



**KVB**

**Karur Vysya Bank**

*Smart way to bank*

**Investor Presentation**

**September 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

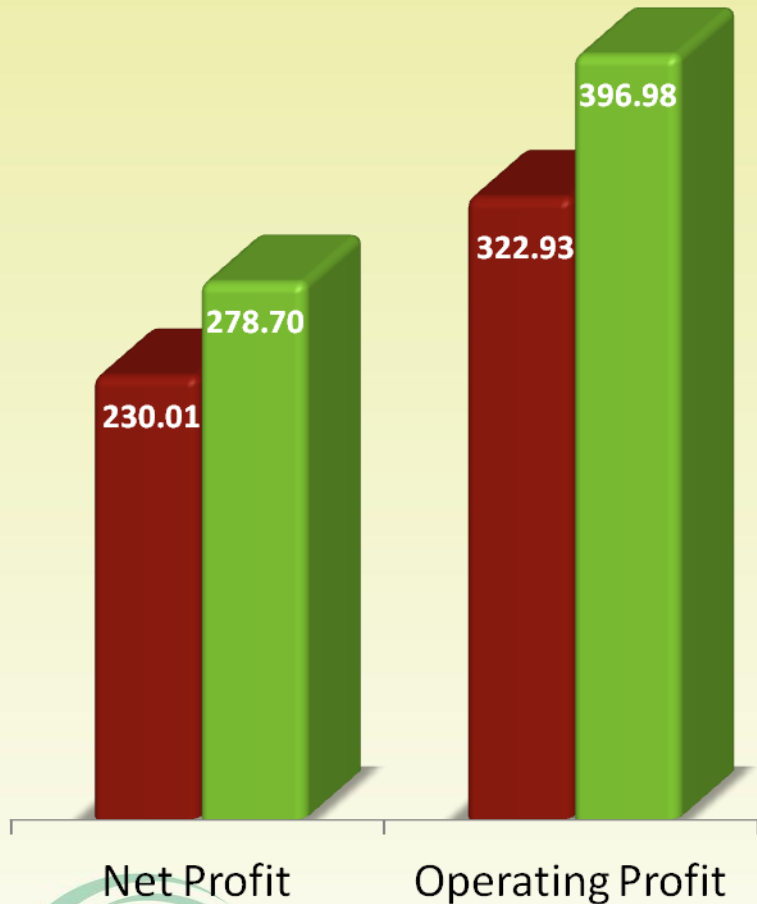
The logo for Karur Vysya Bank (KVB) features the letters 'KVB' in a bold, serif font, centered within a circular emblem. The emblem consists of a light green outer ring and a white inner circle, with a subtle shadow effect.

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*
- *475 branches and 1014 ATMs as on date*
- *A Customer Base of 9.2 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 – H1 (YoY)



## Net Profit

- Net Profit increased by 21.17% from Rs.230.01 crore to Rs.278.70 crore

## Operating Profit

- Operating Profit increased by 22.93% from Rs.322.93 crore to Rs.396.98 crore

KVB

■ Sep-11

■ Sep-12

# Income & Expenses Analysis – H1 (YoY)

Particulars	Half Year ended		Growth (%)	FY 2011-12
	Sep 12	Sep 11		
Interest earned	2044.18	1466.57	39.4	3270.37
Interest expended	1504.47	1045.11	43.9	2353.25
<b>Net Interest Income</b>	<b>539.71</b>	<b>421.46</b>	<b>28.1</b>	<b>917.12</b>
Non Int Income	165.97	143.08	16.0	323.95
Profit on Investment	23.30	5.83	299.7	26.20
<b>Operating Revenue</b>	<b>728.98</b>	<b>570.37</b>	<b>27.8</b>	<b>1267.27</b>
<b>Operating expenses</b>	<b>332.00</b>	<b>247.44</b>	<b>32.2</b>	<b>541.56</b>
Employee cost	157.36	122.69	28.3	264.41
Other expenses	174.64	124.75	39.9	277.15
<b>Operating Profit</b>	<b>396.98</b>	<b>322.93</b>	<b>22.9</b>	<b>725.71</b>
<b>Provisions</b>	<b>(30.59)</b>	<b>50.90</b>	<b>(160.1)</b>	<b>93.76</b>
<b>Profit Before Tax</b>	<b>427.57</b>	<b>272.03</b>	<b>57.2</b>	<b>631.95</b>
Provision for Taxes	148.87	42.02	254.3	130.23
<b>Net Profit</b>	<b>278.70</b>	<b>230.01</b>	<b>21.2</b>	<b>501.72</b>

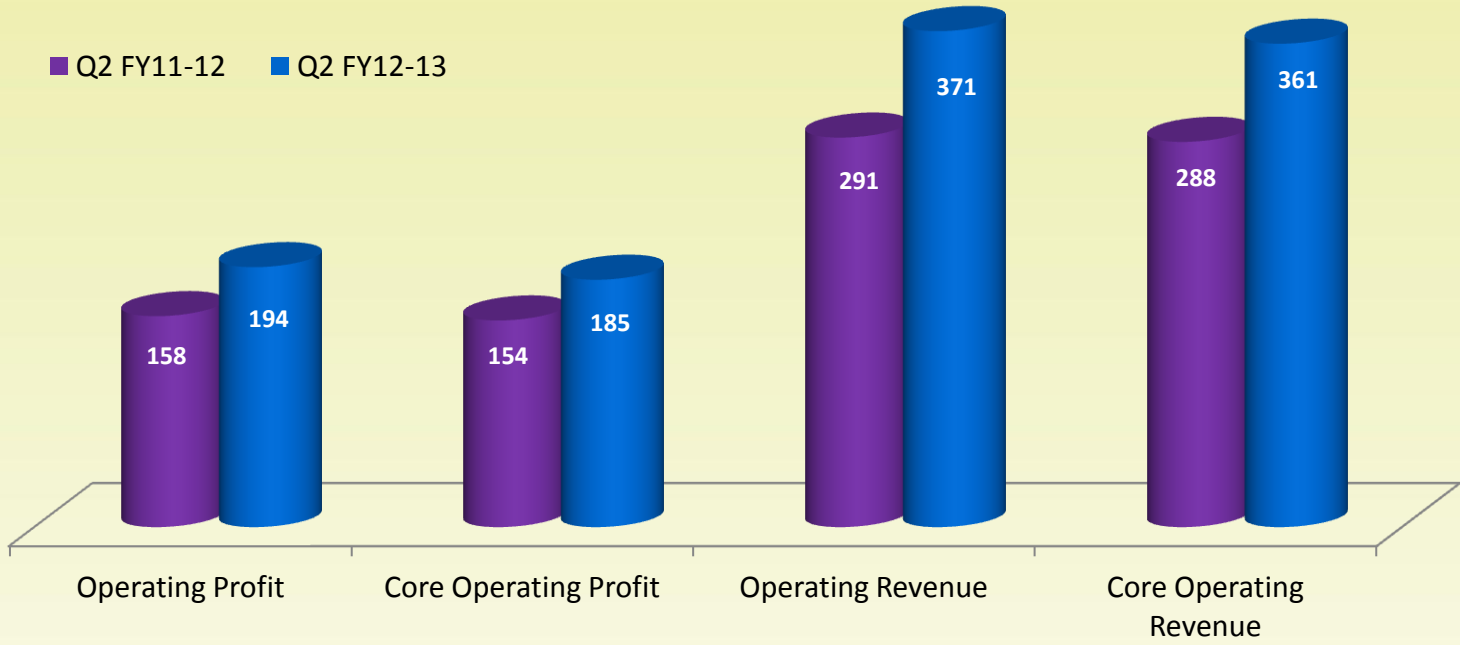
# Business Performance – H1

	Sep 12	Sep 11	Growth (%)	Jun 12	Mar 12
Business	59,121	47,337	24.89%	57,571	56,316
Gross Deposits	33,444	27,121	23.32%	32,952	32,111
Gross Advances	25,677	20,216	27.01%	24,619	24,205
Average Deposits	32,910	25,028	31.50%	32,584	27,156
Average Advances	24,442	18,299	33.57%	24,163	19,976
Total Assets	40,298	31,745	26.94%	38,338	37,635

# Performance Highlights – H1 (YoY)

	Sep – 12 (HY)	Sep – 11 (HY)	Growth
Net Interest Income	539.71	421.46	28.06%
Non Interest Income	189.27	148.91	27.10%
Operating Revenue	728.98	570.37	27.81%
Operating Profit	396.98	322.93	22.93%
Net Profit	278.70	230.01	21.17%
Net Interest Margin	2.94%	3.10%	(16 bps)
Return on Assets	1.44%	1.57%	(13 bps)
Return on Networth	18.66%	17.75%	91 bps

# Profitability



23%

20%

27%

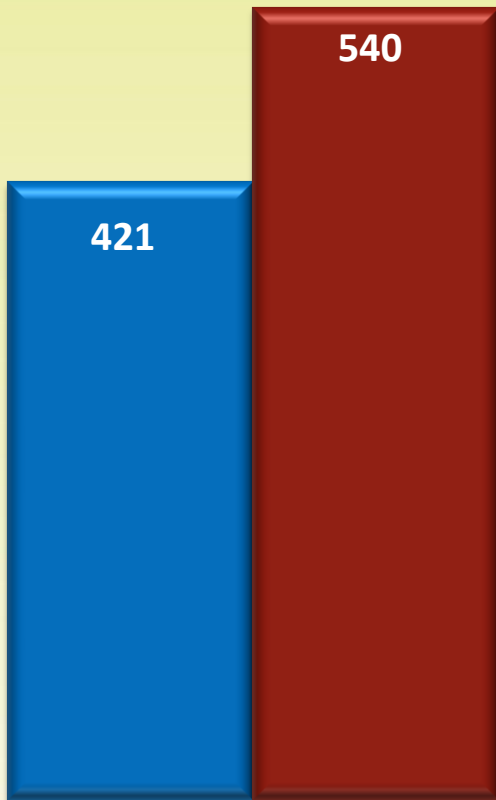
25%

Note: Core Revenue/Profit excludes profit from investment





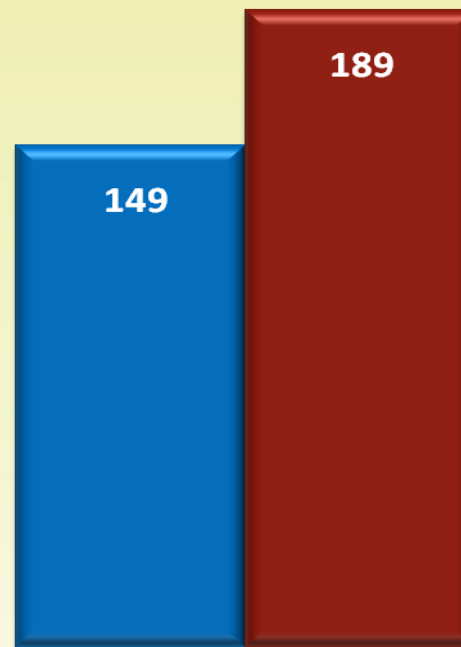
# Net Interest Income



■ Sep-11      ■ Sep-12

Growth (%)	
2012 vs 2011	28%
2011 vs 2010	22%

# Non Interest Income



■ Sep-11      ■ Sep-12

Growth (%)	
2012 vs 2011	27%
2011 vs 2010	14%



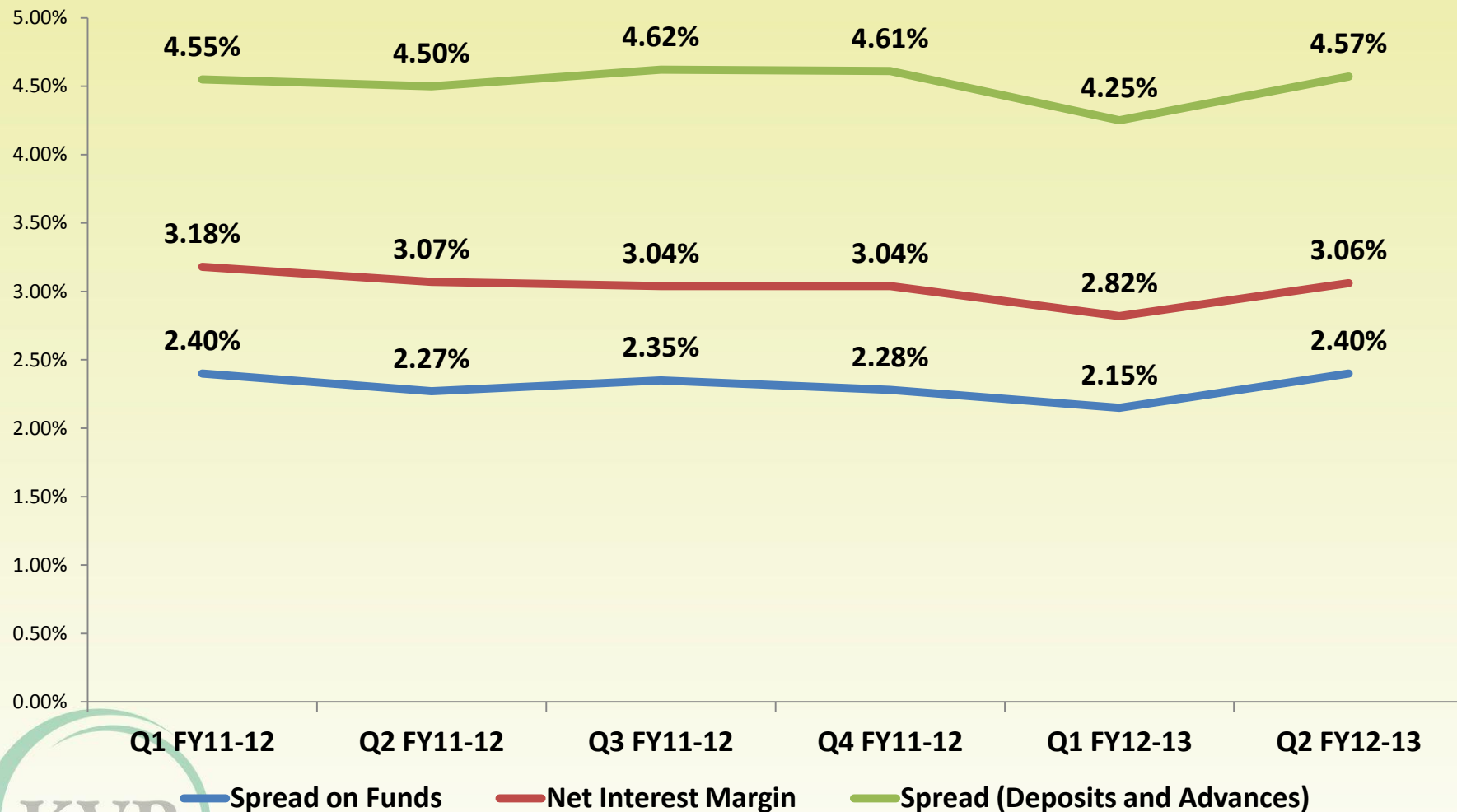
# Provisions & Contingencies

Particulars	Half Year Ended		Quarter Ended		
	Sep-12	Sep-11	Sep-12	Sep-11	Jun-12
NPA	1.86	14.49	(30.96)	1.89	32.82
Standard Assets	5.09	10.42	4.63	6.26	0.46
Restructured Advances	10.68	(2.17)	11.10	(0.42)	(0.42)
Others	0.16	0.76	0.02	0.27	0.14
Investments	(48.38)	27.40	(5.40)	5.29	(42.98)
<b>Provisions Before Tax</b>	<b>(30.59)</b>	<b>50.90</b>	<b>(20.61)</b>	<b>13.29</b>	<b>(9.98)</b>
Provisions for Tax	148.87	42.02	82.16	31.07	66.71
<b>Total Provisions</b>	<b>118.28</b>	<b>92.92</b>	<b>61.55</b>	<b>44.36</b>	<b>56.73</b>

# Key Ratios

Particulars	Half Year Ended		Quarter Ended			FY 2011-12
	Sep-12	Sep-11	Sep-12	Sep-11	Jun-12	
Cost of Deposits (%)	8.45	7.92	8.34	8.04	8.59	8.11
Yield on Advances (%)	12.86	12.45	12.91	12.54	12.84	12.71
Cost of Funds (%)	8.39	7.88	8.28	7.96	8.53	8.11
Yield on Funds (%)	10.66	10.22	10.69	10.24	10.68	10.44
Yield on Investments (%)	7.88	7.63	7.70	7.69	7.91	7.73
Spread (%)	2.27	2.34	2.40	2.27	2.15	2.33
NIM (%)	2.94	3.10	3.06	3.07	2.82	3.08
Return on Assets (%)	1.44	1.57	1.35	1.49	1.53	1.56
Staff Cost / Total Income (%)	7.05	7.59	7.33	7.14	6.75	7.30
Cost to Income (%)	45.54	43.38	47.59	45.85	43.42	42.73
Business per employee (Rs. in crore)	9.81	9.47	9.81	9.47	9.92	9.84
Profit per employee (Rs. in lakhs)	9.34	9.20	8.72	9.06	10.15	8.84

# Spread & NIM (Quarterly)



# Capital to Risk Weighted Assets Ratio

Particulars	Sep-12	Jun-12	Mar-12
Tier I Capital	2677	2677	2677
Tier II Capital	271	246	246
Tier (I + II)	2948	2923	2923
Total Risk Weighted Assets	21055	19854	20403
Tier I – CRAR	12.72%	13.48%	13.12%
Tier II – CRAR	1.28%	1.24%	1.21%
CRAR (%)	14.00%	14.72%	14.33%

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

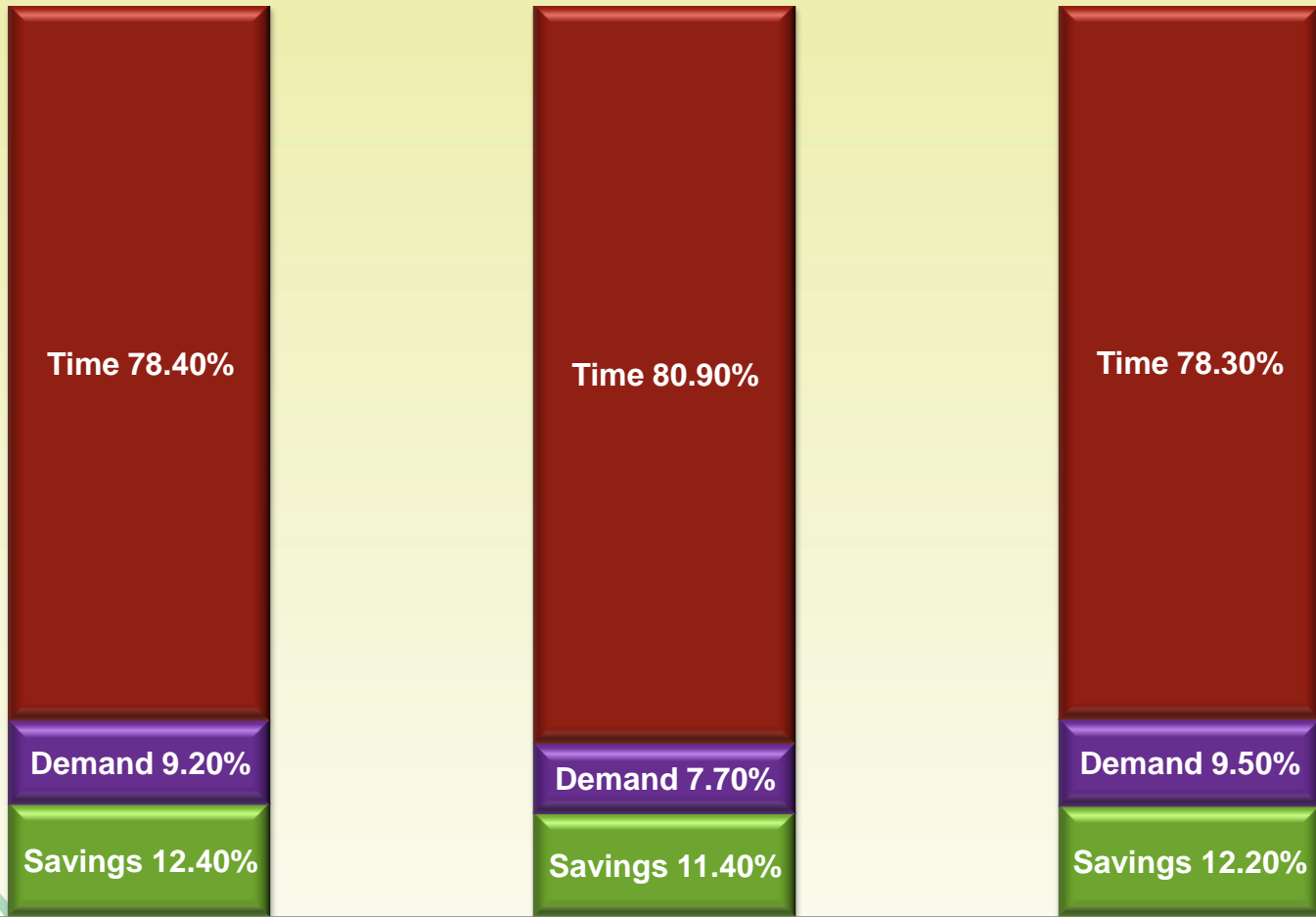
➤ *Top Rating from CRISIL (A1+) and ICRA (A1+) for Short Term Borrowing*



# Deposits & Advances



# Deposit Mix



Sep-11

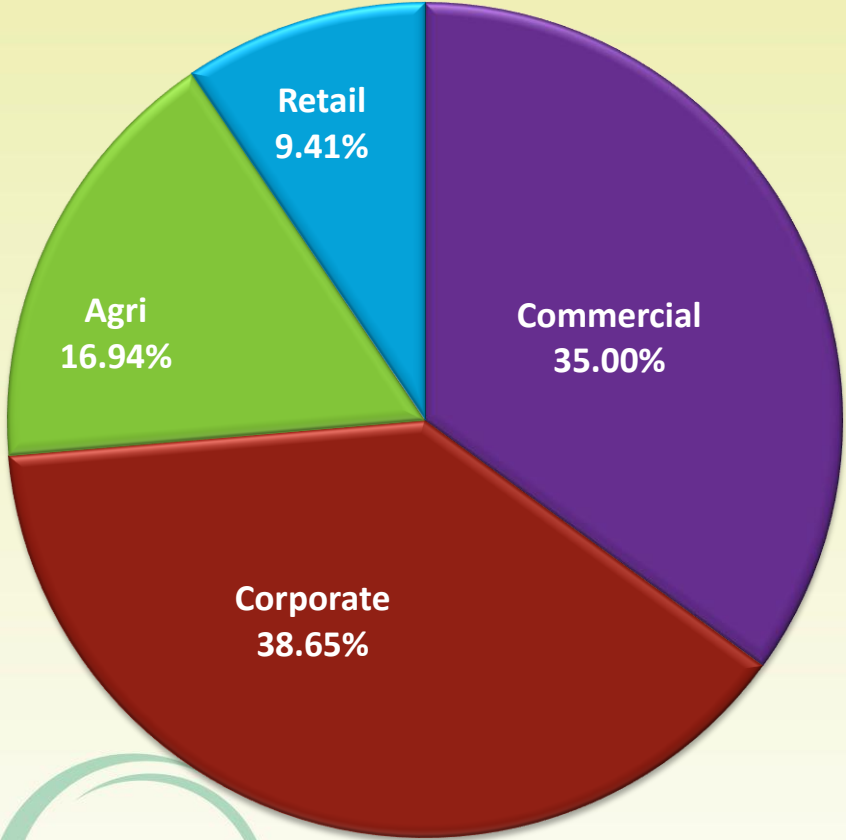
Mar-12

Sep-12

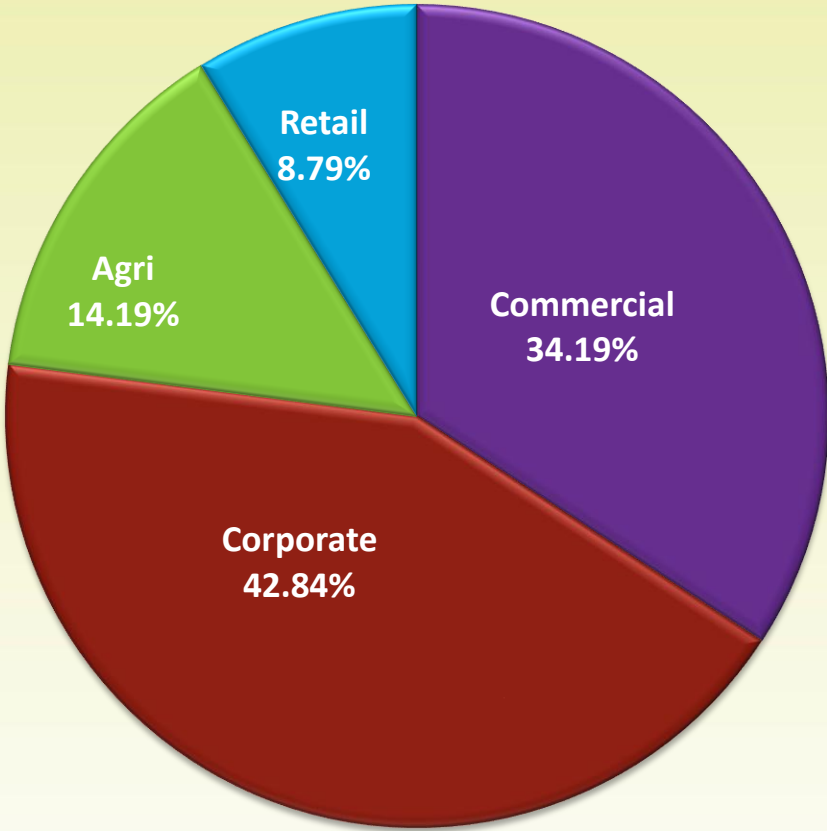


# Advance Mix

Sep-12



Sep-11





# Advances Breakup

Particulars	Amount (Rs. in crore)			% to Total Advance			Growth Over Sep 11	
	Sep 12	Sep 11	Mar 12	Sep 12	Sep 11	Mar 12	Quantum	%
BILLS	898	740	1292	3.5	3.7	5.3	158	21.3
DEMAND LOAN	13727	10033	12450	53.5	49.6	51.4	3694	36.8
TERM LOAN	11052	9442	10463	43.0	46.7	43.2	1609	17.0
TOTAL	25677	20216	24205	100.0	100.0	100.0	5461	27.0



# Advances – Category wise

Particulars	Amount (Rs. in crore)			% to Total Advance			Growth Over Sep 11	
	Sep 12	Sep 11	Mar 12	Sep 12	Sep 11	Mar 12	Quantum	%
INDUSTRY EXPOSURE	8764	7937	8482	34.1	39.3	35.0	826	15.1
JEWEL LOAN	6360	3860	5200	24.8	19.1	21.5	2500	45.8
Personal Segment Loans @	3232	2449	3077	12.6	12.1	12.7	783	14.4
TRADING	3030	1960	2576	11.8	9.7	10.6	1070	19.6
BILLS	898	740	1291	3.5	3.7	5.3	158	2.9
NBFC	1216	740	1255	4.7	3.7	5.2	476	8.7
OTHER EXPOSURES*	2177	2530	2324	8.5	12.4	9.6	-353	-6.5
<b>TOTAL ADVANCES</b>	<b>25677</b>	<b>20216</b>	<b>24205</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>5460</b>	<b>27.0</b>

@ 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 Sep 11	
	Sep 12	Sep 11	Mar 12	Sep 12	Sep 11	Mar 12	Quantum	%
INFRASTRUCTURE**	3013	3033	2984	11.7	15.0	12.3	-20	-0.7
TEXTILES	1818	1697	1777	7.1	8.4	7.3	120	7.1
IRON AND STEELS	1049	899	966	4.1	4.4	3.9	150	16.7
FOOD PROCESSING	645	511	633	2.5	2.5	2.6	134	26.3
CHEMICALS AND CHEMICALS PRODUCTS	531	459	494	2.1	2.3	2.0	72	15.6
AUTO PARTS	307	234	270	1.2	1.2	1.1	73	31.4
GEMS & JEWELLERY	197	213	256	0.8	1.1	1.0	-15	-7.3
ALL ENGINEERING	286	189	217	1.1	0.9	0.9	96	50.9
RUBBER	205	149	195	0.8	0.7	0.8	56	37.7
METAL	151	148	188	0.6	0.7	0.7	3	2.3
BEVERAGE & TOBACCO	76	97	113	0.3	0.5	0.4	-21	-21.2
WOOD	152	90	105	0.6	0.4	0.4	62	68.4
CEMENT	93	90	103	0.4	0.4	0.4	3	3.8
PAPER	76	67	95	0.3	0.3	0.4	9	14.2
CONSTRUCTION	127	53	76	0.5	0.3	0.3	75	141.6
GLASS	9	6	6	0.0	0.0	0.02	3	53.1
LEATHER	3	2	2	0.0	0.0	0.01	1	55.1
PETROLEUM	25	1	2	0.1	0.0	0.01	24	1966.9
<b>Total INDUSTRY EXPOSURE</b>	<b>8764</b>	<b>7937</b>	<b>8482</b>	<b>34.1</b>	<b>39.3</b>	<b>35.0</b>	<b>827</b>	<b>10.4</b>

# Infrastructure Advances

INFRASTRUCTURE	Amount (Rs. in crore)			% to Total Advance			Growth Over Sep 11	
	Sep 12	Sep 11	Mar 12	Sep 12	Sep 11	Mar 12	Quantum	%
Power	1715	1919	1799	6.7	9.5	7.4	-204	-10.6
Road	350	242	315	1.4	1.2	1.3	107	44.2
Telecommunication	61	93	63	0.2	0.5	0.3	-32	-34.3
Infra Others	888	779	807	3.5	3.9	3.3	109	14.0
<b>TOTAL</b>	<b>3013</b>	<b>3033</b>	<b>2984</b>	<b>11.7</b>	<b>15.0</b>	<b>12.3</b>	<b>-20</b>	<b>-0.7</b>

Power - Sector wise	Sep 12	Sep 11	Mar 12
GOVERNMENT	1320	1796	1624
PRIVATE	395	123	175
<b>TOTAL</b>	<b>1715</b>	<b>1919</b>	<b>1799</b>

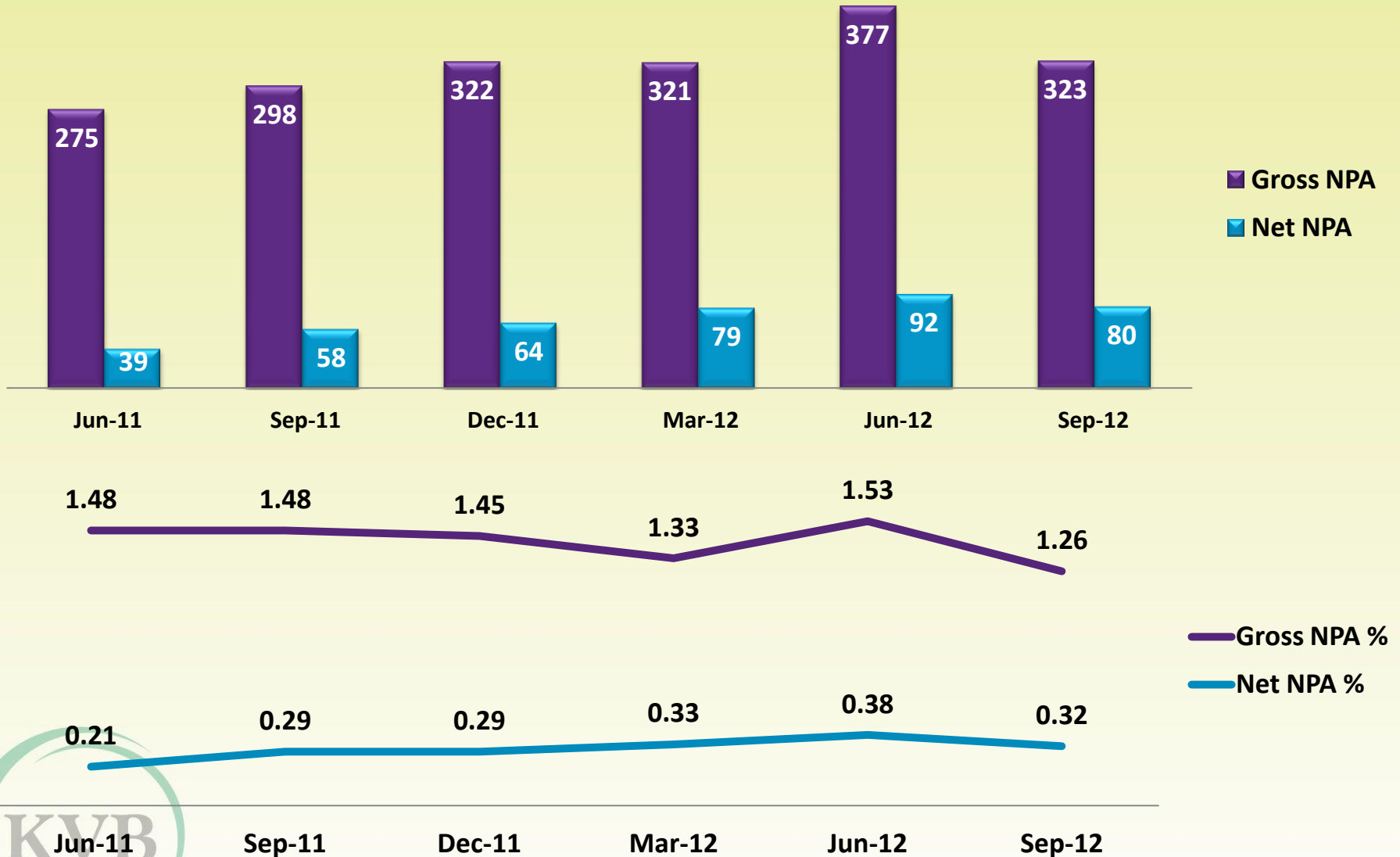


# Advances - Other Details

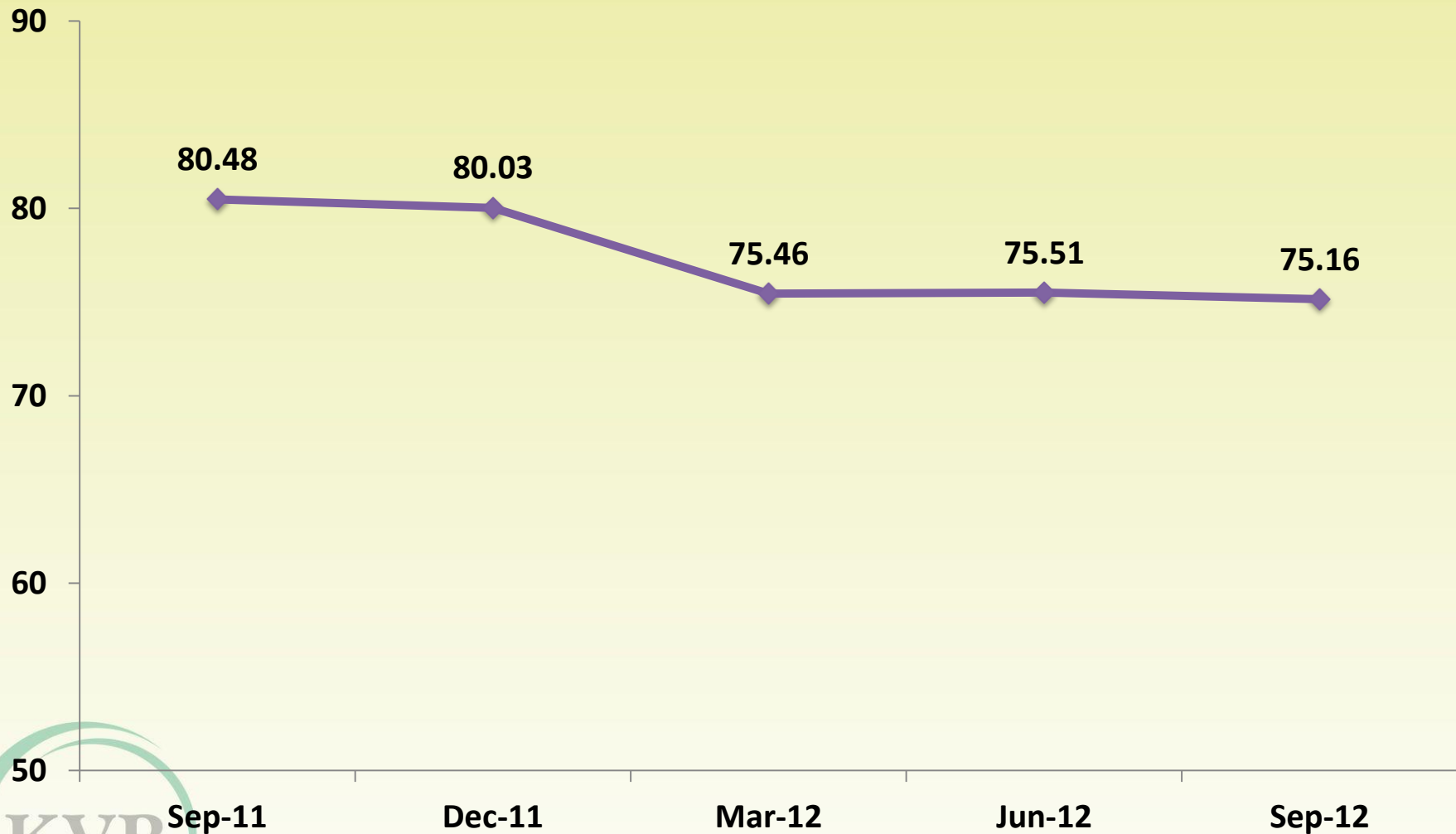
Particulars	Amount (Rs. in crore)			% to Total Advance			Growth Over Sep 11	
	Sep-12	Sep-11	Mar-12	Sep-12	Sep-11	Mar-12	Quantum	%
COMMERCIAL REAL ESTATE	809	622	744	3.2	3.1	3.1	187	30.1
CAPITAL MARKET	47	63	39	0.2	0.3	0.2	-16	-25.4
HOUSING LOANS	1132	721	955	4.4	3.6	3.9	411	57.0
AUTO LOANS	986	755	841	3.8	3.7	3.5	231	30.6
NBFCs	1216	739	1255	4.7	3.7	5.2	477	64.5
PERSONAL LOANS	341	294	319	1.3	1.5	1.3	47	16.0



# Gross NPA & Net NPA



# Provision Coverage Ratio (%)



KVB

# Movement of NPA

Particulars	Apr 12 – Sep 12	Jul 12 – Sep 12	Apr11 – Mar 12
<b>Movement of Gross NPAs</b>			
Opening Balance	320.99	376.90	228.15
Additions during the period	137.60	61.27	174.00
Reductions during the period	135.85	115.43	81.16
Closing Balance	322.74	322.74	320.99
<b>Movement of Net NPAs</b>			
Opening Balance	78.78	92.29	13.87
Additions during the period	74.50	49.07	90.92
Reductions during the period	73.11	61.19	26.01
Closing Balance	80.17	80.17	78.78
<b>Movement of Provision for NPA</b>			
Opening Balance	201.51	234.32	182.42
Provisions made during the period	53.24	12.20	52.43
Write off/Write back of excess provision	51.39	43.16	33.34
Closing Balance	203.36	203.36	201.51



# Sector wise Restructured Advances

S.NO	SECTOR	NO. OF ACCOUNTS		AMOUNT (Rs. in crore)		(% to total Rest. Adv)	
		Sep 12	Mar 12	Sep 12	Mar 12	Sep 12	Mar 12
1	FOOD	12	9	5.44	32.97	0.8	5.0
2	STEEL	2	3	5.30	13.39	0.7	2.0
3	TEXTILE	56	57	261.69	273.17	36.9	41.6
4	REAL ESTATE	41	33	6.81	5.97	1.0	0.9
5	COMMERCIAL REAL ESTATE	13	10	10.58	10.97	1.5	1.7
6	PAPER	4	3	3.16	3.48	0.4	0.5
7	PHARMA	1	1	11.02	11.18	1.6	1.7
8	CHEMICAL	3	3	12.47	12.53	1.8	1.9
9	POWER	3	1	188.60	147.05	26.6	22.4
10	OTHERS	84	82	203.21	145.67	28.7	22.2
<b>TOTAL</b>		<b>219</b>	<b>202</b>	<b>708.27</b>	<b>656.39</b>	<b>100.0</b>	<b>100.0</b>
<b>% to Total Advance</b>				<b>2.7%</b>	<b>2.7%</b>		

# Movement of Restructured Advances

Particulars	Apr-12 to Sep-12		Jul-12 to Sep-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	207	648.16
Addition during the period - [B]	43	142.94	27	92.99
Accounts closed during the period - [C]	16	37.91	10	8.22
Amount recovered during the period – [D]	-	44.68	-	23.77
Accounts slipped into NPA during the period - [E]	10	8.47	5	0.89
Restructured accounts as on 30.09.2012 <b>A+B-(C+D+E)</b>	<b>219</b>	<b>708.27</b>	<b>219</b>	<b>708.27</b>

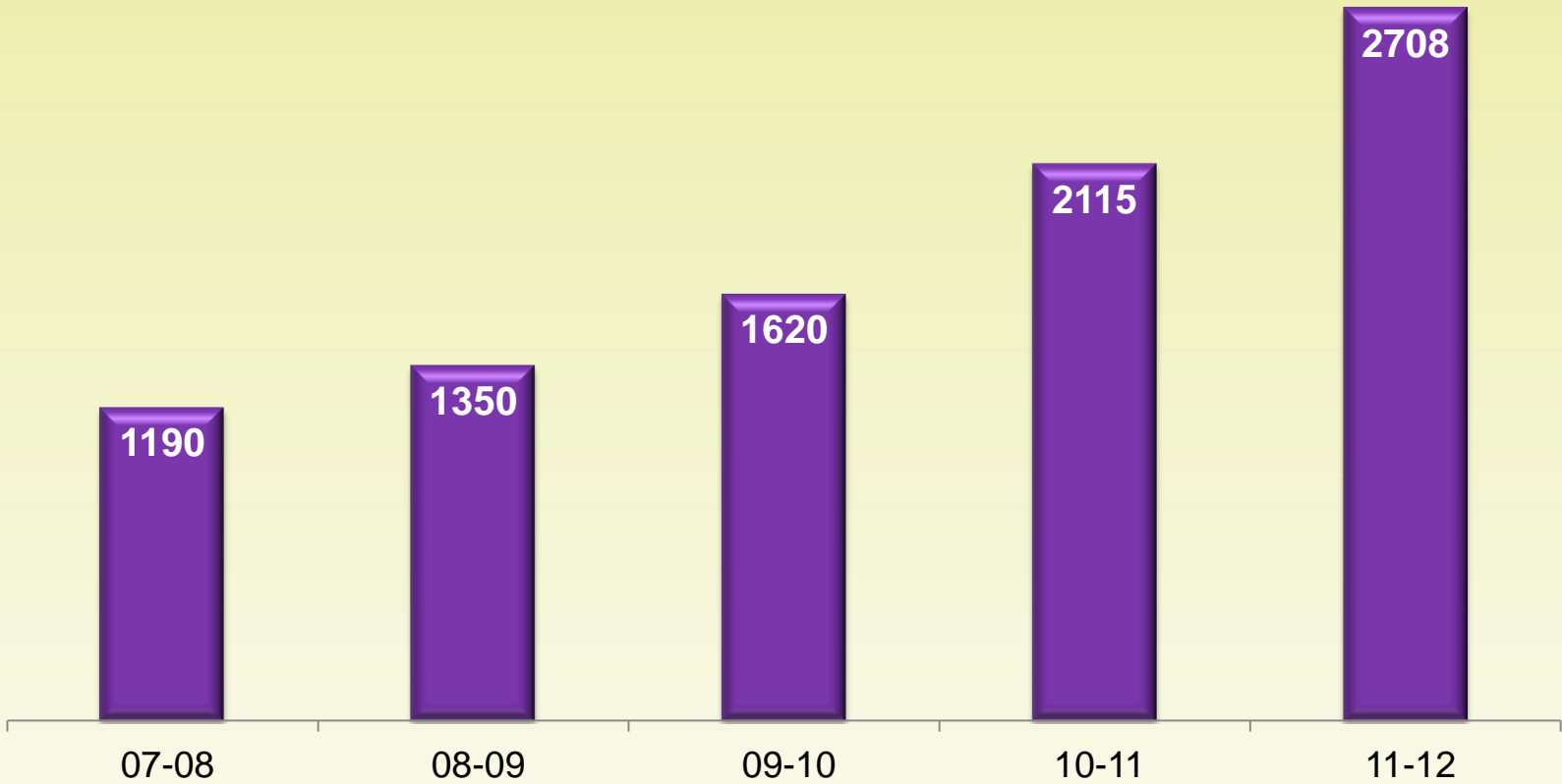
# Investments Portfolio

Particulars	HTM	AFS & HFT	Total
SLR	7157	3276	10433
Non SLR (Excl. RIDF)	10	365	375
RIDF Investment	657	0	657
Total Investments	7824	3641	11465
% to total	68.2	31.8	

*Modified Duration of investments under AFS & HFT is 4.77*



# Owned Funds



CAGR	5 Yr 20.57%
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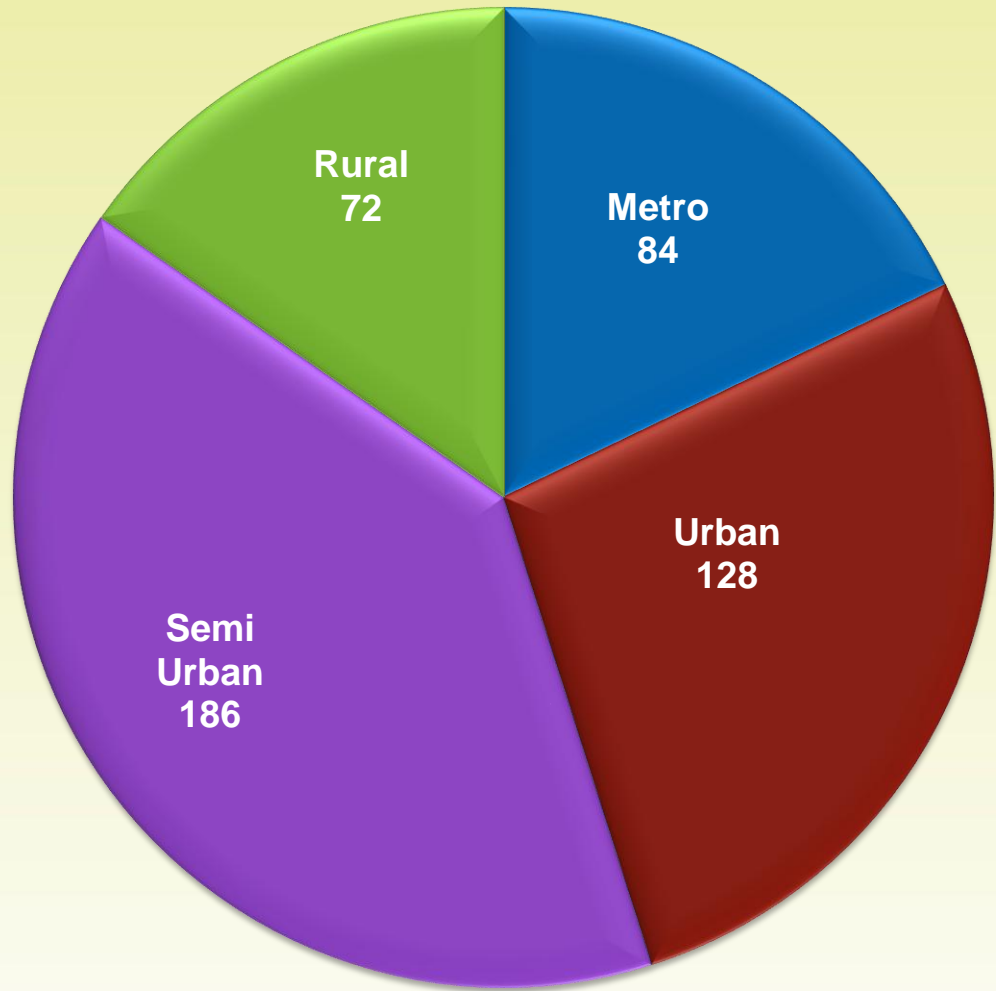
# Network and Human Resources

Particulars	Mar 08	Mar 09	Mar 10	Mar 11	Mar 12	Jun 12	Sep 12
No of Branches	288	312	335	369	451	454	470
No of ATMs	286	324	376	488	825	900	983
No of Employees	3580	3941	4175	4574	5673	5754	5968

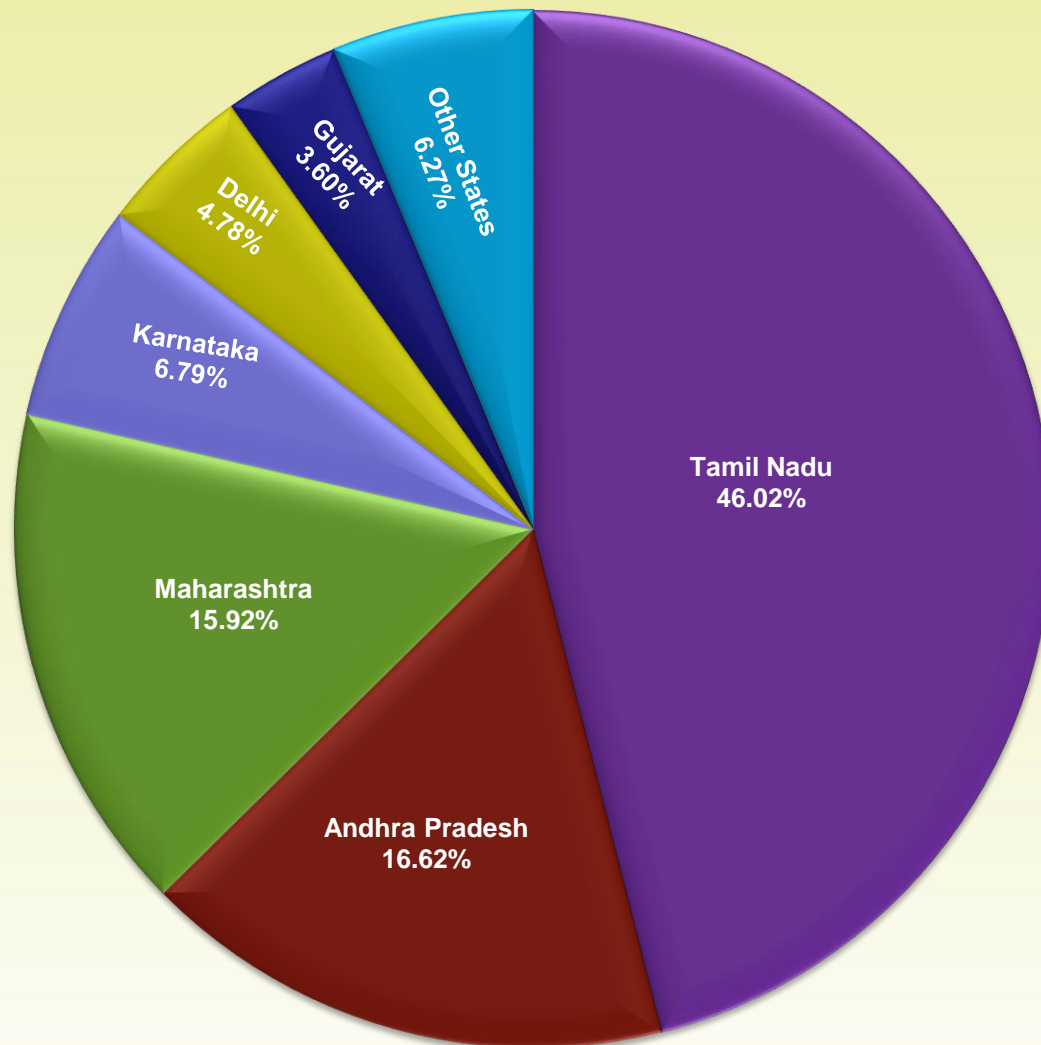


# Network of 470 Branches

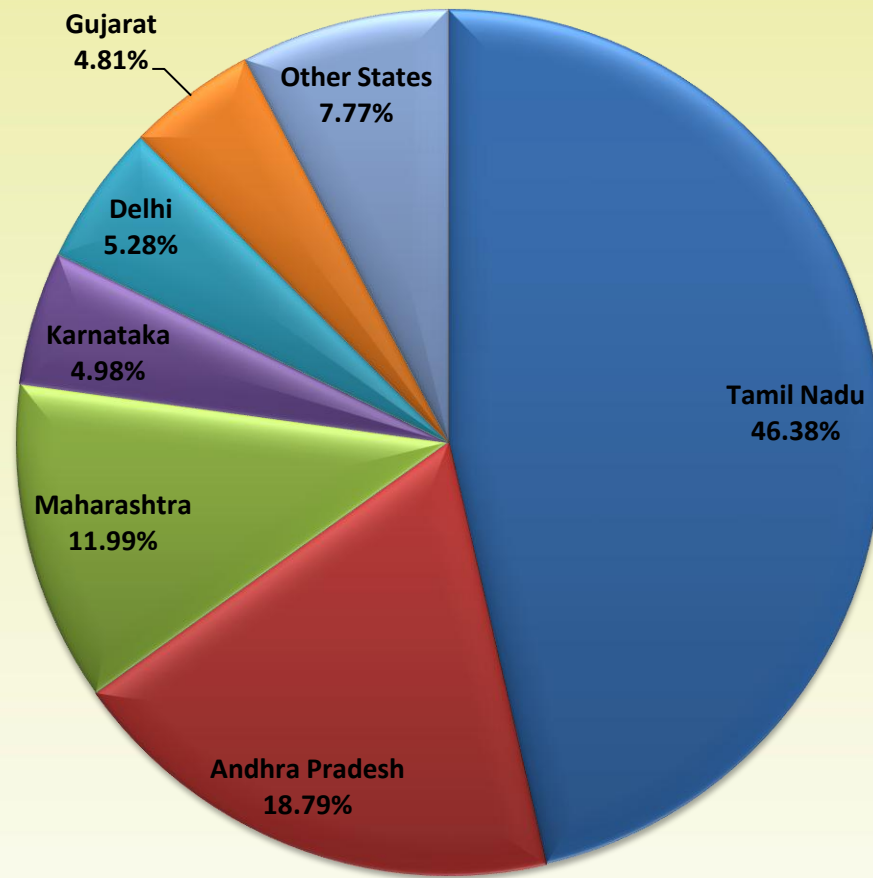
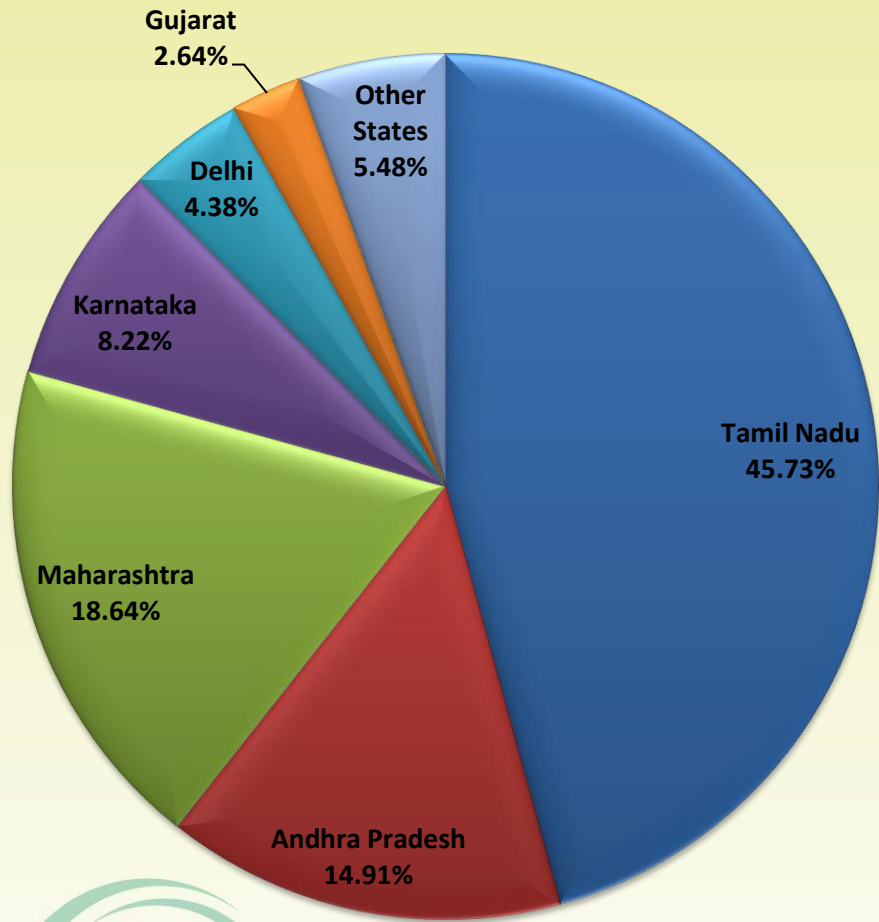
STATE	Mar 12	Sep 12
TAMILNADU	227	239
ANDHRA PRADESH	96	99
KARNATAKA	32	33
MAHARASHTRA	21	22
GUJARAT	14	14
KERALA	11	11
DELHI	9	9
WEST BENGAL	12	12
PUNJAB	5	6
HARYANA	4	4
ORISSA	4	4
M.P.	3	3
UTTARPRADESH	5	5
PONDICHERY	2	3
RAJASTHAN	2	2
CHANDIGARH	1	1
CHATTISGARH	1	1
GOA	1	1
JHARKHAND	1	1
<b>Total</b>	<b>451</b>	<b>470</b>



# State wise Contribution - Total Business



# State wise Deposits & Advances

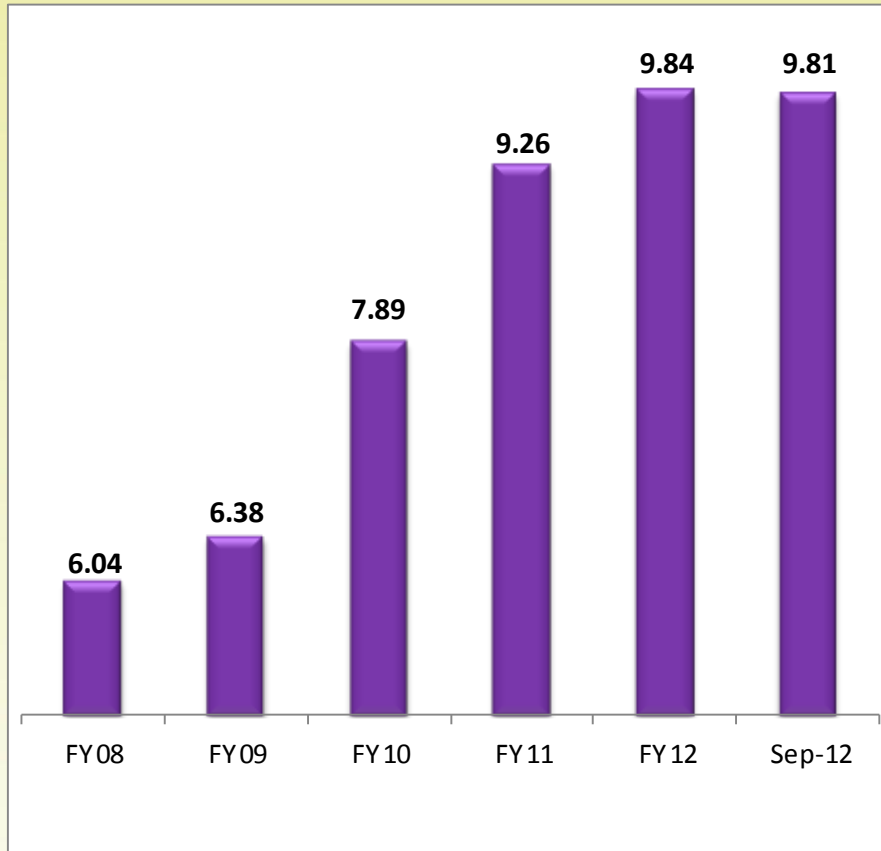


**Deposits**

**Advances**

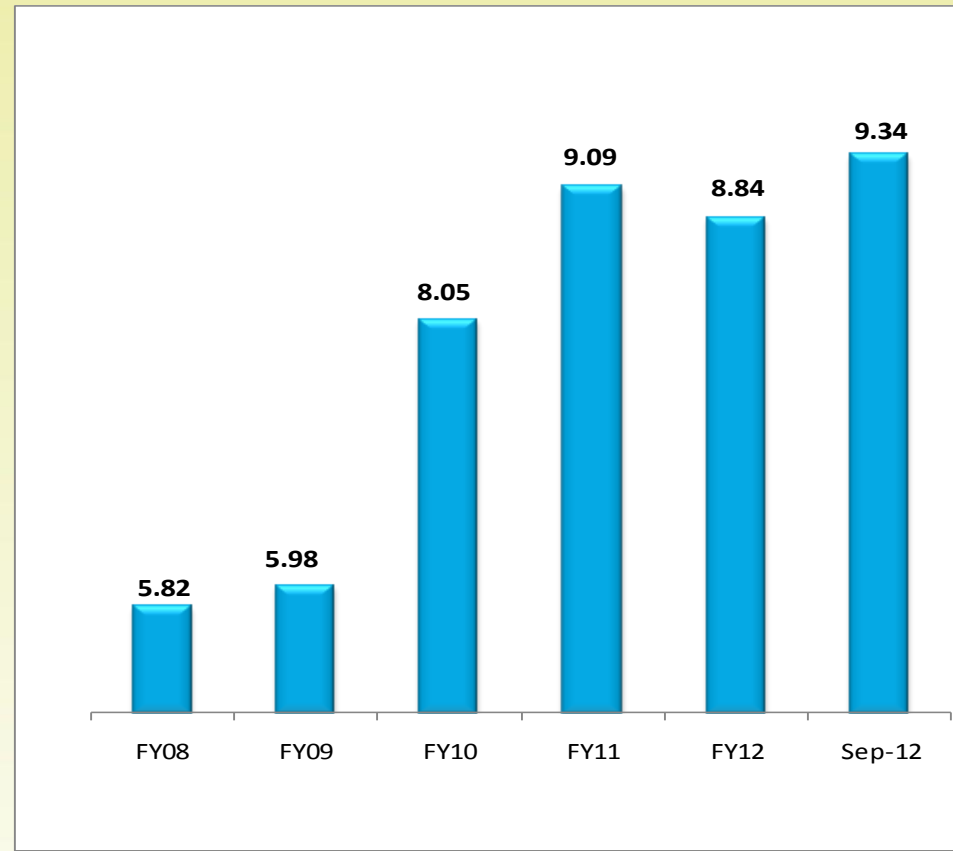


## Business Per Employee



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

# Awards and Recognitions

- ✓ *Bloomberg UTV Financial Leadership Awards, 2012 – **Best Private Sector 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***
- ✓ *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*