	13.21	11.81	13.86
Operating Expenses/ Total Income (%)	8.52	7.45	9.84	7.00	8.37	7.65
Staff Cost / Total Income (%)	7.14	7.45	7.31	7.21	7.34	7.30
Staff Cost / Total Expenses (%)	8.69	9.32	8.91	9.02	8.87	9.13
Staff Cost / Operating Expenses (%)	45.59	49.99	42.62	50.76	46.72	48.82

Spread & NIM (Quarterly)



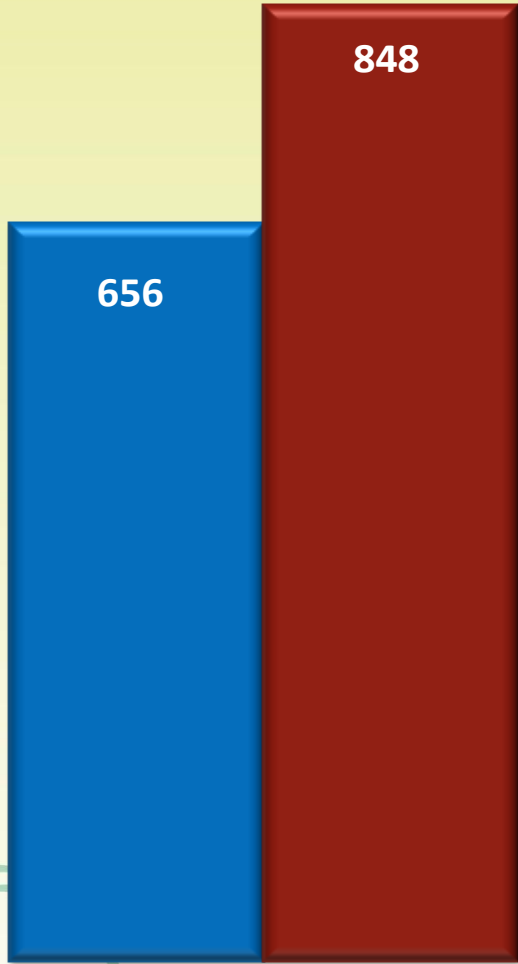
Income & Expenses Analysis – 9M (YoY)

Particulars	Nine Months ended		Growth (%)	FY 2011-12
	Dec 12	Dec-11		
Interest earned	3,116.28	2,322.90	34.2	3,270.37
Interest expended	2,268.13	1,666.77	36.1	2,353.25
Net Interest Income	848.15	656.13	29.3	917.12
Non Interest Income	258.53	225.79	14.5	323.95
Profit on Investment	36.23	12.56	188.5	26.20
Operating Revenue	1,142.91	894.48	27.8	1,267.27
Operating expenses	533.94	381.82	39.8	541.56
Employee cost	243.42	190.89	27.5	264.41
Other expenses	290.52	190.93	52.2	277.15
Operating Profit	608.97	512.66	18.8	725.71
Provisions	34.63	86.92	(60.2)	93.76
Profit Before Tax	574.34	425.74	34.9	631.95
Provision for Taxes	182.60	70.81	157.9	130.23
Net Profit	391.74	354.93	10.4	501.72

Income & Expenses Analysis (QoQ)

Particulars	Quarter Ended		Growth (%)	Quarter Ended Sep-12	Seq. Growth (%)
	Dec-12	Dec-11			
Interest earned	1,072.10	856.32	25.2	1,038.65	3.2
Interest expended	763.66	621.66	22.8	752.88	1.4
Net Interest Income	308.44	234.66	31.4	285.77	7.9
Non Int Income	92.56	82.71	11.9	75.58	22.5
Profit on Investment	12.93	6.73	92.1	9.41	37.4
Operating Revenue	413.93	324.10	27.7	370.76	11.6
Operating expenses	201.94	134.38	50.3	176.46	14.4
Employee cost	86.06	68.20	26.2	82.43	4.4
Other expenses	115.88	66.18	75.1	94.03	23.2
Operating Profit	211.99	189.72	11.7	194.30	9.1
Provisions	65.22	36.02	81.1	(20.61)	416.4
Profit Before Tax	146.77	153.70	(4.5)	214.91	(31.7)
Provision for Taxes	33.73	28.78	17.2	82.16	(58.9)
Net Profit	113.04	124.92	(9.5)	132.75	(14.8)

Net Interest Income (YoY & QoQ)

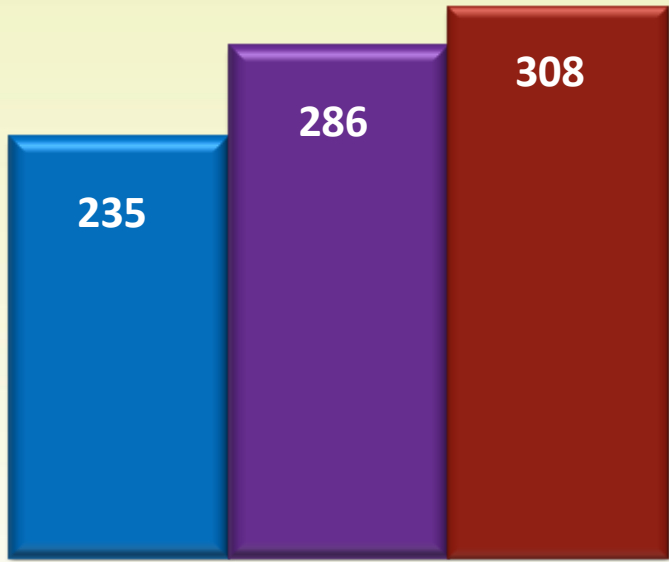


YoY

- Increased by 29.3%

QoQ

- Q3 FY13 vs Q3 FY12 - Increased by 31.1%
- Q3 FY13 vs Q2 FY13 - Increased by 7.7%

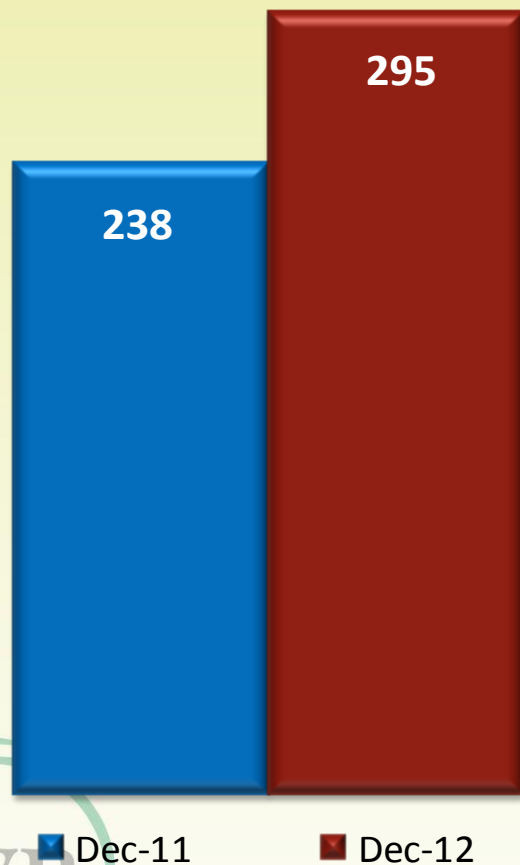


■ Dec-11 ■ Dec-12

■ Q3 FY11-12 ■ Q2 FY12-13 ■ Q3 FY12-13



Non Interest Income (YoY & QoQ)

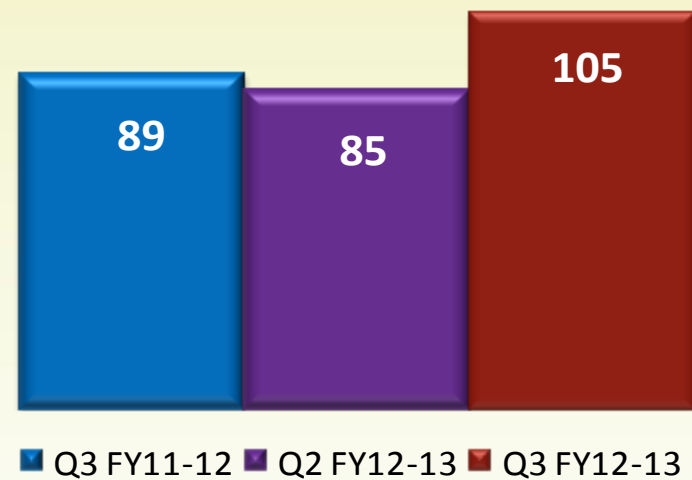


YoY

- Increased by 23.9%

QoQ

- Q3 FY13 vs Q3 FY12 - Increased by 18.0%
- Q3 FY13 vs Q2 FY13 - Increased by 23.5%



Provisions & Contingencies

Particulars	Nine Months Ended		Quarter Ended		
	Dec-12	Dec-11	Dec-12	Dec-11	Sep-12
NPA	69.21	34.83	67.35	20.33	(30.96)
Standard Assets	20.00	18.37	14.91	7.95	4.63
Restructured Advances	1.62	(1.92)	(9.06)	0.25	11.10
Others*	5.70	0.74	5.54	(0.01)	0.02
Investments	(61.90)	34.90	(13.52)	7.50	(5.40)
Provisions Before Tax	34.63	86.92	65.22	36.02	(20.61)
Provisions for Tax	182.60	70.81	33.73	28.79	82.16
Total Provisions	217.23	157.73	98.95	64.81	61.55

**includes Provision for Sale of Assets to ARCs Rs.5.60 crore*

Capital to Risk Weighted Assets Ratio

Particulars	Dec-12	Sep-12	Mar-12
Tier I Capital	2,677	2,677	2,677
Tier II Capital	271	271	246
Tier (I + II)	2,948	2,948	2,923
Total Risk Weighted Assets	22,073	21055	20403
Tier I – CRAR	12.13%	12.72%	13.12%
Tier II – CRAR	1.23%	1.28%	1.21%
CRAR (%)	13.36%	14.00%	14.33%

➤ CRAR (with profit) is at 15.13% and 15.33% as on 31.12.2012 and 30.09.2012 respectively

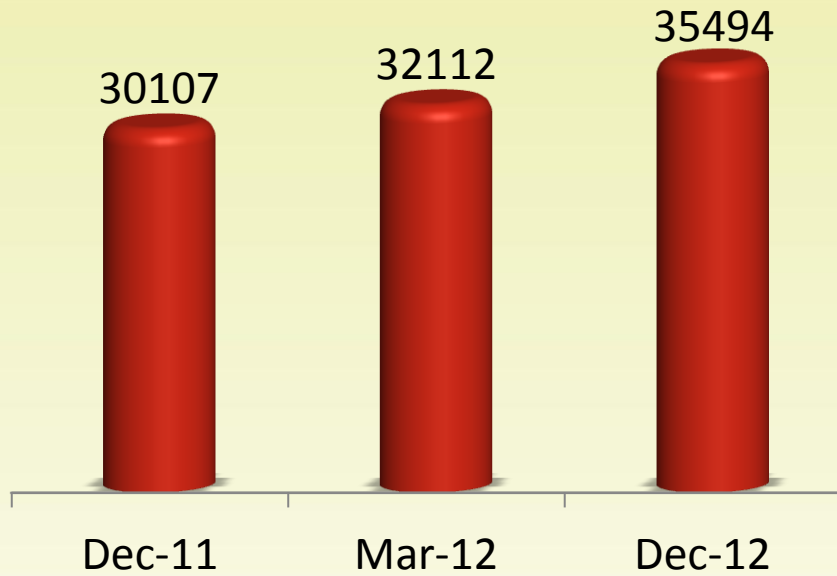
➤ “LA+” Rating from ICRA for Long Term Bond Issuance

➤ Top Rating from CRISIL (A1+) and ICRA (A1+) for Short Term Borrowing

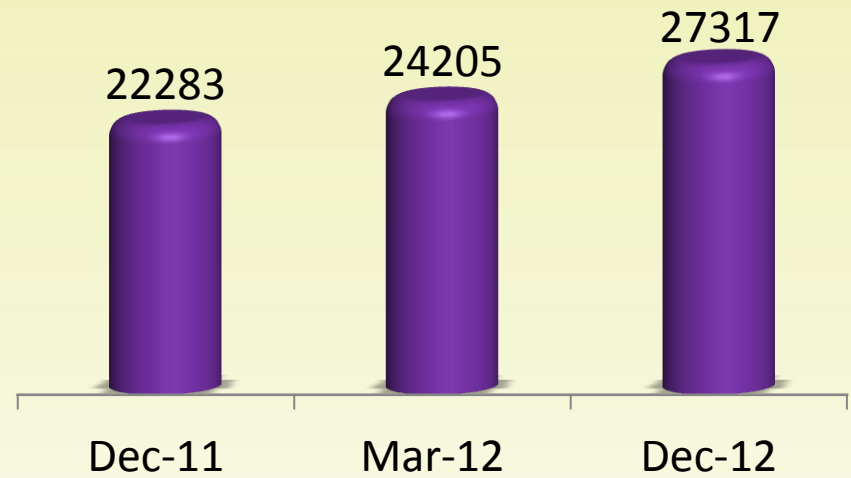


Deposits & Advances

Deposits



Advances

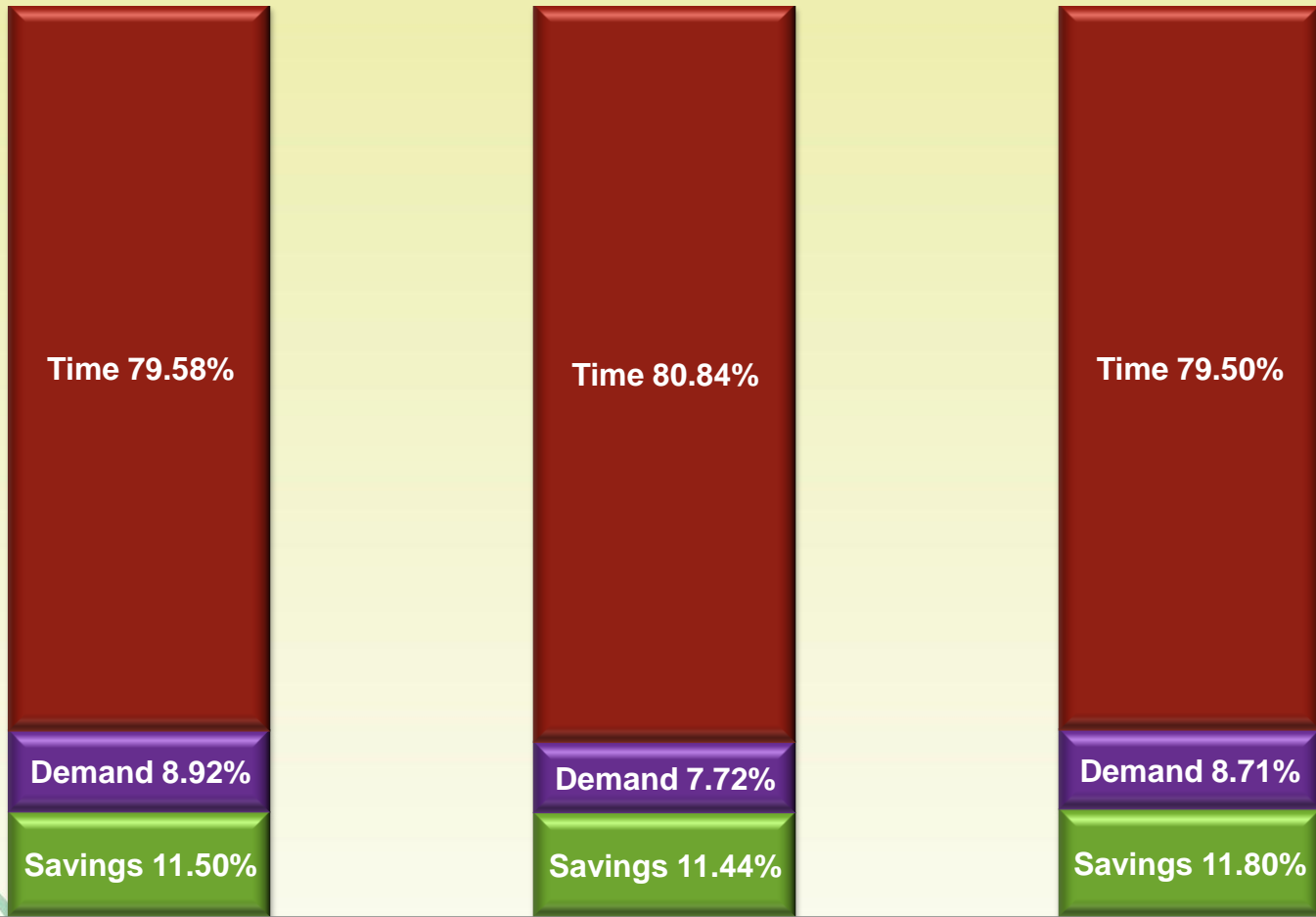


■ Deposits

■ Advances



Deposit Mix



Dec-11

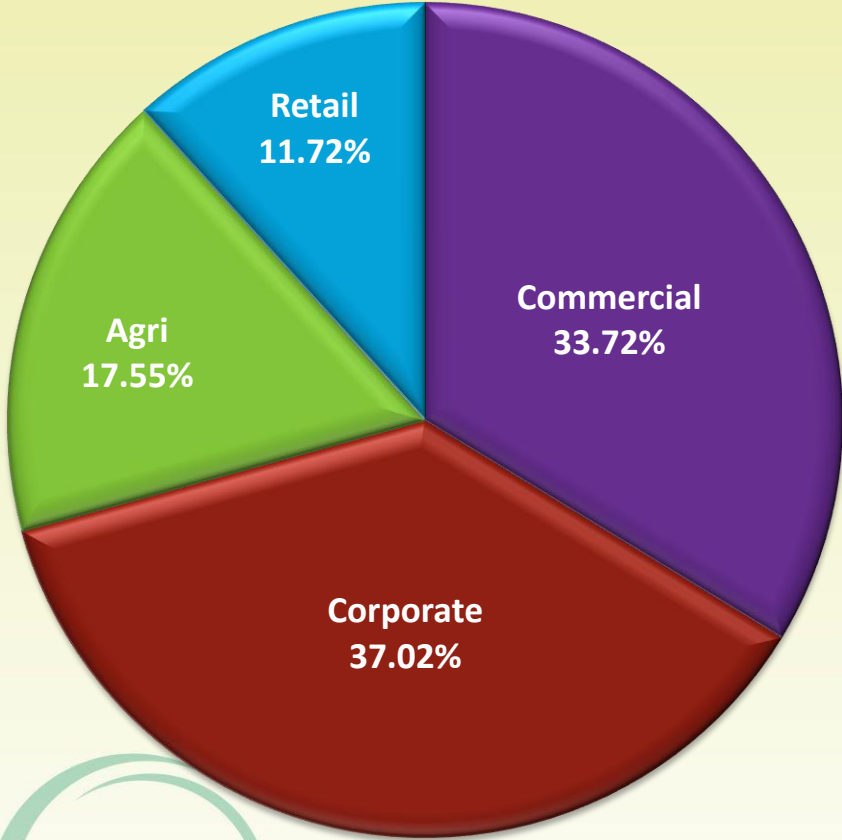
Mar-12

Dec-12

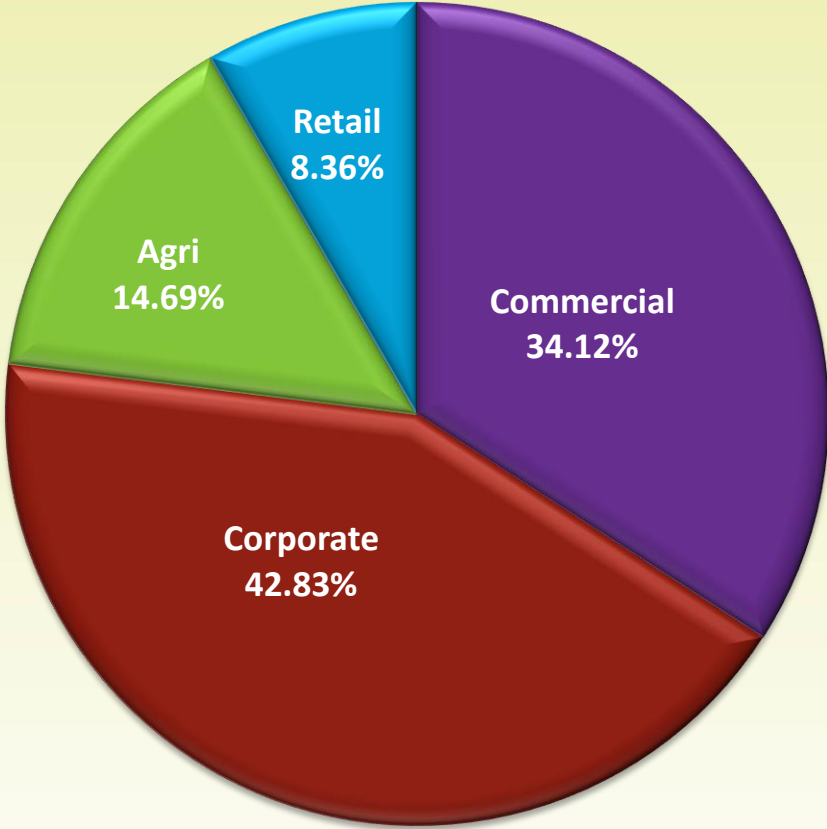


Advance Mix

Dec-12



Dec-11



Advances Breakup

Particulars	Amount (Rs. in crore)			% to Total Advance			Growth Over Dec 11	
	Dec-12	Dec-11	Mar-12	Dec-12	Dec-11	Mar-12	Quantum	%
BILLS	1186	1167	1292	4.3	5.2	5.3	19	1.6
DEMAND LOAN	15076	11094	12450	55.2	49.8	51.4	3982	35.9
TERM LOAN	11055	10022	10463	40.5	45.0	43.2	1033	10.3
TOTAL	27317	22283	24205	100	100	100	5034	22.6



Advances – Category wise

Particulars	Amount (Rs. in crore)			% to Total Advance			Growth Over Dec 11	
	Dec-12	Dec-11	Mar-12	Dec-12	Dec-11	Mar-12	Quantum	%
INDUSTRY EXPOSURE	8,926	8,268	8,482	32.7	37.1	35.0	658	8.0
JEWEL LOAN	6,966	4,419	5,200	25.5	19.8	21.5	2,547	57.6
Personal Segment Loans @	3,438	2,793	3,077	12.6	12.5	12.7	645	23.1
TRADING	3,697	2,171	2,576	13.5	9.7	10.6	1,526	70.3
BILLS	1,186	1,167	1,291	4.3	5.2	5.3	19	1.6
NBFC	1,040	979	1,255	3.8	4.4	5.2	61	6.2
OTHER EXPOSURES*	2,064	2,486	2,324	7.6	11.2	9.6	(422)	(17.0)
TOTAL ADVANCES	27,317	22,283	24,205	100.0	100.0	100.0	5,034	22.6

@ Vehicle, Housing, Deposit loans

*includes Commercial Real estate, Capital Market exposure and Loans given other than to industry, like short term loans, Cash credit & over draft etc

Industry Exposure - Breakup

INDUSTRY	Amount (Rs. in crore)			% to Total Advance			Growth Over Dec 11	
	Dec-12	Dec-11	Mar-12	Dec-12	Dec-11	Mar-12	Quantum	%
INFRASTRUCTURE	3,038	3,079	2,984	11.1	13.8	12.3	(41)	(1.3)
TEXTILES	1,861	1,740	1,777	6.8	7.8	7.3	121	7.0
IRON AND STEELS	1,049	943	966	3.8	4.2	4.0	106	11.2
FOOD PROCESSING	713	593	633	2.6	2.7	2.6	120	20.2
CHEMICALS AND CHEMICALS PRODUCTS	519	455	494	1.9	2.0	2.0	64	14.1
AUTO PARTS	221	250	270	0.8	1.1	1.1	(29)	(11.6)
GEMS & JEWELLERY	233	217	256	0.9	1.0	1.1	16	7.4
ALL ENGINEERING	325	223	217	1.2	1.0	0.9	102	45.7
RUBBER	206	166	195	0.8	0.7	0.8	40	24.1
METAL	169	155	188	0.6	0.7	0.8	14	9.0
BEVERAGE & TOBACCO	82	103	113	0.3	0.5	0.5	(21)	(20.4)
WOOD	154	91	105	0.6	0.4	0.4	63	69.2
CEMENT	87	99	103	0.3	0.4	0.4	(12)	(12.1)
PAPER	89	70	95	0.3	0.3	0.4	19	27.1
CONSTRUCTION	137	74	76	0.5	0.3	0.3	63	85.1
GLASS	9	6	6	0.0	0.0	0.0	3	50.0
LEATHER	9	2	2	0.0	0.0	0.0	7	350.0
PETROLEUM	25	2	2	0.1	0.0	0.0	23	1150.0
Total INDUSTRY EXPOSURE	8,926	8,268	8,482	32.7	37.1	35.0	658	8.0

Infrastructure Advances

INFRASTRUCTURE	Amount (Rs. in crore)			% to Total Advance			Growth Over Sep 11	
	Dec-12	Dec-11	Mar-12	Dec-12	Dec-11	Mar-12	Quantum	%
Power	1,661	1,912	1,799	6.1	8.6	7.4	(251)	(13.1)
Road	300	243	315	1.1	1.1	1.3	57	23.5
Telecommunication	59	90	63	0.2	0.4	0.3	(31)	(34.4)
Infra Others	1,018	833	807	3.7	3.7	3.3	185	22.2
TOTAL	3,038	3,078	2,984	11.1	13.8	12.3	(40)	(1.3)

Power - Sector wise	Dec 12	Dec 11	Mar 12
GOVERNMENT	1251	1769	1624
PRIVATE	410	143	175
TOTAL	1661	1912	1799

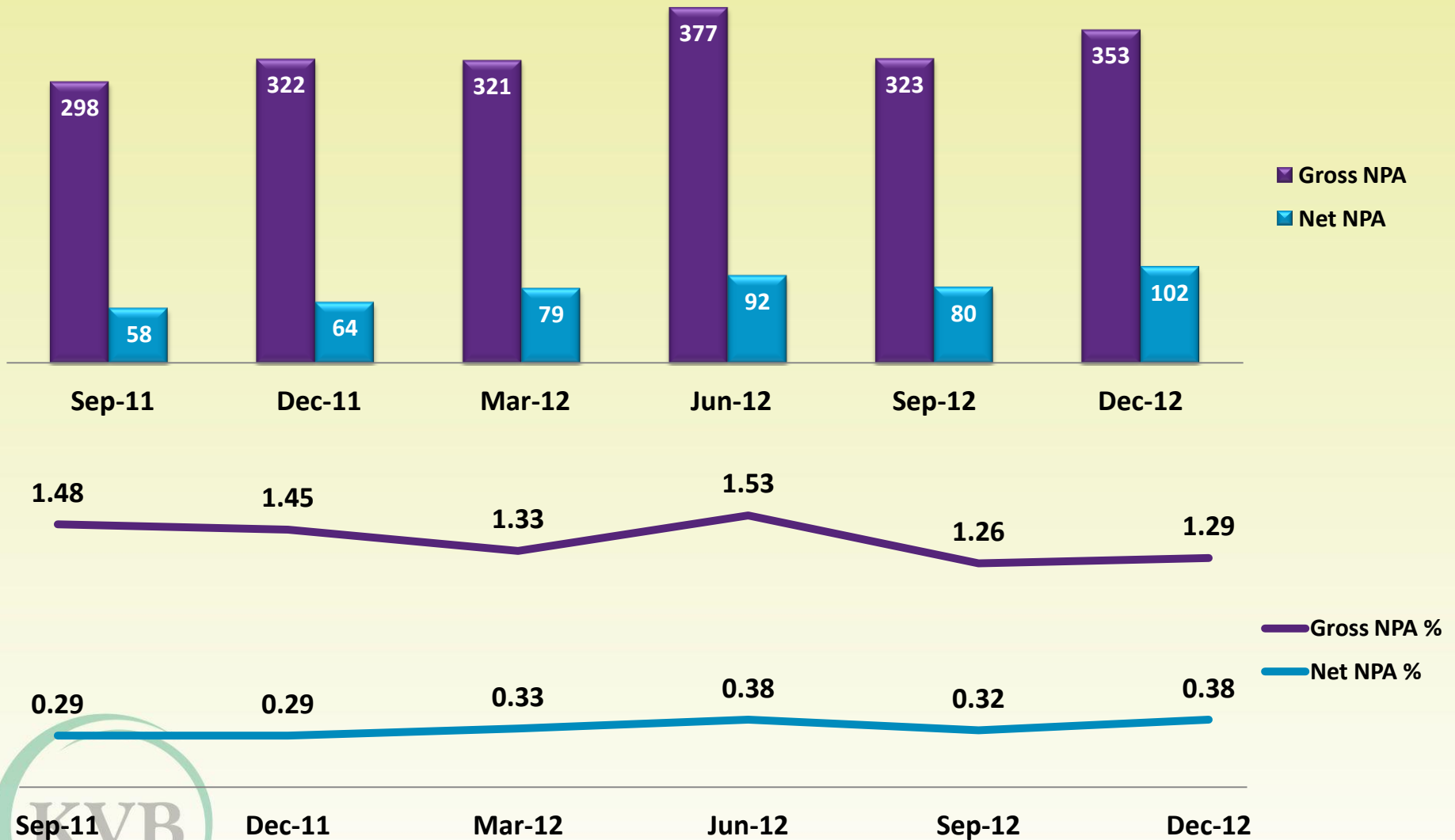


Advances - Other Details

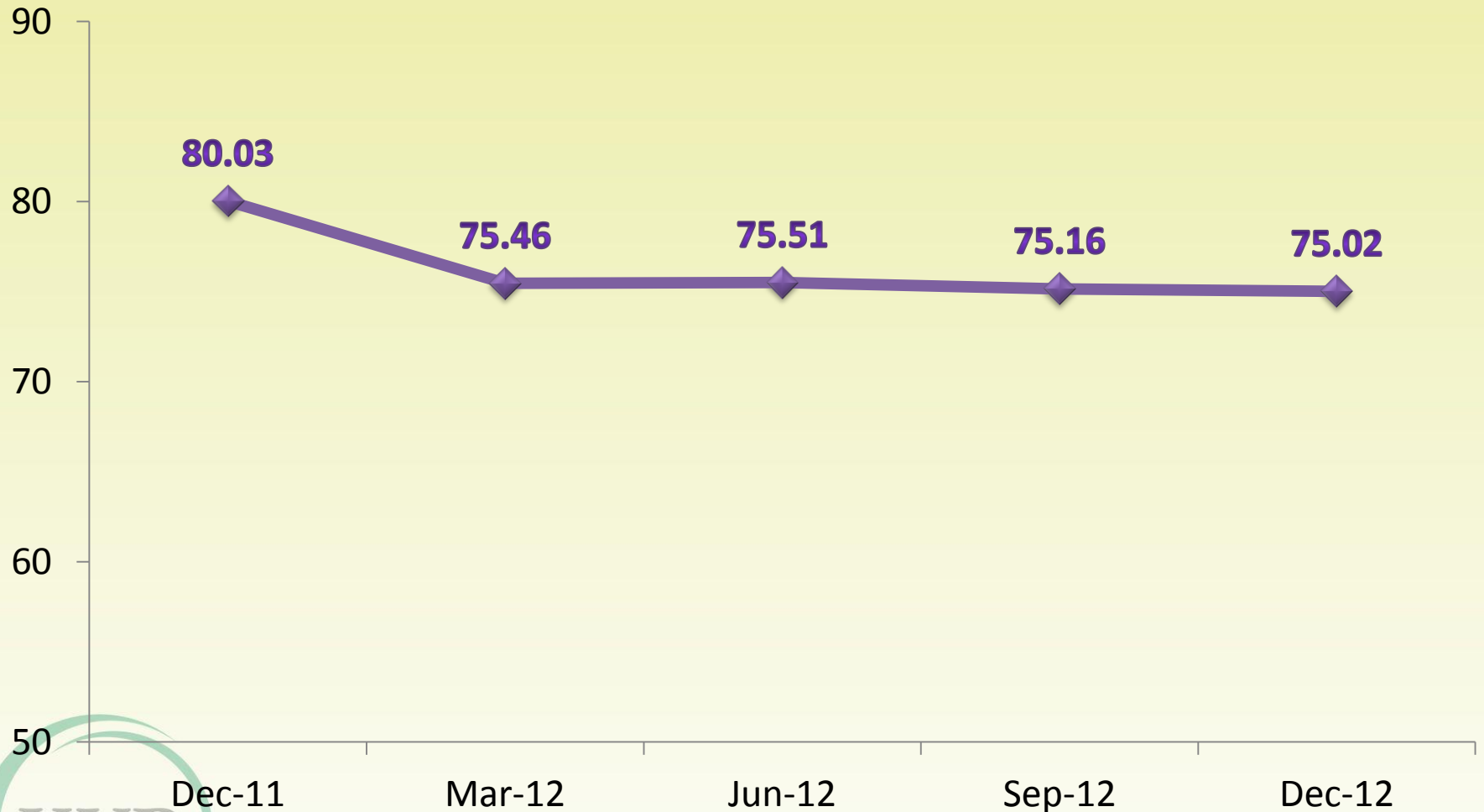
Particulars	Amount (Rs. in crore)			% to Total Advance			Growth Over Dec 11	
	Dec-12	Dec-11	Mar-12	Dec-12	Dec-11	Mar-12	Quantum	%
COMMERCIAL REAL ESTATE	872	764	744	3.2	3.4	3.1	108	14.1
CAPITAL MARKET	147	214	39	0.5	1.0	0.2	(67)	(31.3)
HOUSING LOANS	1243	862	955	4.6	3.9	3.9	381	44.2
AUTO LOANS	1047	782	841	3.8	3.5	3.5	265	33.9
NBFCs	1040	979	1255	3.8	4.4	5.2	61	6.2
PERSONAL LOANS	349	314	319	1.3	1.4	1.3	35	11.1



Gross NPA & Net NPA



Provision Coverage Ratio (%)



KVB

Movement of NPA

Particulars	Apr 12 – Dec 12	Oct 12 – Dec 12	Apr 11 – Mar 12
Movement of Gross NPAs			
Opening Balance	320.99	322.74	228.15
Additions during the period	281.97	144.37	174.00
Reductions during the period	249.76	113.91	81.16
Closing Balance	353.20	353.20	320.99
Movement of Net NPAs			
Opening Balance	78.78	80.17	13.87
Additions during the period	114.56	40.06	90.92
Reductions during the period	91.55	18.44	26.01
Closing Balance	101.79	101.79	78.78
Movement of Provision for NPA			
Opening Balance	201.51	203.36	182.42
Provisions made during the period	120.59	67.35	52.43
Write off/Write back of excess provision	95.87	44.48	33.34
Closing Balance	226.23	226.23	201.51

Sector wise Restructured Advances

S.NO	SECTOR	NO. OF ACCOUNTS		AMOUNT (Rs. in crore)		(% to total Rest. Adv)	
		Dec 12	Mar 12	Dec 12	Mar 12	Dec 12	Mar 12
1	FOOD	12	9	5.08	32.97	0.6	5.0
2	STEEL	2	3	4.50	13.39	0.5	2.0
3	TEXTILE	55	57	293.80	273.17	32.5	41.6
4	REAL ESTATE	42	33	6.89	5.97	0.8	0.9
5	COMMERCIAL REAL ESTATE	12	10	9.52	10.97	1.1	1.7
6	PAPER	4	3	2.88	3.48	0.3	0.5
7	PHARMA	1	1	10.92	11.18	1.2	1.7
8	CHEMICAL	3	3	12.54	12.53	1.4	1.9
9	POWER	4	1	248.31	147.05	27.6	22.4
10	OTHERS	82	82	306.81	145.67	34.0	22.2
TOTAL		217	202	901.25	656.39	100.0	100.0
% to Total Advance				3.3%	2.7%		

Movement of Restructured Advances

Particulars	Apr-12 to Dec-12		Oct-12 to Dec-12	
	No. of A/cs	Amount (Rs. in crore)	No. of A/cs	Amount (Rs. in crore)
Restructured accounts at the beginning of the period - [A]	202	656.39	219	708.27
Addition during the period - [B]	46	352.62	8	214.53
Addition through upgradation from NPA - [C]	7	4.90	2	0.04
Accounts closed during the period - [D]	26	39.89	10	1.97
Amount recovered during the period – [E]	-	55.65	-	10.97
Accounts slipped into NPA during the period - [F]	12	17.12	2	8.65
Restructured accounts as on 31.12.2012 A+B+C-(D+E+F)	217	901.25	217	901.25



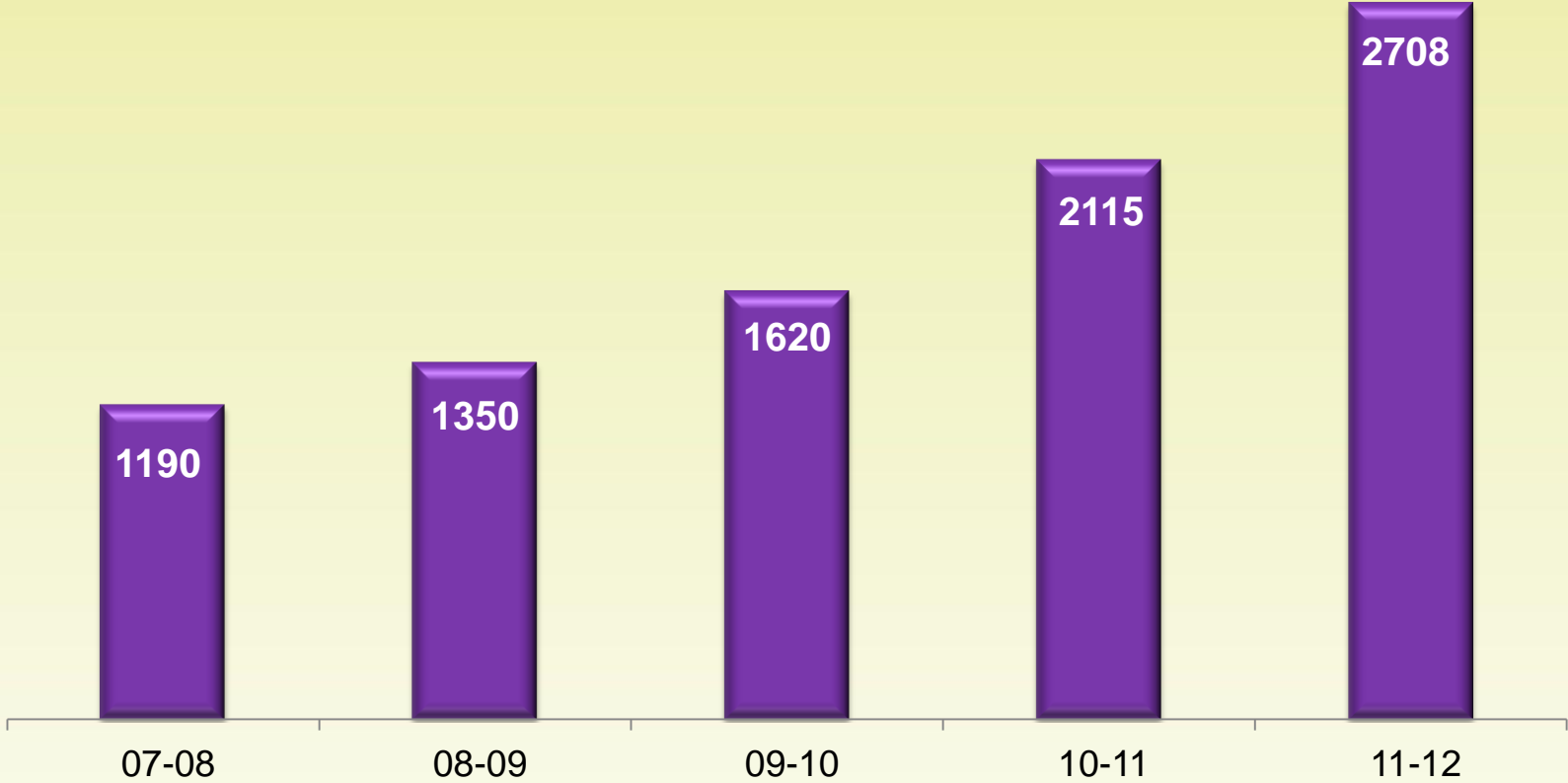
Investments Portfolio

Particulars	HTM	AFS & HFT	Total
SLR	6,817	3,092	9,909
Non SLR (Excl. RIDF)	10	563	573
RIDF Investment	571	0	571
Total Investments	7,398	3,655	11,053
% to total	66.9	33.1	

Modified Duration of investments under AFS & HFT is 4.03



Owned Funds



CAGR	5 Yr 20.57%
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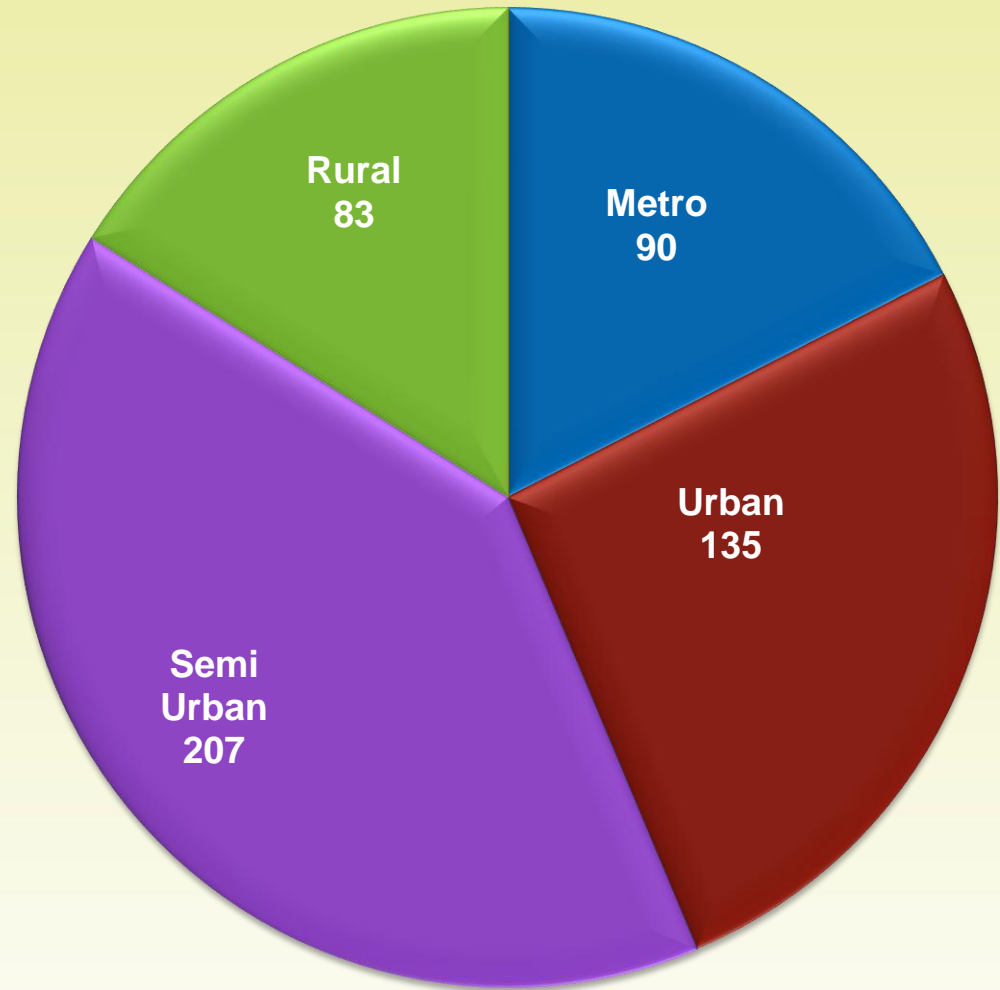
Network and Human Resources

Particulars	Mar 08	Mar 09	Mar 10	Mar 11	Mar 12	Sep 12	Dec 12
No of Branches	288	312	335	369	451	470	515
No of ATMs	286	324	376	488	825	983	1181
No of Employees	3580	3941	4175	4574	5673	5968	6259

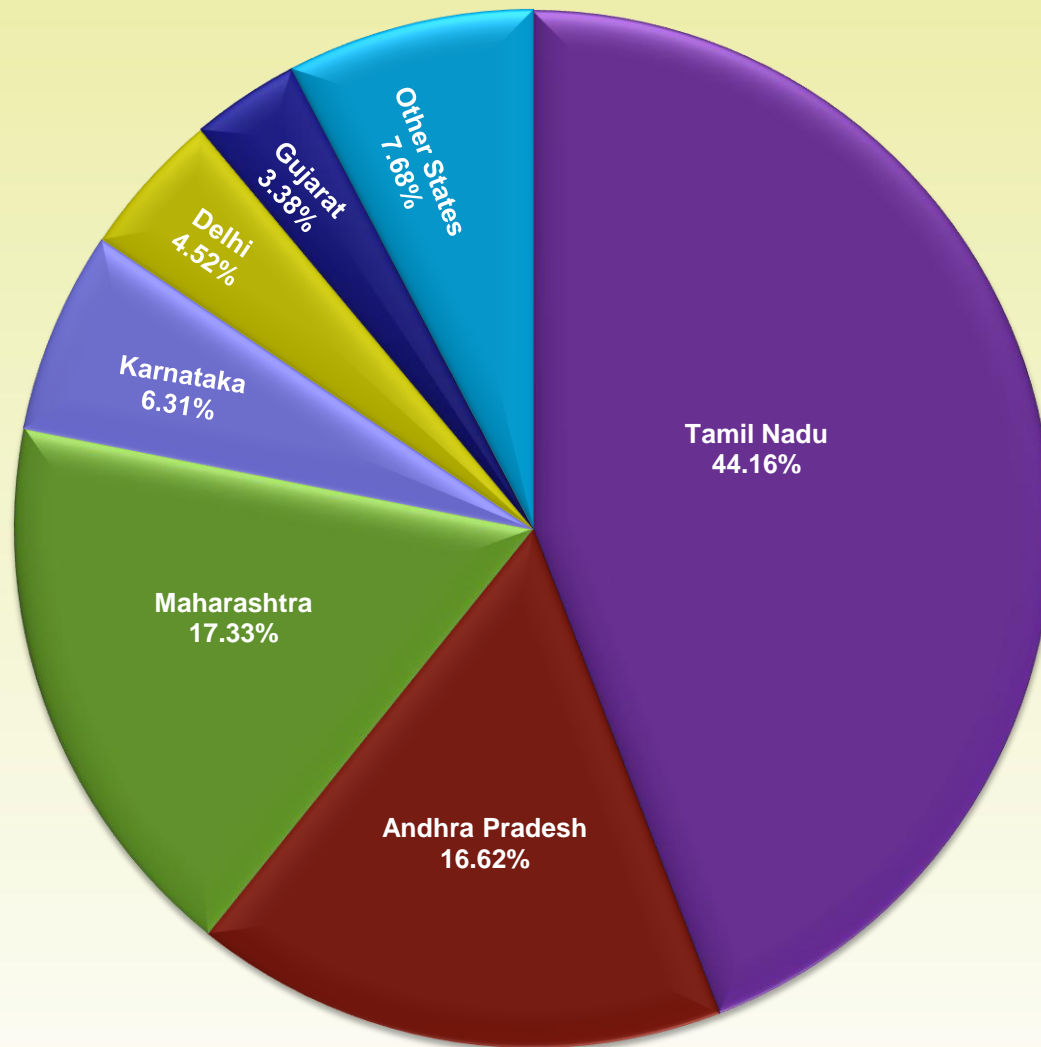


Network of 515 Branches

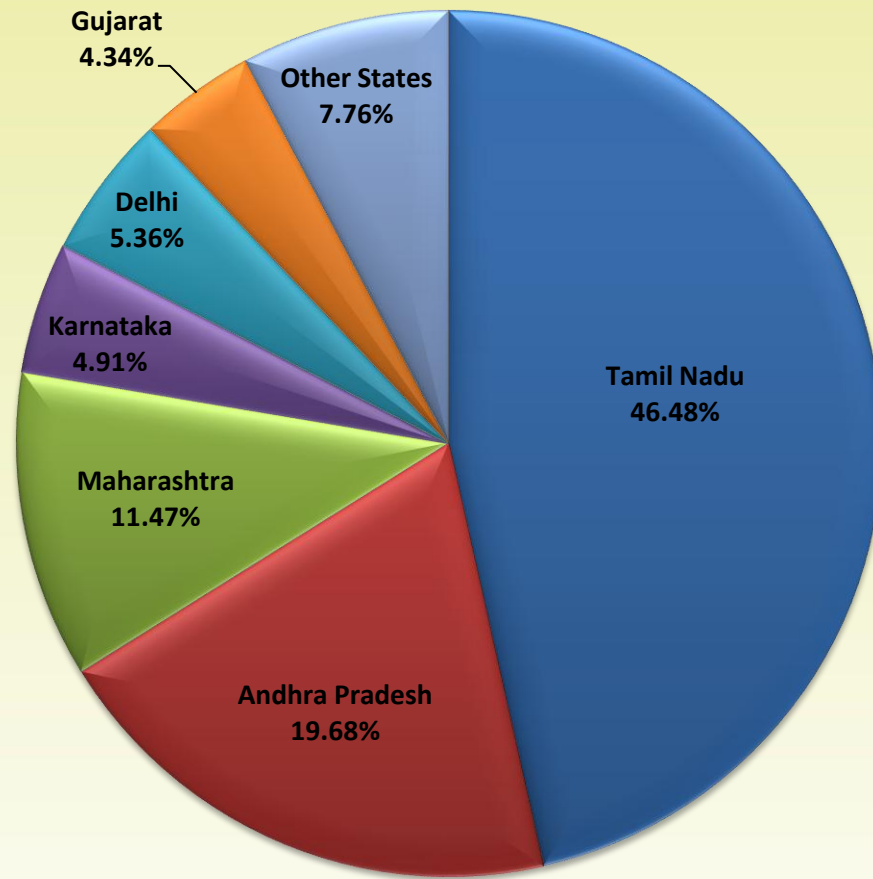
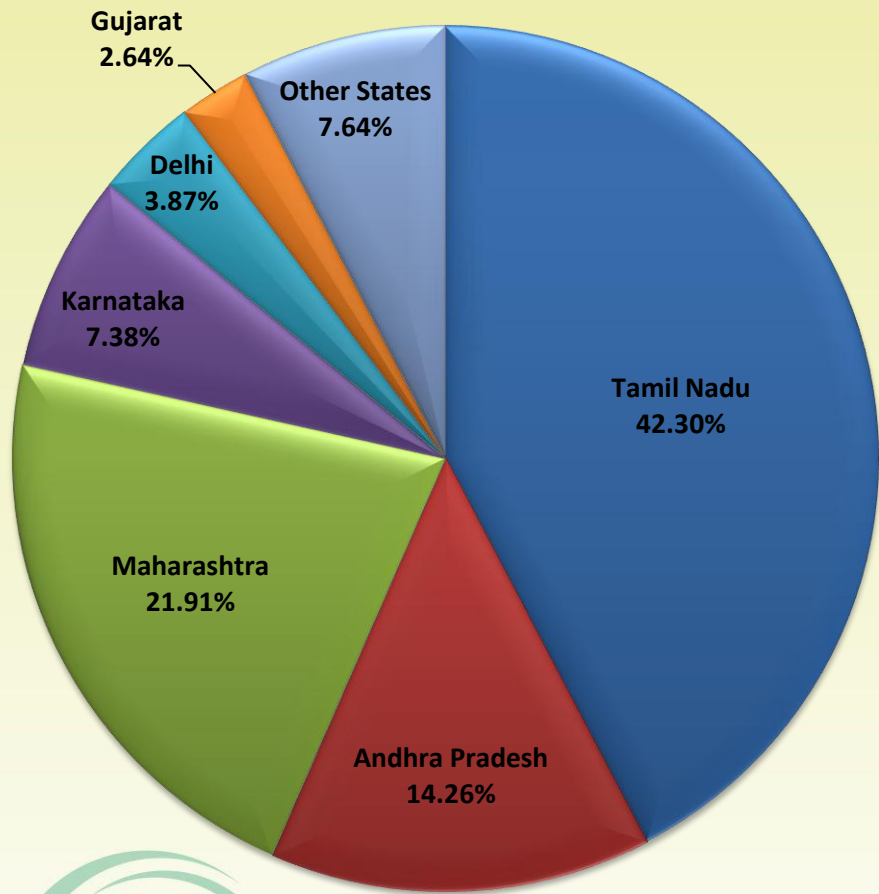
STATE	Mar 12	Dec 12
TAMILNADU	227	261
ANDHRA PRADESH	96	108
KARNATAKA	32	35
MAHARASHTRA	21	24
GUJARAT	14	15
WEST BENGAL	12	14
KERALA	11	12
DELHI	9	12
PUNJAB	5	7
ORISSA	4	5
UTTARPRADESH	5	5
HARYANA	4	4
PONDICHERY	2	4
M.P.	3	3
RAJASTHAN	2	2
CHANDIGARH	1	1
CHATTISGARH	1	1
GOA	1	1
JHARKHAND	1	1
Total	451	515



State wise Contribution - Total Business



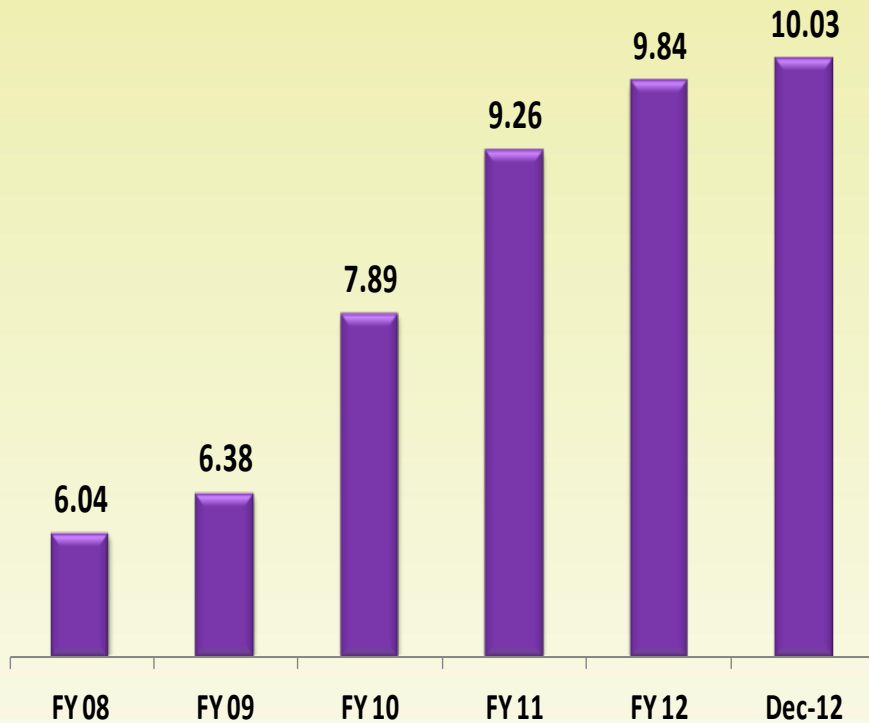
State wise Deposits & Advances



Deposits

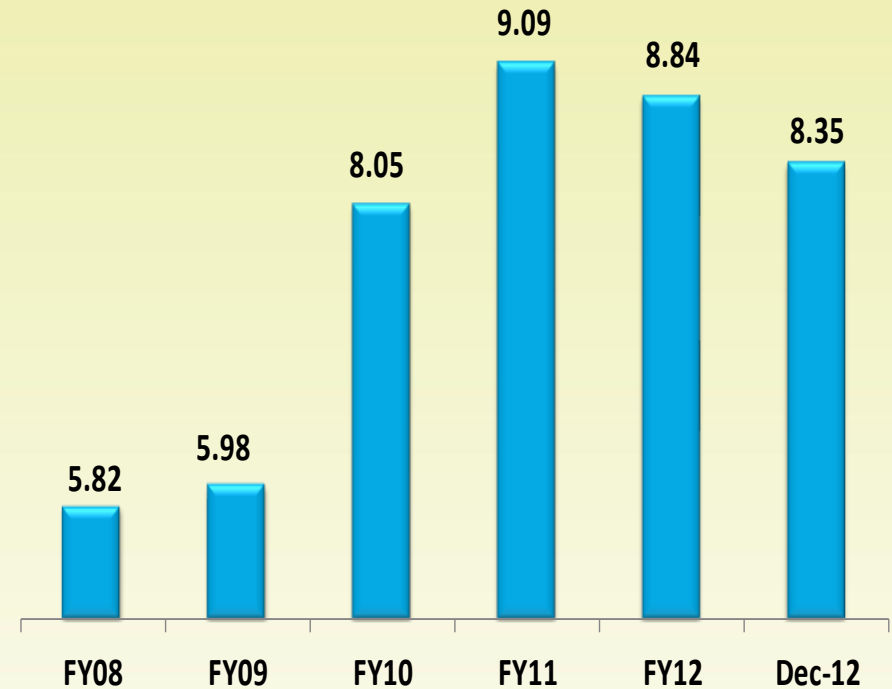
Advances

Business Per Employee



(Rs. in crore)

Profit Per Employee



(Rs. in Lakhs)



A Decade of Progress

Year	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Paid up Capital	16.41	17.98	17.98	17.98	49.49	53.94	53.95	54.44	94.49	107.18
Reserves	542.27	694.05	742.90	853.65	1013.67	1136.06	1296.21	1565.54	2020.05	2601.04
Owned funds	558.68	712.03	760.88	871.63	1063.16	1190.00	1350.16	1619.98	2114.54	2708.22
CRAR - Basel I	17.01%	17.11%	16.07%	14.79%	14.51%	12.58%	13.08%	12.48%	12.16%	11.64%
Basel II	-	-	-	-	-	-	14.92%	14.49%	14.41%	14.33%
Deposits	5122	5911	6672	7577	9340	12550	15101	19272	24722	32112
Advances	3344	4023	4620	5701	7194	9569	10563	13675	18052	24205
Investments	1845	2173	2219	2298	2874	3526	4716	6649	7776	10581
Gross Income	648	722	704	771	987	1289	1711	2005	2482	3621
Net Profit	125	161	105	135	160	208	236	336	416	502
Dividend	70%	100%	100%	120%	100%	120%	120%	120%	120%	140%
Branches	214	223	231	238	269	288	312	335	369	451
EPS (Rs.)	156.28	89.58	58.59	28.29	32.80	38.62	43.71	62.23	44.90	46.81
Return on Assets	2.25%	2.43%	1.45%	1.65%	1.53%	1.63%	1.49%	1.76%	1.71%	1.56%
Book Value(Rs.)	340.45	396.05	423.22	484.80	197.09	220.61	250.25	297.60	200.33	252.68
No of Employees	2833	2849	2811	2908	3286	3580	3941	4175	4574	5673

Awards and Recognitions

- ✓ *Bloomberg UTV Financial Leadership Awards, 2012 – **Best Private Sector Bank***
- ✓ *Business World-Price Waterhouse Coopers Awards, 2012 – **Best Small Bank***
- ✓ *IDRBT Banking Technology Best Bank Awards 2012 – **IT Implementation and Management among small banks & Managing IT Risks among small banks***
- ✓ *Institute of Public Enterprise, Hyderabad – **Best Employer Brand & IPE Corporate Excellence Awards (CEO's) Banking & Finance, 2012***
- ✓ *Special Jury commendation in the “Best Old Private Sector Bank” category at the CNBC TV18 Best Bank and Financial Institution Awards for FY12*

THANK YOU



Karur Vysya Bank

Smart way to bank