



Karur Vysya Bank

Smart way to bank

Investor Presentation

31.12.2017



Smart way to Cashless Payments



Prepaid Card



Internet Banking



Mobile Banking



Credit Card



Mobile recharge



Air ticket booking



Bill payments



RTGS/NEFT



Debit Card



Movie ticket booking



Train ticket booking through IRCTC



Income tax payments



IMPS 24x7



e-Payments



POS Machine



USSD



digital

Happy Banking with KVB!



Karur Vysya Bank

Smart way to bank

www.kvb.co.in | Helpline No. 1860 200 1916

"Do not share your internet banking details such as User ID / password or your credit / debit card number / CVV / OTP with anyone – either over phone or through email"



About Us

- ✓ *Banking tradition of 101 years*
- ✓ *Consistently earning profits since inception*
- ✓ *Uninterrupted dividend payment record*
- ✓ *100% and above dividend for 14 consecutive years from 2004 (120% or higher for eleven years)*
- ✓ *First bank to get permission from RBI to issue bonus shares*
- ✓ *773 branches and 1777 ATMs as on 31st December 2017*
- ✓ *6.75 million Customer Base*
- ✓ *100% CBS since 2005*
- ✓ *Full bouquet of e-banking & technology products*
- ✓ *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, serif font, centered within a circular emblem. The emblem consists of two overlapping, light-colored rings that create a sense of depth and movement around the text.

KVB



- ✓ Total Business grew by Rs. 8,430 crore (9%) to Rs. 1,01,955 crore
- ✓ 17% Credit Growth – Rs. 6,376 crore to Rs. 44,836 crore
- ✓ Deposits increase by Rs. 2,053 crore (4%) to Rs. 57,119 crore
- ✓ 26% growth in Operating Profit
- ✓ Net Interest Income increases by Rs. 43 crore (8% rise)
- ✓ NIM improves by 3 bps to 3.71%
- ✓ Other Income rises by Rs. 55 crore (32% increase)
- ✓ CRAR stands at 13.92%, of which Tier 1 is 13.36%



- ✓ **Towards a granular book**
 - **Our liabilities are granular providing opportunities for growth in retail / commercial assets**

- ✓ **Towards digital environment**
 - **New digital environment initiative - enabling real time credit underwriting in a paperless ecosystem**
 - **First set of asset products - retail & commercial – under development**
 - **Progressive roll-out to cover all retail credit and specific commercial credit portfolio**

- ✓ **Towards Algorithm + Judgment based credit underwriting**
 - ❖ **Scorecards developed for Retail & Commercial credit products**
 - ❖ **Enable Bank to move from purely judgmental underwriting to an enhanced process that marries algorithmic underwriting with judgment**

- ✓ **Towards creating a world class risk organisation**
 - **Appropriate risk appetite coupled with risk on-boarding in line with appetite**
 - **Management of risk assets once on-boarded**
 - **Centralised collection unit operational**

9MFY18 Results Snapshot

Operating Profit
Rs. 1297 crore
(↑ 22%)

Net Profit
Rs.295 crore
(↓ 24%)

Advances
Rs. 44,836 crore
(↑17%)

Deposits
Rs. 57,119 crore
(↑4%)

ROA
0.62%

NIM
3.76%
(↑ 14 bps)

CRAR
13.92 %

Net NPA
3.88 %

Profit & Loss Account (Q3 FY 18)

Units: Rs crore

Particulars	Q3FY 2017-18	Q3FY 2016-17	YoY%
Net Interest Income	561	518	8%
Other Income	225	170	32%
Total Income	786	688	14%
Operating Expenses	365	353	3%
Operating Profit	421	335	26%
Provisions	325	158	106%
Credit Related	306	143	114%
Others	19	15	27%
Profit Before Tax	96	177	(46%)
Tax	25	62	(60%)
Net Profit	71	115	(38%)

Profit & Loss Account (9M FY 18)

Units: Rs crore

Particulars	9M 17-18	9M 16-17	YoY%
Net Interest Income	1655	1494	11%
Other Income	691	550	26%
Total Income	2346	2044	15%
Operating Expenses	1048	980	7%
Operating Profit	1298	1064	22%
Provisions	880	470	87%
Credit Related	832	437	90%
Others	48	33	45%
Profit Before Tax	418	594	(30%)
Tax	123	206	(40%)
Net Profit	295	388	(24%)

Breakup of Other Income (Quarter)

Units: Rs crore

<u>Particulars</u>	<u>Q3 FY 17-18</u>	<u>Q3 FY 16-17</u>	<u>YoY %</u>
Total	225	170	32%
Fee Income	199	138	44%
<i>Forex</i>	8	10	(20%)
<i>Commissions</i>	153	112	37%
<i>Other</i>	38	16	138%
Profit on Sale of Investments	26	32	(19%)

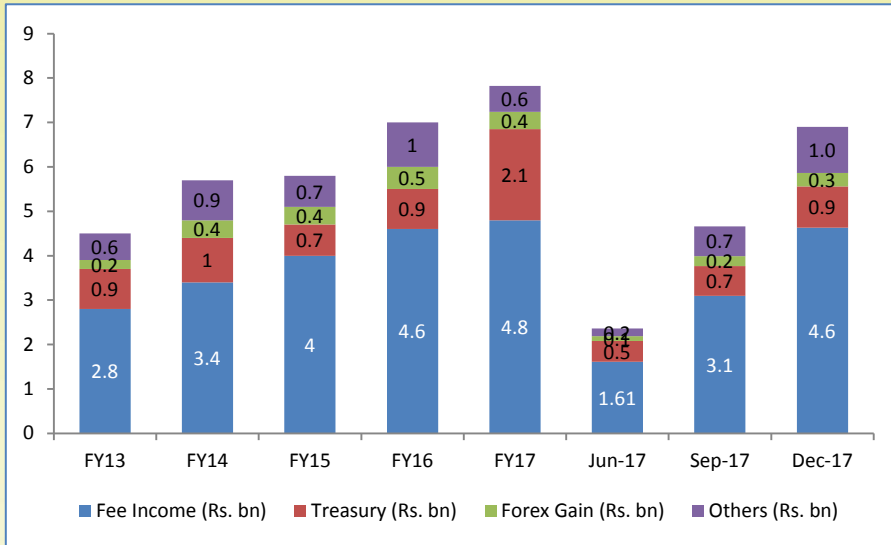
Breakup of Other Income (9 months)

Units: Rs crore

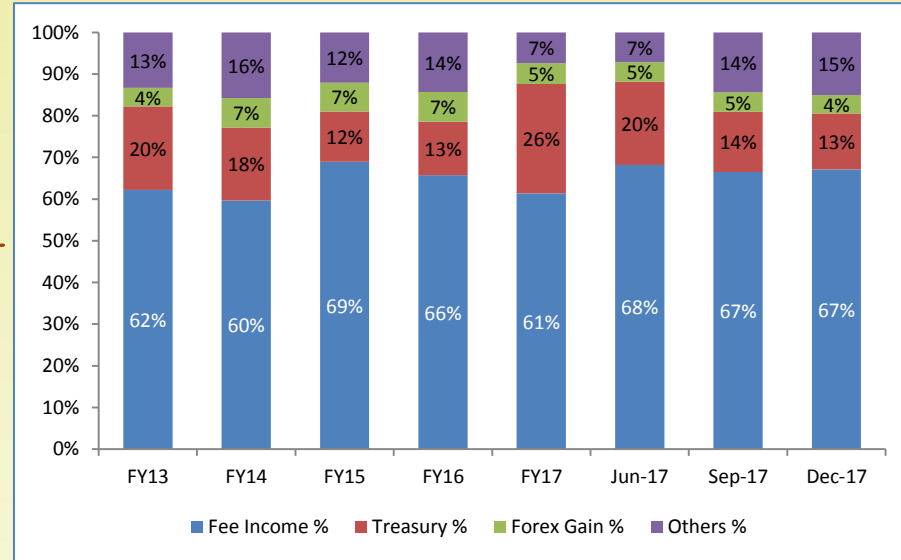
<u>Particulars</u>	<u>9M FY 17-18</u>	<u>9M FY 16-17</u>	<u>YoY %</u>
Total	691	550	26%
Fee Income	598	423	41%
Forex	30	28	7%
Commissions	463	353	31%
Other	105	42	150%
Profit on Sale of Investments	93	127	(27%)

Healthy Other Income Profile

Growth in other income



Fee income consistently contributes ~ 67% of other income



- Diverse sources of non – interest income
- Non – interest income contributed 14.10% to total income for 9 months of FY 2017-18

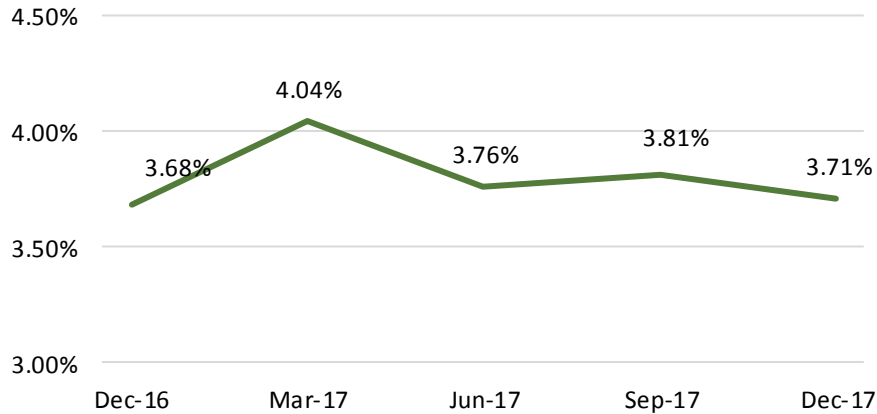
KVB's Fee income streams :

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

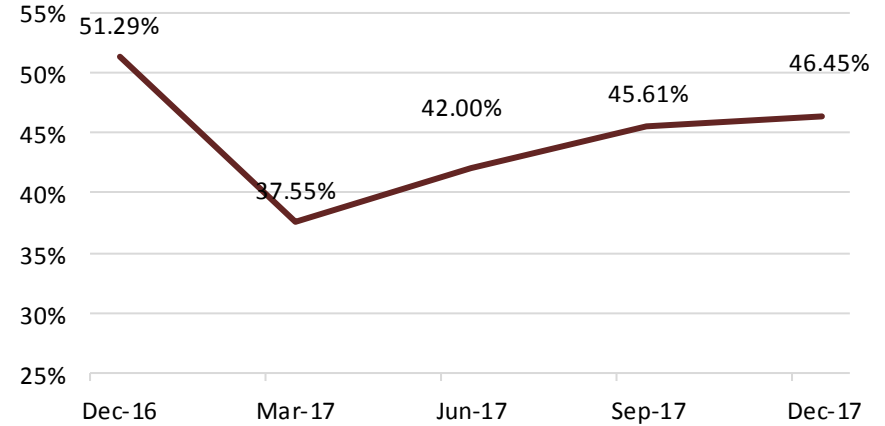


Key Ratios (Q3 2017-18)

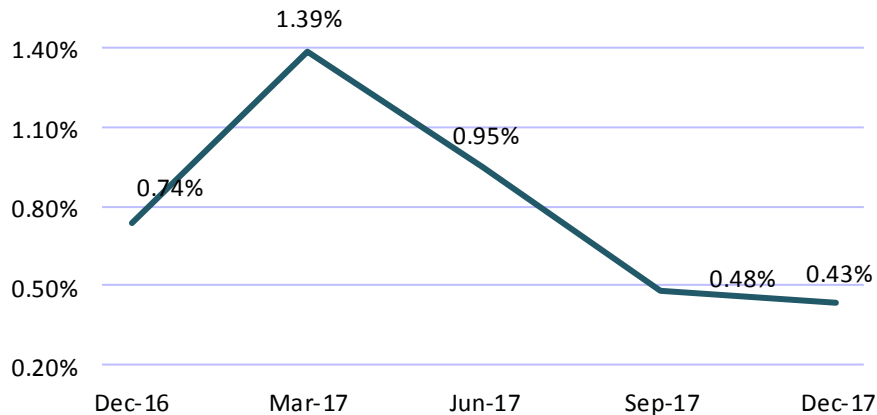
Net Interest Margin



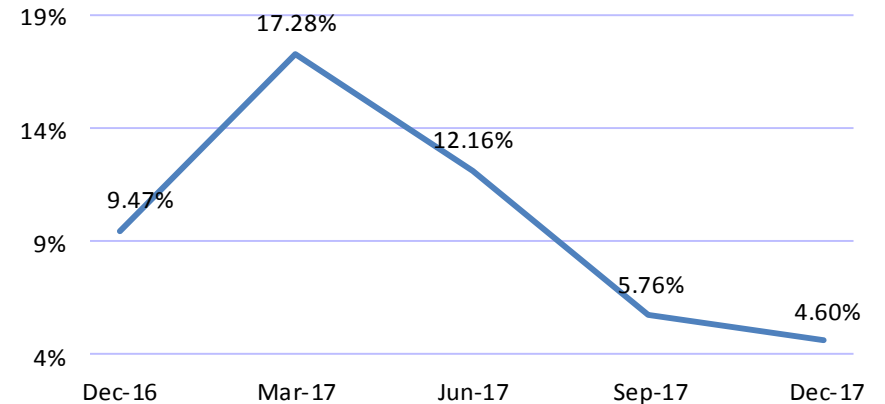
Cost to Income %



Return on Assets



Return on Equity



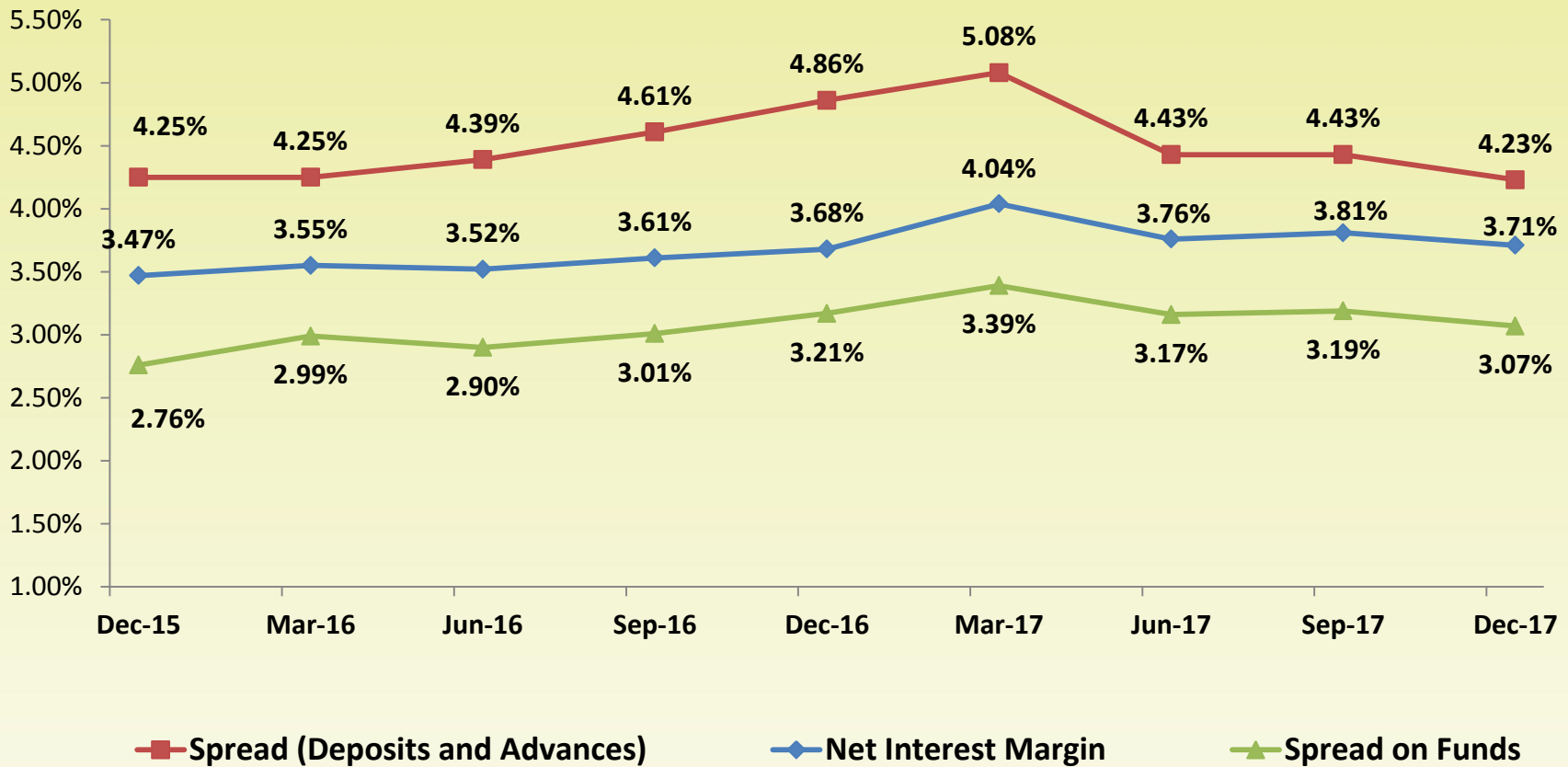
Key Ratios (Quarter)

Particulars	<u>Q3 FY 17-18</u>	<u>Q3 FY 16-17</u>
Cost of Deposits	5.97%	6.44%
Yield on Advances	10.19%	11.30%
Cost of Funds	5.88%	6.34%
Yield on Funds	8.95%	9.55%
Cost Income Ratio	46.45%	51.29%
Spread	3.07%	3.21%
NIM	3.71%	3.68%
Business/Emp. (Rs crore)	12.64	12.96
Profit/Emp. (Rs lakh)	3.55	6.42
No. of Employees	8060	7218

Key Ratios (9M 2018)

Particulars	<u>9M FY 17-18</u>	<u>9M FY 16-17</u>
Cost of Deposits	6.06%	6.76%
Yield on Advances	10.42%	11.38%
Cost of Funds	5.98%	6.67%
Yield on Funds	9.12%	9.75%
Cost Income Ratio	44.70%	47.95%
Spread	3.14%	3.08%
NIM	3.76%	3.62%
Business/Emp. (Rs crore)	12.64	12.96
Profit/Emp. (Rs lakh)	4.88	7.18
No. of Employees	8060	7218

Profitability Metrics (Quarterly)



Deposits

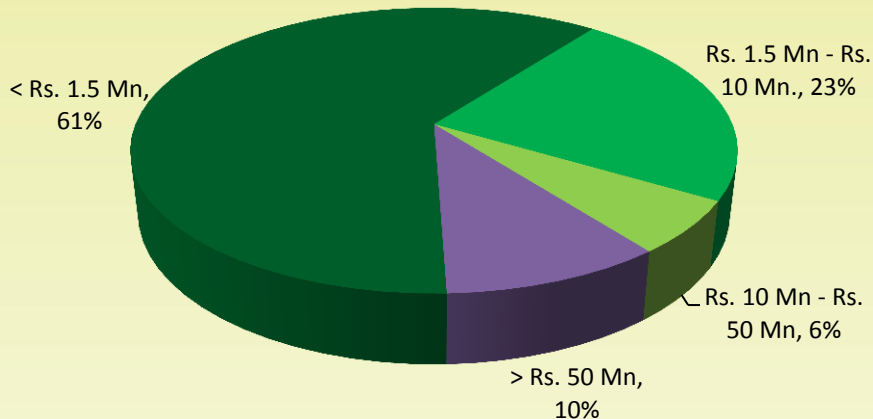
Units: Rs crore

<u>Particulars</u>	<u>31.12.2017</u>	<u>31.12.2016</u>	<u>YoY %</u>
Total Deposits	57,119	55,066	4%
CASA	16,024	16,973	(6%)
CASA Mix %	28.05%	30.82%	
Demand	5,549	5,816	(5%)
Savings	10,474	11,157	(6%)
Term Deposits	41,096	38,093	8%

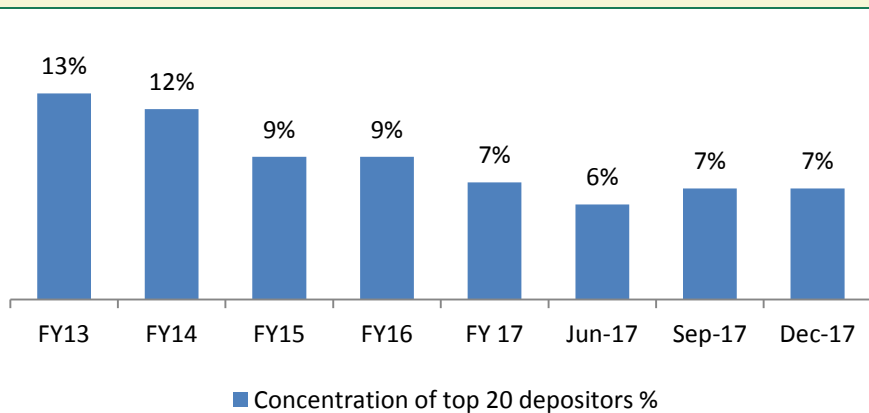
Retail Liability Franchise – Granular and Sticky

Low dependence on wholesale deposits (FY 2017-18)

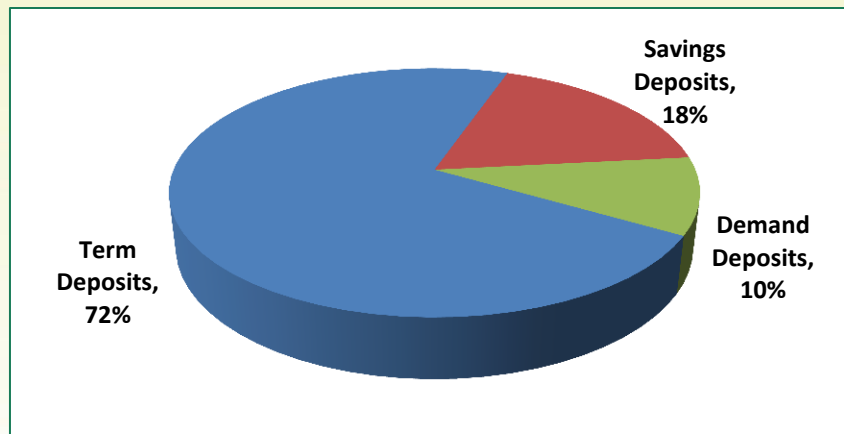
Term deposits are primarily retail deposits. Only 10% of term deposits are > Rs.50 Mn



Low concentration of deposits

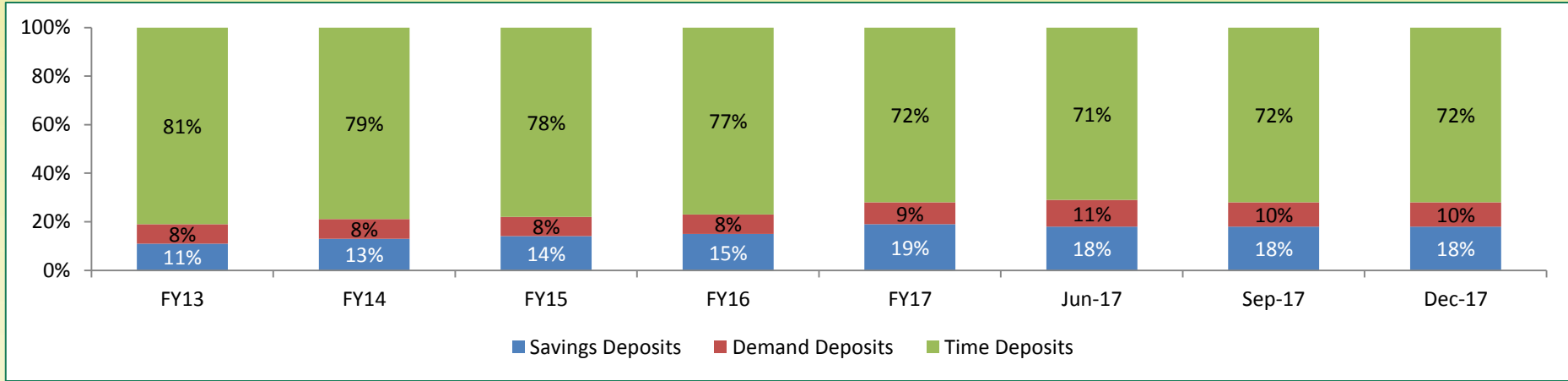


Breakup of deposits (FY18)

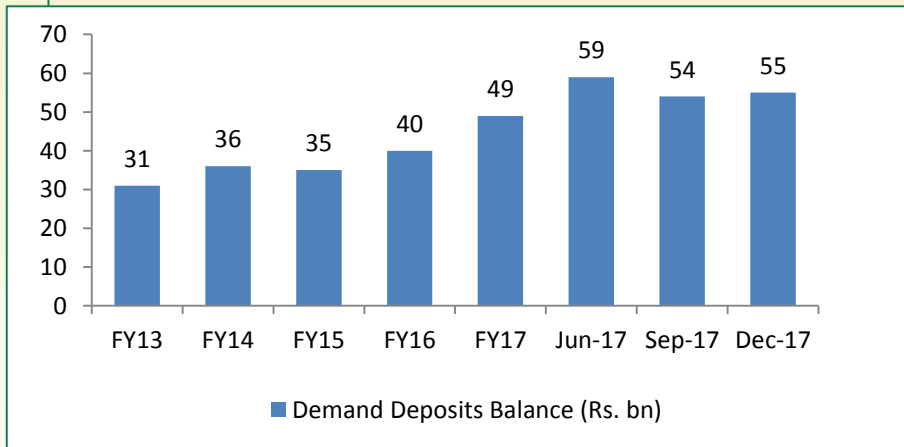


Deposit Mix

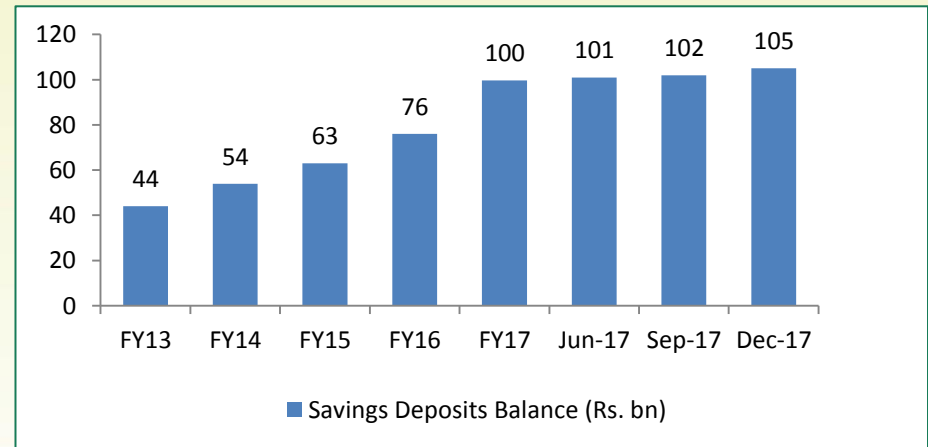
Break-up of deposit base (in %)



Growth in demand deposits



Consistent growth in Savings Deposits



Advances

Particulars

31.12.2017

31.12.2016

Units: Rs crore
YoY %

Advances

44,836

38,459

17%

Corporate

14,341

12,890

11%

Commercial

15,429

13,035

18%

Agriculture

7,700

6,442

20%

Retail (Personal Banking)

7,366

6,093

21%

Jewel Loan

(included in other segments)

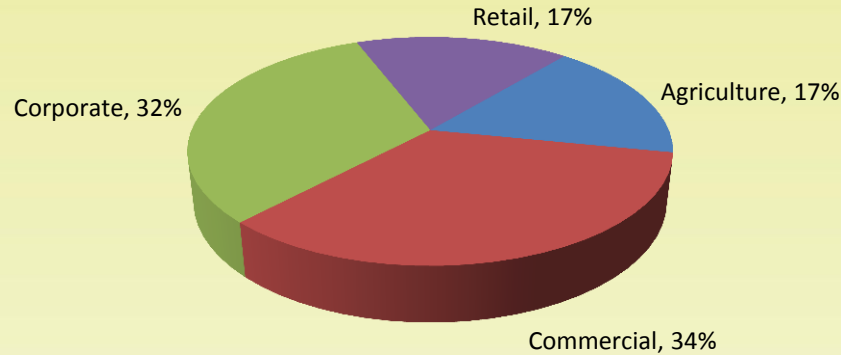
6,912

6,094

13%

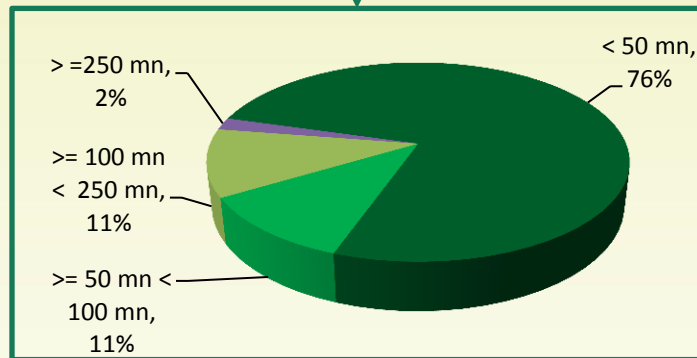
Granular Loan Portfolio

Loan book break up in FY17-18



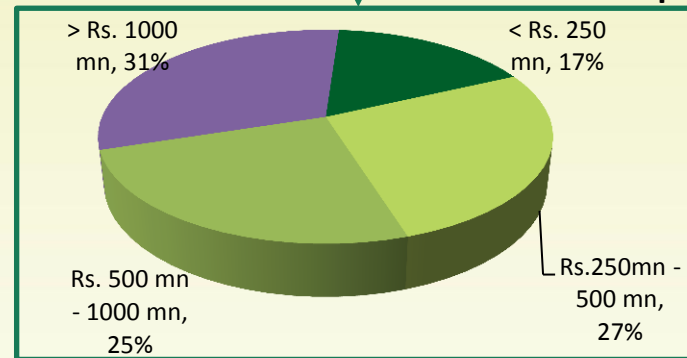
Rs.298 Bn

Commercial book break-up*



- Average ticket size of Rs 4.12 Mn
- 76% of commercial loans are less than Rs. 50 Mn

Corporate book break-up*



- Average ticket size of Rs. 333.33 Mn
- 69% of corporate exposure less than Rs. 1 Bn



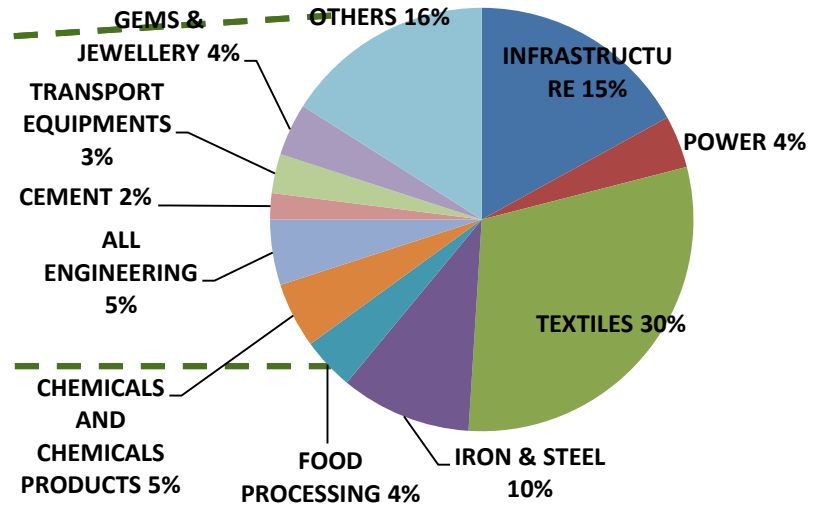
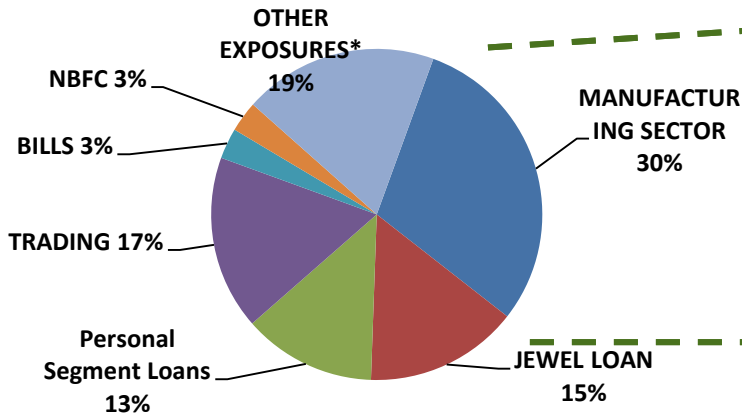
- Commercial Loans : Exposures upto Rs. 250 Mn
- Corporate Loans : Exposures above Rs. 250 Mn

Breakup of Advances

Sub-sectoral exposures well spread out; diversified industrial exposures (FY17-18)

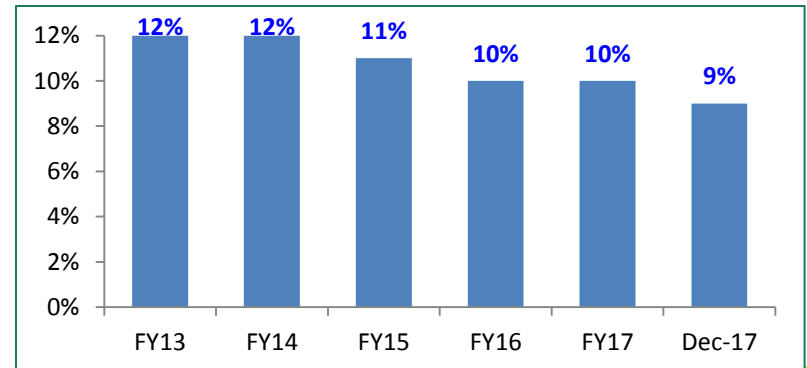
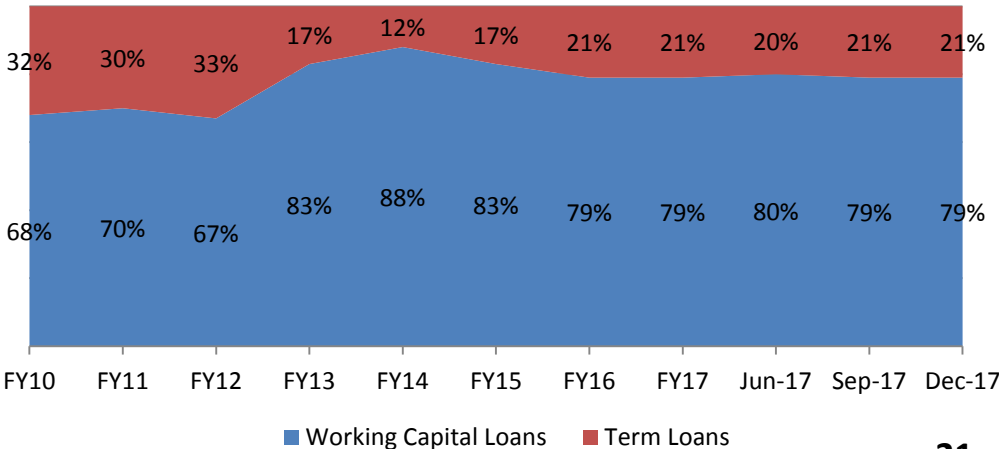
Rs. 448 Bn

Breakup of industry exposure (Rs. 134 Bn)



Working capital focus enables quicker repricing of loans

Low concentration: Top 20 borrowers (% of overall loans)



Advances – Category wise

Particulars	Amount (Rs. in crore)			% to Total Advance			Growth over Dec - 16	
	Dec-17	Dec-16	Mar-17	Dec-17	Dec-16	Mar-17	Amount	%
MANUFACTURING SECTOR	13,402	11,903	12,688	29.9	30.9	30.6	1499	12.6
JEWEL LOAN	6,911	6,094	6,159	15.4	15.8	14.9	817	13.4
Personal Segment Loans @	5,696	5,364	4,847	12.7	13.9	11.7	332	6.2
TRADING	7,463	5,783	6,889	16.6	15.0	16.6	1680	29.1
Commercial Real Estate	2,689	1,928	2,201	6.0	5.0	5.3	761	39.5
BILLS	1,365	1,118	1,592	3.0	2.9	3.8	247	22.1
NBFC	1,299	1,041	1,159	2.9	2.7	2.8	258	24.8
Capital Market	110	63	131	0.2	0.2	0.3	47	74.6
OTHER EXPOSURES*	5,901	5,165	5,769	13.2	13.4	13.9	736	14.2
TOTAL ADVANCES	44,836	38,459	41,435	100.0	100.0	100.0	6377	16.58

@ Vehicle, Housing, Deposit loans

* Exposure to other service sectors

Security Coverage

(Rs. in crore)

CATEGORY	31.12.17	
Total Funded & Non Funded advances (1 + 2)*		51,5 97
a. Exposure backed by Letter of Credit	917	
b. Exposure backed by Liquid Assets ^	8,653	
c. Exposure backed by Vehicles	1,290	
d. Exposure backed by Commodities	1,015	
1. Total (a+b+c+d)		11,875
2. Other Exposure		39,722
Of '2' above : Exposure secured by Immovable Property (LTV)		
> 100%	23,250	
90% to <100%	4,362	
75% to <90%	1,942	
50% to <75%	3,791	
<50%	3,468	
Total		36,813
Loans without property as security		2,909
<i>of above - Corporate, Consortium, Government etc.</i>	2,146	
<i>Other Exposure</i>	763	

* Includes Technical Write Off;

LTV is based on latest updated valuation;

^ Liquid assets includes Cash, Jewellery, Securities like NSC, Insurance policies etc

Manufacturing Sector - Breakup

INDUSTRY	Amount (Rs. in crore)			% to Total Advance			Growth Over Dec - 16	
	Dec-17	Dec-16	Mar-17	Dec-17	Dec-16	Mar-17	Amount	%
INFRASTRUCTURE	2,798	2,751	2,964	6.2	7.2	7.2	47	1.71
TEXTILES	4,014	3,423	3,769	9.0	8.9	9.1	591	17.27
BASIC METAL & METAL PRODUCTS	1,364	1,247	1,194	3.0	3.2	2.9	117	9.38
FOOD PROCESSING	551	578	536	1.2	1.5	1.3	(27)	(4.67)
CHEMICALS & CHEMICALS PRODUCTS	629	488	522	1.4	1.3	1.3	141	28.89
ALL ENGINEERING	632	441	513	1.4	1.1	1.2	191	43.31
GEMS & JEWELLERY	518	371	445	1.2	1.0	1.1	147	39.62
TRANSPORTATION SECTOR	399	393	397	0.9	1.0	1.0	6	1.53
RUBBER & PLASTIC PRODUCTS	355	269	355	0.8	0.7	0.9	86	31.97
MINING & QUARRYING	181	302	304	0.4	0.8	0.7	(121)	(40.07)
WOOD & WOOD PRODUCTS	272	259	268	0.6	0.7	0.6	13	5.02
CONSTRUCTION	465	357	371	1.0	0.9	0.9	108	30.25
PAPER & PAPER PRODUCTS	235	226	195	0.5	0.6	0.5	9	3.98
CEMENT & CEMENT PRODUCTS	320	379	385	0.7	1.0	0.9	(59)	(15.57)
BEVERAGES & TOBACCO	177	110	112	0.4	0.3	0.3	67	60.91
PETROLEUM	21	20	34	0.0	0.1	0.1	1	5.00
GLASS & GLASSWARE	59	21	40	0.1	0.1	0.1	38	180.95
LEATHER & LEATHER PRODUCTS	48	32	37	0.1	0.1	0.1	16	50.00
OTHER INDUSTRIES	364	236	247	0.8	0.6	0.6	128	54.24
Total Manufacturing	13,402	11,903	12,688	29.9	30.9	30.6	1499.0	12.59

Retail Advances

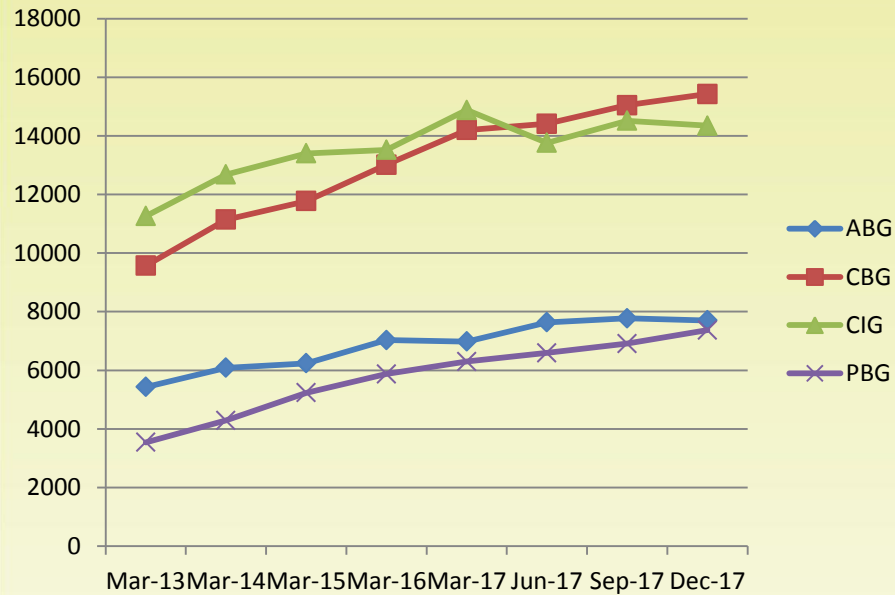
Segment	Amount (Rs. in crore)								
	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Jun-17	Sep-17	Dec-17
Housing Loan	611	971	1,387	1,757	2,094	2,330	2,425	2,553	2,658
Mortgage Loan (LAP)	-	-	381	568	787	965	1,045	1,178	1,313
Vehicle Loan	492	677	735	782	831	921	962	1,003	1,007
Jewel Loan	584	832	802	793	703	596	601	592	587
Personal Loan	319	341	353	356	354	316	309	306	298
Educational Loan	104	133	169	207	245	266	265	273	265
Retail (Others)	428	591	464	779	904	946	985	1,003	1,238
Total	2,538	3,545	4,291	5,242	5,918	6,340	6,592	6,908	7,366



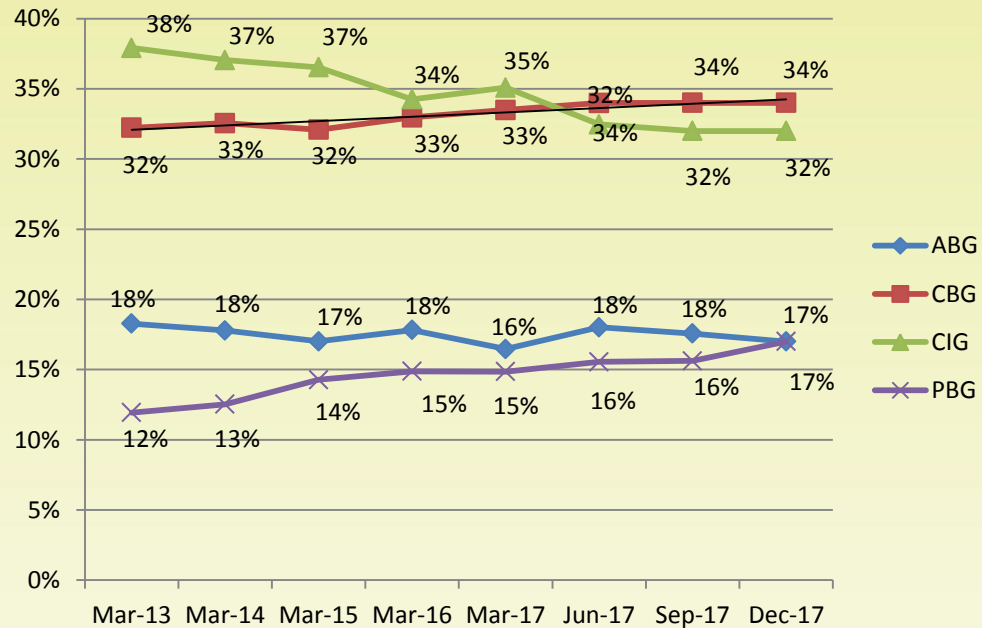
KVB

Advances Mix

Advances in Value (Rs.in crore)



Advances Mix (in %)

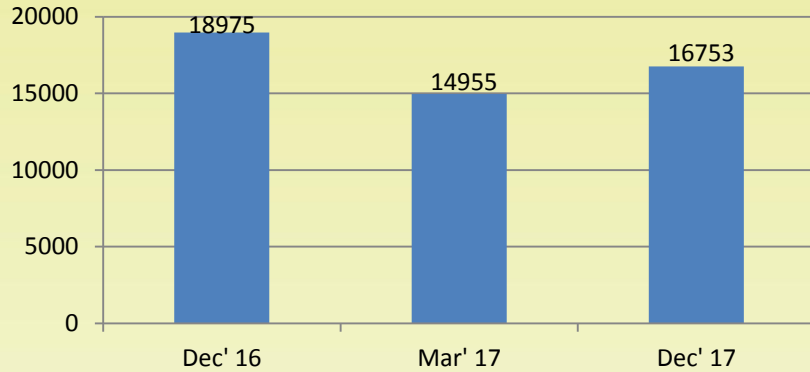


ABG- Agri Banking , CBG – Commercial Banking, CIG – Corporate Banking, PBG – Personal Banking

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

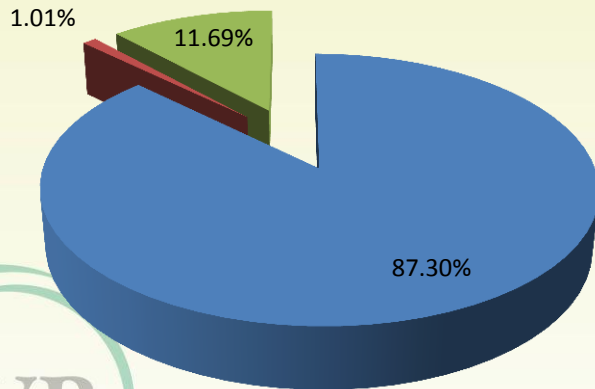
Investment Portfolio

Investments Outstanding (Rs. In crore)



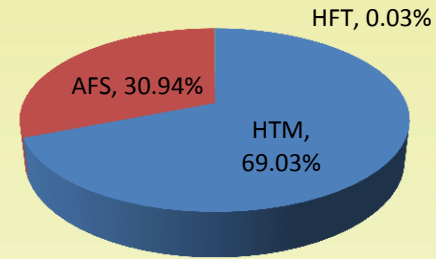
Investment Portfolio

■ SLR ■ Shares ■ Debentures/CD/MF/CP



out of 11.69% Security Receipts constitutes 2.96% (Rs.496.04 Crores)

Portfolio wise Investment

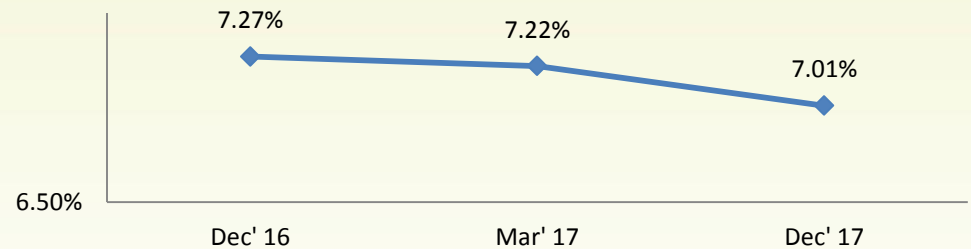


Modified Duration

AFS	HFT	HTM	Total
3.22	8.53	4.67	4.25

Yield on Investment

Yield on Investments



Stress Accounts

Category <i>(Rs. crore)</i>	30.09.17	31.12.17
SDR Outstanding	96.09	65.55
5/25	78.80	79.67
S4A Accounts	235.09	182.14
Sale to ARC during quarter	Nil	Nil

Sector Wise Restructured Advances

S.NO	SECTOR	AMOUNT (Rs. in crore)		(% to Total Rest. Adv)	
		Dec-17	Dec-16	Dec-17	Dec-16
1	AGRICULTURE	7.42	7.93	1.04	0.62
2	INFRASTRUCTURE	366.43	752.14	51.23	58.80
3	TEXTILES	43.28	195.67	6.05	15.30
4	AUTO LOANS	31.98	0.54	4.47	0.04
5	EDUCATIONAL LOANS	0.14	0.63	0.02	0.05
6	FOOD PROCESSING	241.26	233.69	33.73	18.27
7	OTHERS	24.73	88.5	3.46	6.92
TOTAL		715.24	1279.10	100.00	100.00
% to Total Standard Advance		1.60	3.33		



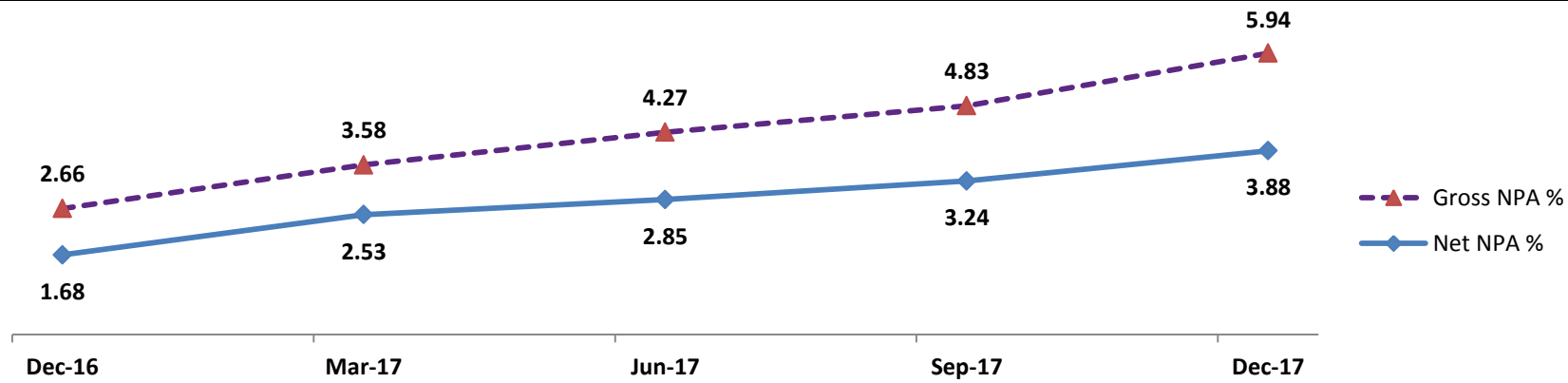
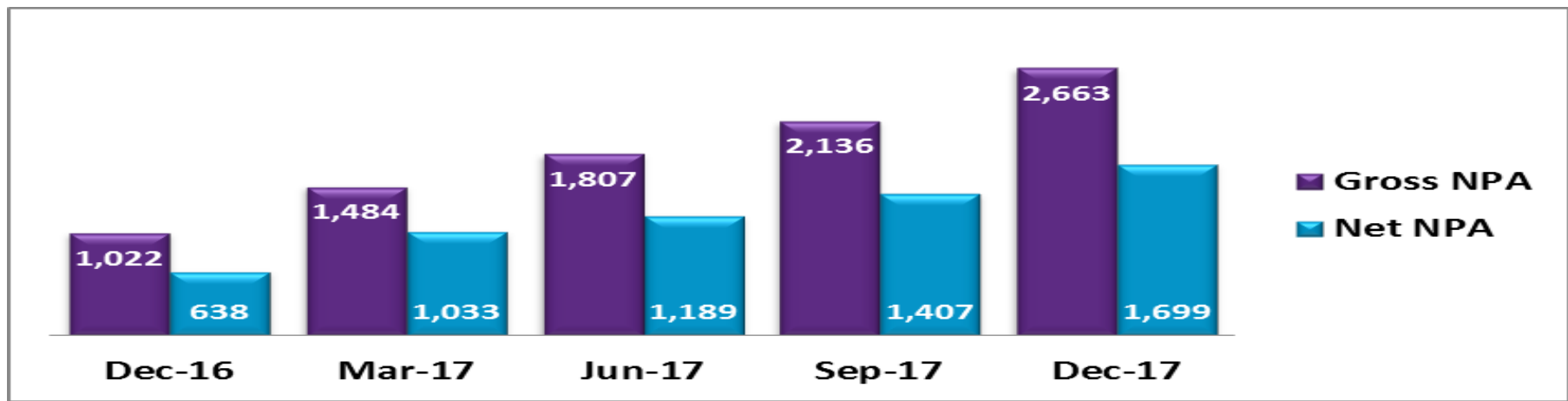
Movement of Restructured Assets

Units: Rs crore

Particulars	Apr-17 to Sep-17		Oct-17 to Dec-17	
	No. of A/c	Amount (Rs. in Cr)	No. of A/c	Amount (Rs. in Cr)
Restructured accounts at the beginning of the period - [A]	33	841.81	33	703.62
Addition during the period - [B]	5	0.12	0	0
Additions in existing accounts - [C]		27.54		17.18
Addition through upgradation from NPA – [D]	0	0	2	0.04
Accounts closed during the period - [E]	2	35.97	3	5.6
Accounts ceasing to attract higher provision (upgradation)– [F]	0	0	0	0
Amount recovered during the period – [G]	0	0	0	0
Accounts slipped into NPA during the period - [H]	3	129.88	0	0
Restructured accounts as on 31.12.2017 A+B+C+D-(E+F+G+H)	33	703.62	32	715.24

NPA Position

Units: Rs crore



Provision Coverage Ratio	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
	67.06%	57.83%	57.01%	54.09%	54.07%

Movement of NPA

(Rs. in crore)

Particulars	Jul 17 – Sep 17	Oct 17 – Dec 17	Apr 17 – Dec 17	Apr 16 – Dec 16
Movement of Gross NPAs				
Opening Balance	1807.01	2,136.19	1,483.81	511.18
Additions during the period	426.84	713.26	1,504.73	771.01
Reductions during the period	97.66	75.28	214.37	259.95
Prudential Write Off	0.00	110.85	110.85	
Closing Balance	2136.19	2,663.32	2,663.32	1022.24
Movement of Net NPAs				
Opening Balance	1189.16	1,407.29	1,033.46	216.17
Additions during the period	312.56	361.61	924.12	528.08
Reductions during the period	94.42	69.98	258.66	106.73
Closing Balance	1407.30	1,698.92	1,698.92	637.52
Movement of Provision for NPA				
Opening Balance	585.70	691.70	428.75	285.00
Provn made during the period	106.00	291.45	507.28	234.78
Write off/Write back of excess provn	0.00	113.69	66.57	153.22
Closing Balance	691.70	869.46	869.46	366.56

COMPARATIVE ADVANCES vs. NPA

(Rs. in crore)

VERTICAL	O/s. bal. 31.12.2017	Net Addition to NPA during Q3	Total NPA O/s. as on 31.12.2017	% of Addition (annld.)
AGRICULTURE	7700	1	96	0.03
COMMERCIAL	15429	59	537	1.53
CORPORATE	14341	581	1887	16.21
RETAIL (PERSONAL BANKING)	7366	-2	144	-0.13
TOTAL	44836	638	2663	5.69



KVB

Breakup of Provisions (Other than Tax)

Units: Rs crore

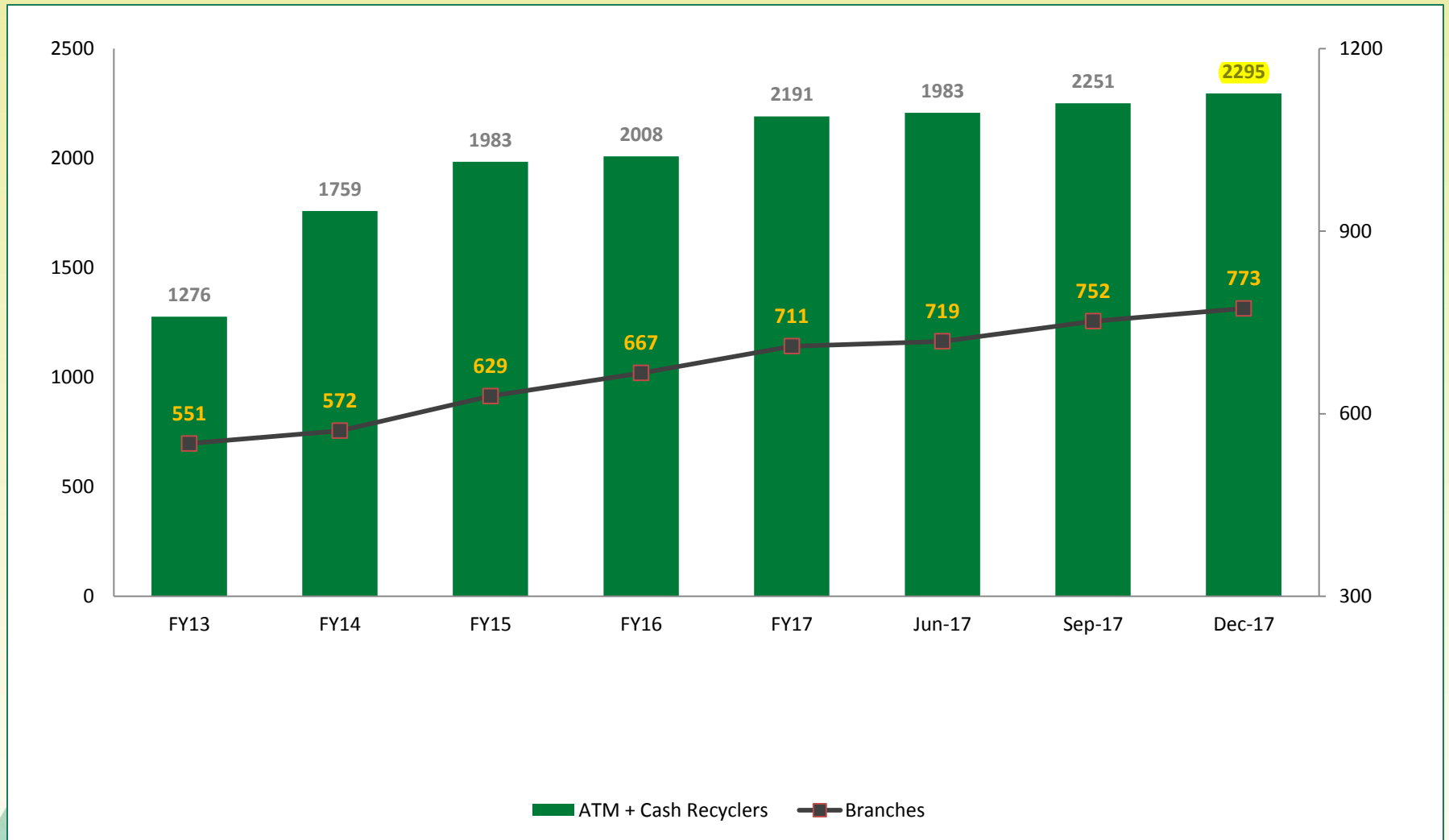
<u>Particulars</u>	<u>Q3 FY 17-18</u>	<u>Q3 FY 16-17</u>
Total Provisions	325	158
NPA	348	88
Standard Assets	3	(4)
A/c's referred to NCLT (Std. Assets)	(48)	--
Restructured (SDR, S4A, 5/25 etc.)	2	0.17
Investment	19	0.25
Others (including amortisation of loss on sale of assets to ARC)	1	73.58

Breakup of Provisions (Other than Tax)

Units: Rs crore

<u>Particulars</u>	<u>9M FY 17-18</u>	<u>9M FY 16-17</u>
Total Provisions	879	470
NPA	611	278
Standard Assets	8	(9)
A/c's referred to NCLT (Std. Assets)	5	--
Restructured (incl. SDR, S4A, 5/25 etc.)	20	--
Investment	58	11
Others <i>(including amortisation of loss on sale of assets to ARC)</i>	177	190

Branch and ATM / Cash Recyclers Network

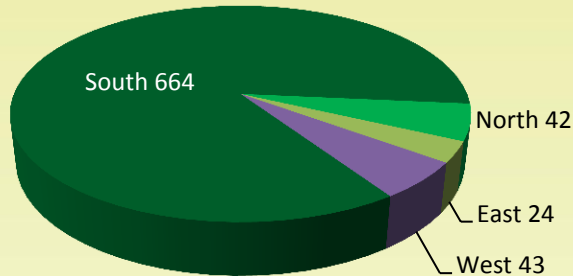


Branch Network - Diversified Across the Country

Geographical spread of branches (FY 2017-18)

Region, Number of branches

18 Divisional Offices spread across the country

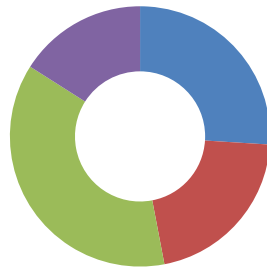


Dominant presence (53%) in semi-urban and rural locations

Branch Distribution in 9M FY18 (773 branches)

Rural, 16%

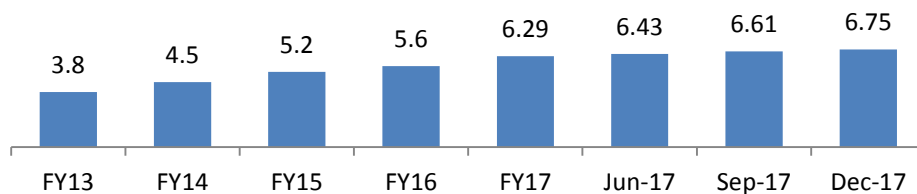
Semi-urban, 37%



Metro, 26%

Urban, 21%

Number of customers (Millions)



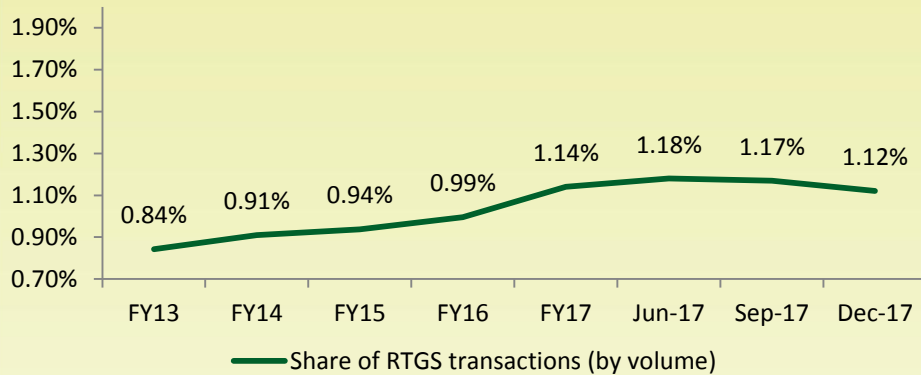
State /UT	Dec-17 - Branches (Nos)
TAMILNADU	412
ANDHRA PRADESH	116
TELANGANA	57
KARNATAKA	52
MAHARASHTRA	27
GUJARAT	15
WEST BENGAL	16
KERALA	20
DELHI	14
PUNJAB	7
UTTARPRADESH	6
ODISHA	5
HARYANA	6
PONDICHERY	7
MADHYA PRADESH	4
RAJASTHAN	3
JHARKHAND	2
CHANDIGARH	1
CHATTISGARH	1
UTARAKHAND	1
GOA	1
Total	773

Karur Vysya Bank

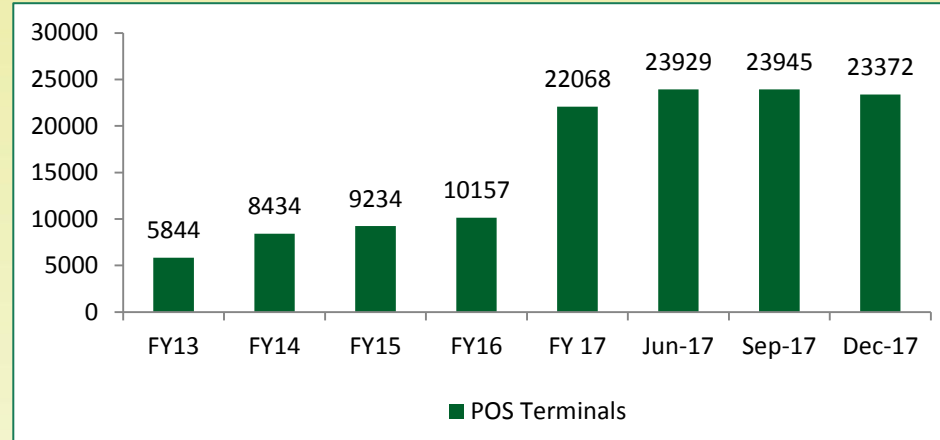
Smart way to bank

Leveraging Technology – Alternate Banking Channels

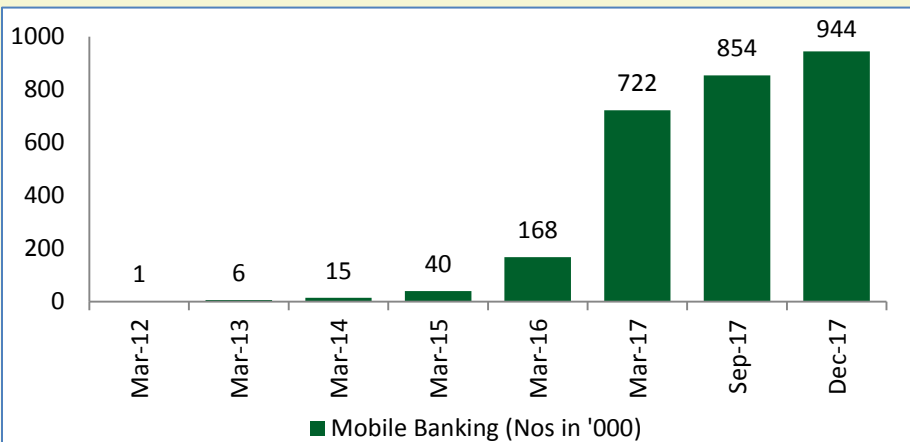
Volume of RTGS transactions



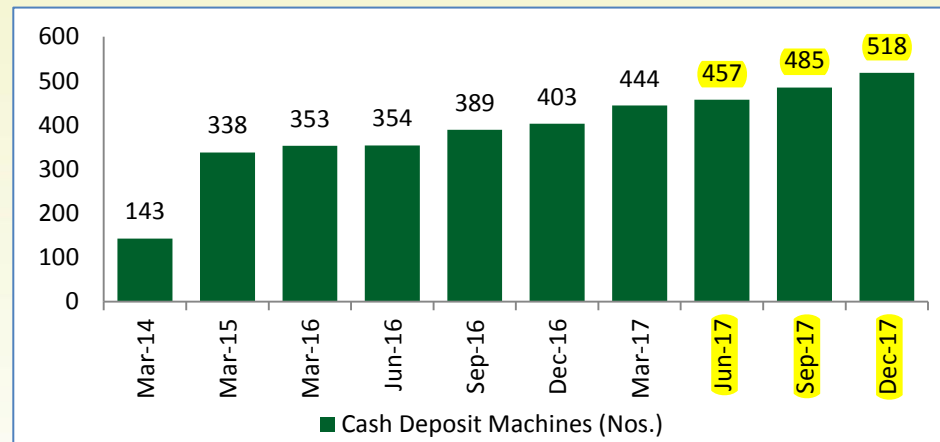
POS Terminals



Exponential growth in Mobile transactions

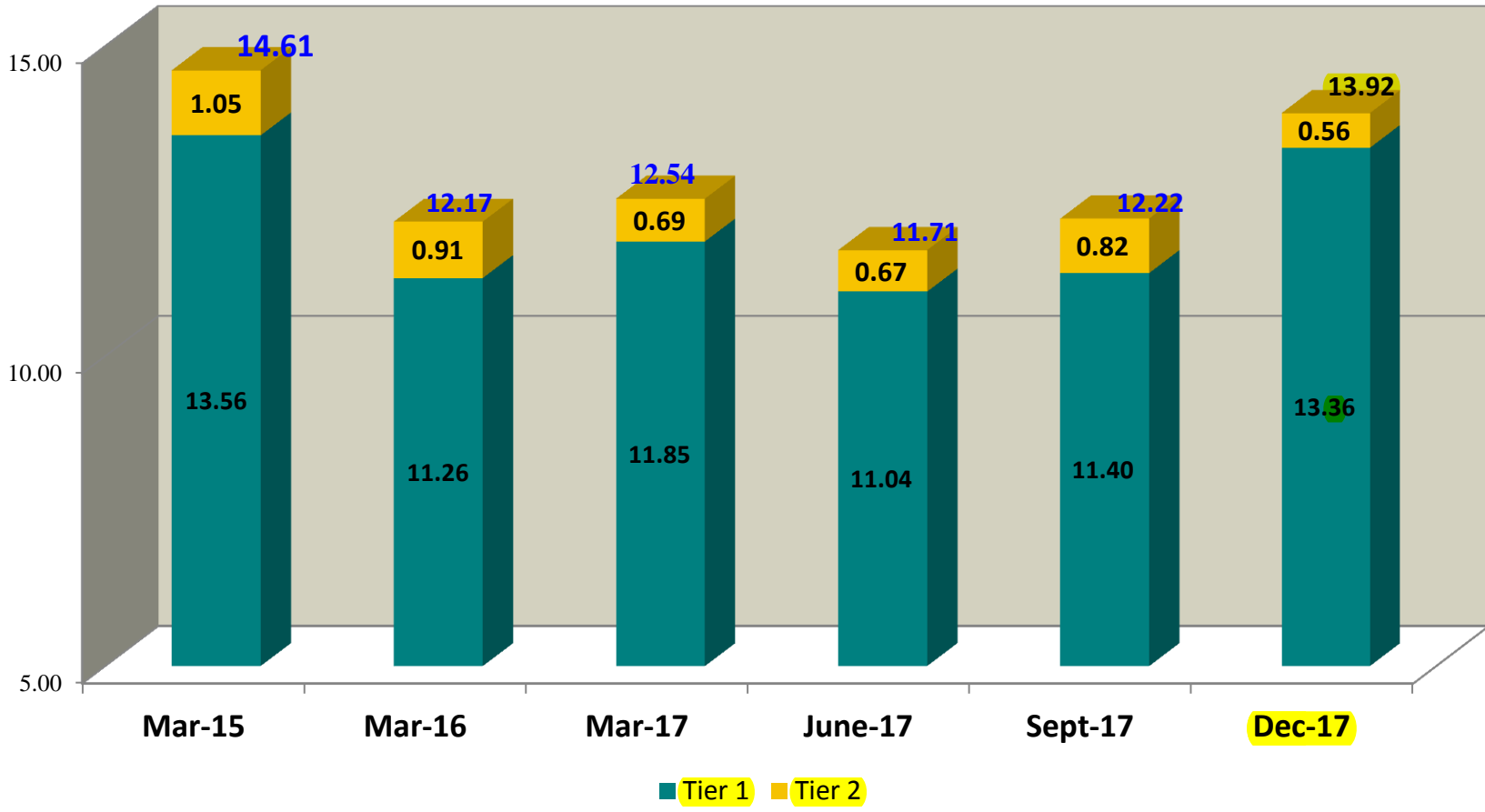


Bunch Note Recycler Machines



Capital Adequacy

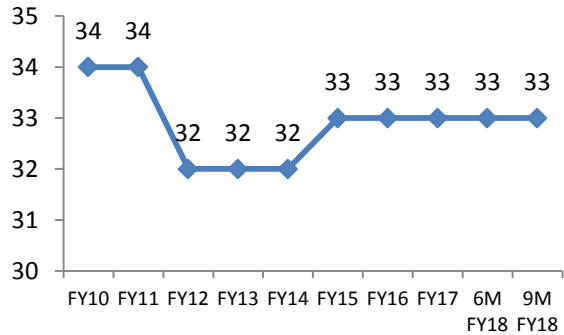
**Capital Adequacy Ratio
(Basel III)**



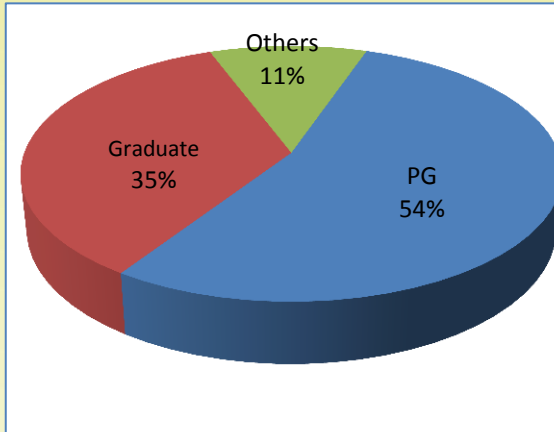
Human Resources

Young workforce (average 33 years).....

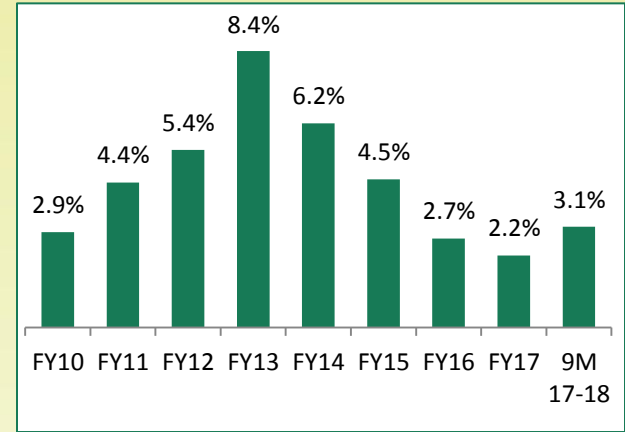
47% below 30 yrs of age out of 8,060 employees



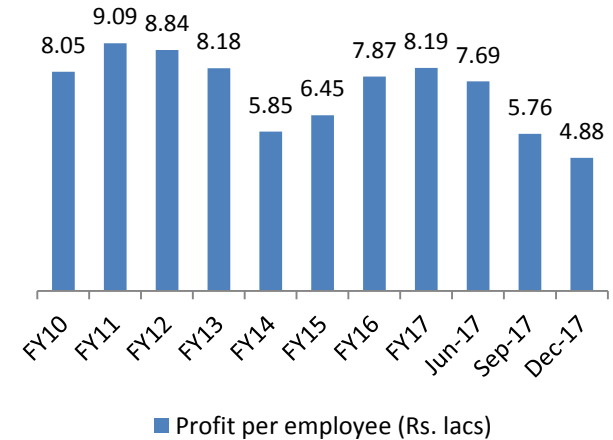
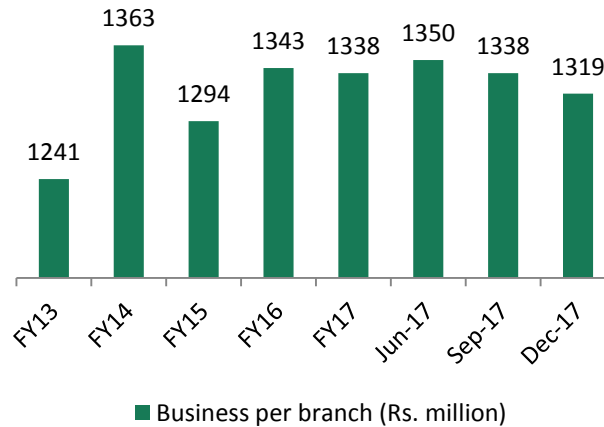
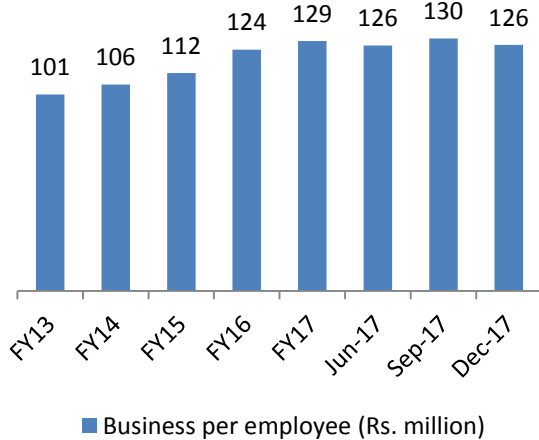
... and well qualified work force...



...with lower attrition ...



...leading to improving productivity



A Decade of Progress

Units: Rs crore

Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Paid up Capital	53.94	53.95	54.44	94.49	107.18	107.18	107.18	121.63	121.86	121.86
Reserves	1136.06	1296.21	1565.54	2020.05	2601.04	2978.01	3219.16	4124.4	4451.09	4723.16
Owned funds	1190	1350.16	1619.98	2114.54	2708.22	3085.19	3326.34	4246.03	4572.95	4845.02
CRAR - Basel III (%)	-	-	-	-	-	-	12.60	14.62	12.17	12.54
CRAR - Basel II (%)	-	14.92	14.49	14.41	14.33	14.41	12.77	14.63	12.26	-
Deposits	12550	15101	19272	24722	32112	38653	43758	44690	50079	53700
Advances	9569	10563	13675	18052	24205	29706	34226	36691	39476	41435
Total Income	1289	1711	2005	2482	3621	4695	5680	5977	6150	6405
Operating Profit	308	418	463	600	726	849	838	943	1303	1571
Net Profit	208	236	336	416	502	550	430	464	568	606
Dividend (%)	120	120	120	120	140	140	130	130	140	130
Branches (No.)	288	312	335	369	451	551	572	629	667	711
EPS (Rs.)	38.62	43.71	62.23	44.9	46.81	51.35	40.08	39.86	46.59	9.95 (*)
Return on Assets (%)	1.63	1.49	1.76	1.71	1.56	1.35	0.86	0.88	1.03	1.00
Book Value(Rs.)	220.61	250.25	297.6	193.04	252.68	287.85	308.91	348.42	375.25	79.51 (*)
No of Employees	3580	3941	4175	4574	5673	6730	7339	7197	7211	7400

(*) During the Financial Year 2016-17, one Equity Share face value of Rs.10/- each was subdivided into five Equity Shares face value of Rs.2/- each

STRATEGIES & INITIATIVES

Digital Initiative

- Automation of credit processes & Digital Payment Products
- Digital Outreach - Kathirampatti (T.N.) & Bandarupalli (A.P.)

D

E

e-Channels – paperless banking

- Fast Tag
- BHIM
- BBPS



Karur Vysya Bank

Smart way to bank

Fundamentals & Financials

- ✓ Leverage our established retail & commercial business base
- ✓ Bank is well capitalised & strong fundamentals
- ✓ Strong fee based income

F

G

Growth through goodwill

- ❖ Brand KVB
- ❖ Leverage strong presence in South
- ❖ Young & Motivated 'Gen Y(outh)' workforce

THANK YOU

