



**Karur Vysya Bank**

*Smart way to bank*

## Investor Presentation

30.09.2017



# 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*

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"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*
- ✓ *752 branches and 1766 ATMs as on 30<sup>th</sup> September 2017*
- ✓ *6.61 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 circular bands that create a sense of motion or a stylized 'V' shape behind the text.

KVB

# H1FY18 Results Snapshot

**Operating Profit**  
**Rs. 876 crore**  
(↑ 20%)

**Net Profit**  
**Rs.224 crore**  
(↓ 18%)

**Advances**  
**Rs. 44,237 crore**  
(↑12%)

**Deposits**  
**Rs. 56,400 crore**  
(↑8%)

**ROA**  
**0.71%**

**NIM**  
**3.78%**  
(↑ 18 bps)

**CRAR**  
**12.22%**

**Net NPA**  
**3.24 %**

# Profit & Loss Account (Q2 FY 18)

Units: Rs crore

Particulars	Q2FY 2017-18	Q2FY 2016-17	YoY%
<b>Net Interest Income</b>	556	495	12%
Other Income	230	217	6%
<b>Total Income</b>	786	712	10%
Operating Expenses	358	330	8%
<b>Operating Profit</b>	428	382	12%
Provisions	322	182	77%
Credit Related	297	156	90%
Others	25	26	-4%
<b>Profit Before Tax</b>	106	200	-47%
Tax	30	74	-59%
<b>Net Profit</b>	76	126	-40%

# Profit & Loss Account (H1 FY 18)

Units: Rs crore

Particulars	H1 FY 18	H1 FY 17	YoY%
<b>Net Interest Income</b>	1094	976	12%
Other Income	466	380	23%
<b>Total Income</b>	1560	1356	15%
Operating Expenses	683	627	9%
<b>Operating Profit</b>	877	729	20%
Provisions	555	312	78%
Credit Related	526	293	80%
Others	29	19	53%
<b>Profit Before Tax</b>	322	417	-23%
Tax	98	144	-32%
<b>Net Profit</b>	224	273	-18%

# Breakup of Other Income (Quarter)

Units: Rs crore

<u>Particulars</u>	<u>Q2 FY 17-18</u>	<u>Q2 FY 16-17</u>	<u>YoY %</u>
<b>Total</b>	<b>230</b>	<b>218</b>	<b>5.50%</b>
<b>Fee Income</b>	<b>210</b>	<b>137</b>	<b>53.28%</b>
<i>Forex</i>	<b>11</b>	<b>8</b>	<b>37.50%</b>
<i>Commissions</i>	<b>149</b>	<b>116</b>	<b>28.45%</b>
<i>Other</i>	<b>50</b>	<b>13</b>	<b>-</b>
<b>Profit on Sale of Investments</b>	<b>20</b>	<b>81</b>	<b>(75.31)%</b>

# Breakup of Other Income (Half Year)

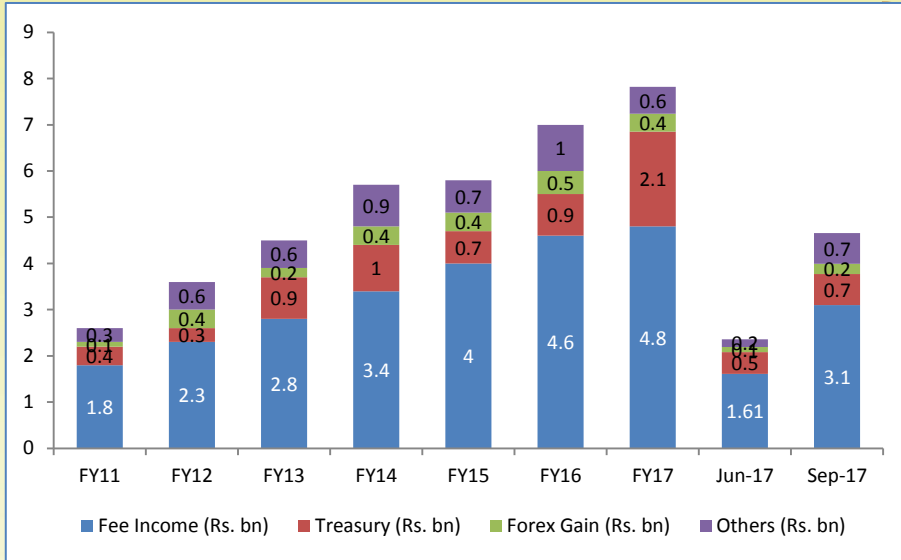
Units: Rs crore

<u>Particulars</u>	<u>H1FY18</u>	<u>H1FY17</u>	<u>YoY %</u>
Total	466	380	22.63%
Fee Income	399	284	40.49%
Forex	22	18	22%
Commissions	310	240	29%
Other	67	26	-
Profit on Sale of Investments	67	96	(30.21)%

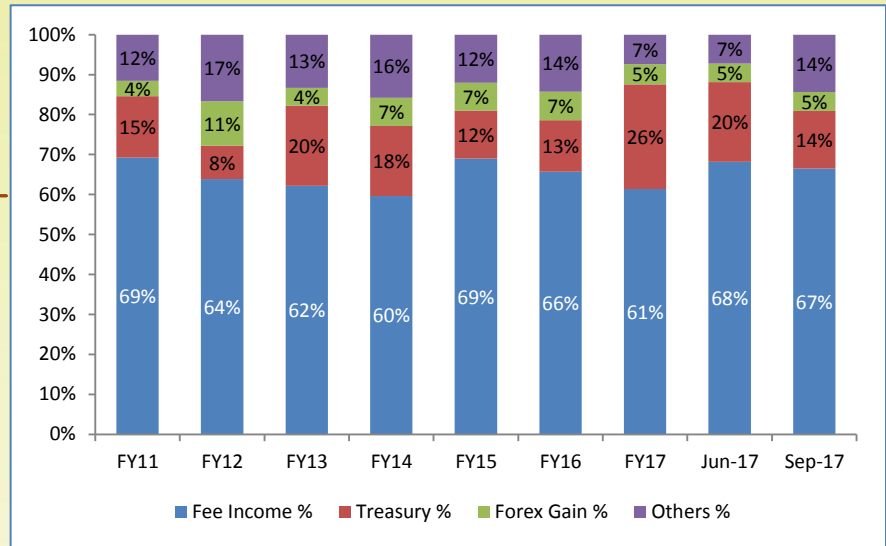


# Healthy Other Income Profile

## Growth in other income



## Fee income consistently contributes ~ 67% of other income



- Diverse sources of non – interest income
- Non – interest income contributed 14.34% to total income for 6 months of FY 2017-18

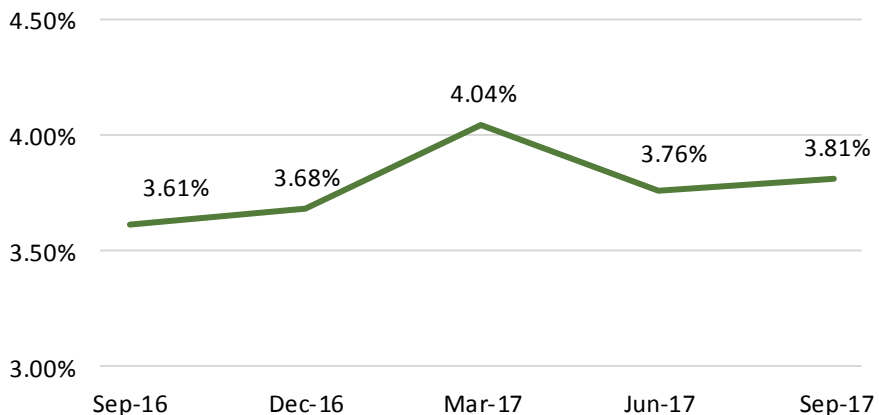
### KVB's Fee income streams :

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

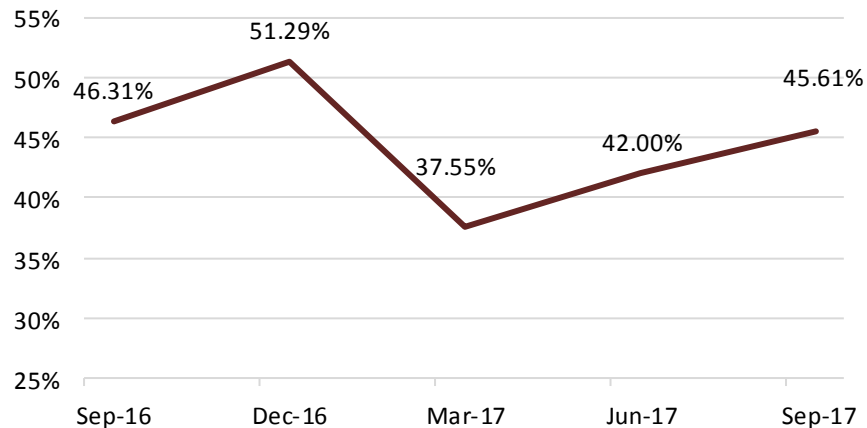


# Key Ratios (Q2 2017-18)

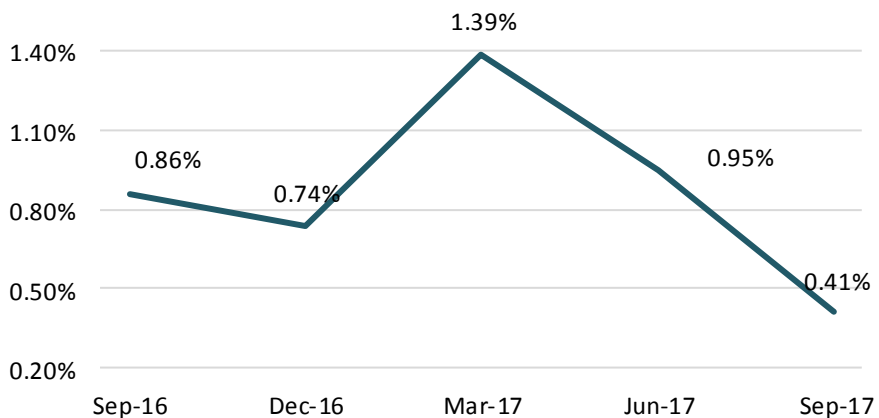
## Net Interest Margin



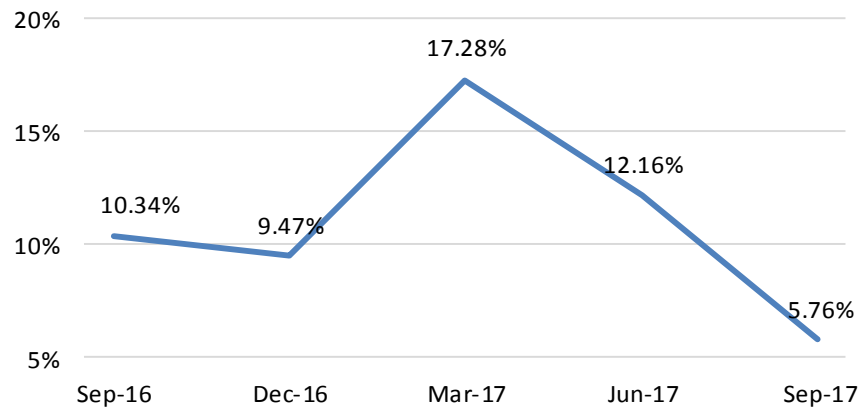
## Cost to Income %



## Return on Assets



## Return on Equity



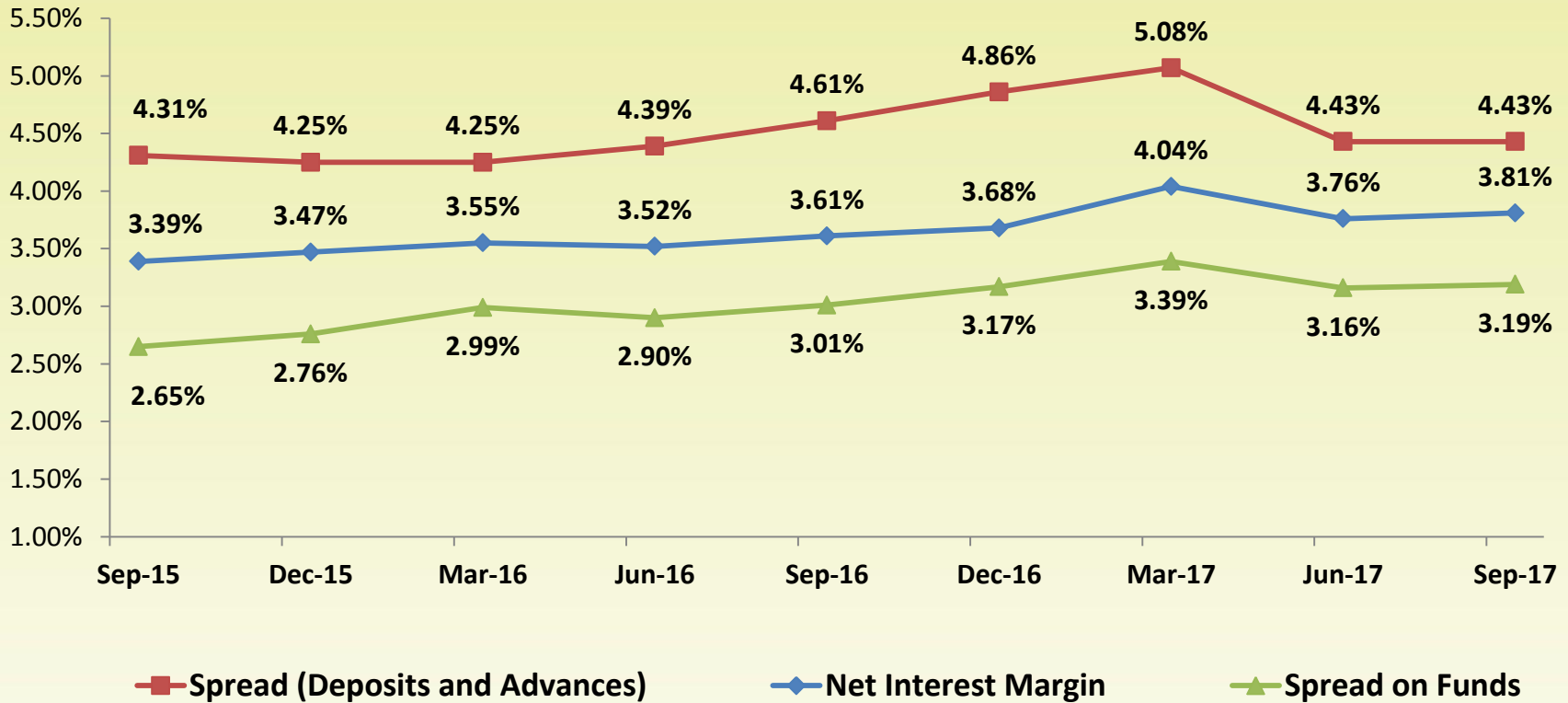
# Key Ratios (Quarter)

<b>Particulars</b>	<b><u>Q2 FY 17-18</u></b>	<b><u>Q2 FY 16-17</u></b>
Cost of Deposits	6.08%	6.89%
Yield on Advances	10.51%	11.50%
Cost of Funds	6.00%	6.89%
Yield on Funds	9.19%	9.90%
Cost Income Ratio	45.61%	46.31%
Spread	3.19%	3.01%
NIM	3.81%	3.61%
Business/Emp. (Rs crore)	12.86	12.60
Profit/Emp. (Rs lakh)	3.90	6.95
No. of Employees	7,758	7,265

# Key Ratios (H1 2018)

<b>Particulars</b>	<b><u>H1 FY 17-18</u></b>	<b><u>H1 FY 16-17</u></b>
Cost of Deposits	6.11%	6.93%
Yield on Advances	10.54%	11.41%
Cost of Funds	6.03%	6.88%
Yield on Funds	9.21%	9.87%
Cost Income Ratio	43.82%	46.26%
Spread	3.18%	2.99%
NIM	3.78%	3.60%
Business/Emp. (Rs crore)	12.86	12.60
Profit/Emp. (Rs lakh)	5.76	7.51
No. of Employees	7,758	7,265

# Profitability Metrics (Quarterly)



# Deposits

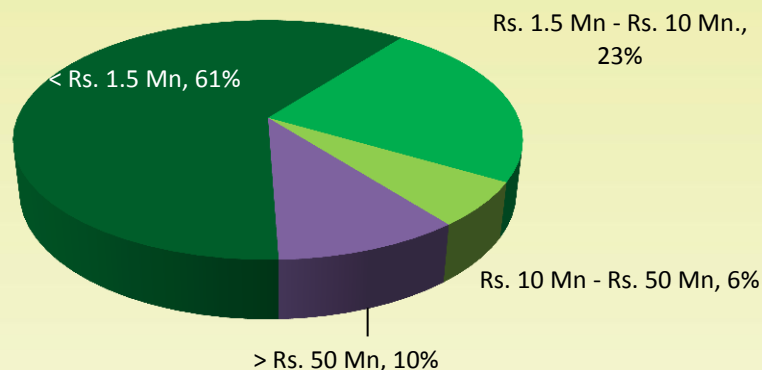
Units: Rs crore

<u>Particulars</u>	<u>FY 17 -18</u>	<u>FY 16 -17</u>	<u>YoY %</u>
Total Deposits	56,400	52,002	8.46%
CASA	15,574	12,963	20.14%
CASA Mix %	27.61%	24.93%	
Demand	5,404	4,524	19.45%
Savings	10,169	8,439	20.50%
Term Deposits	40,826	39,039	4.58%

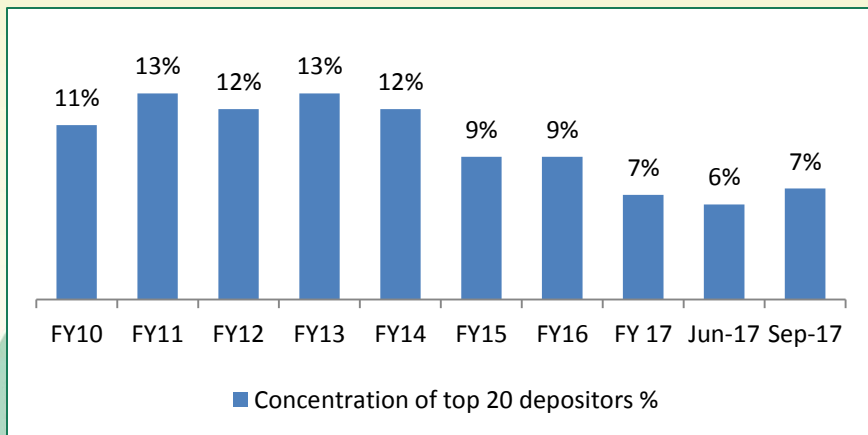
# Retail Liability Franchise – Granular and Sticky

## Low dependence on wholesale deposits (FY 2017-18)

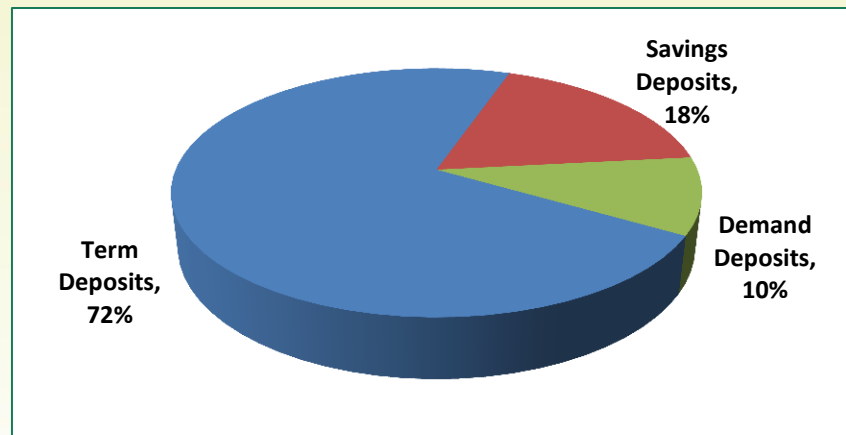
Term deposits are primarily retail deposits. Only 10% of term deposits are > Rs.50 Mn



## Low concentration of deposits

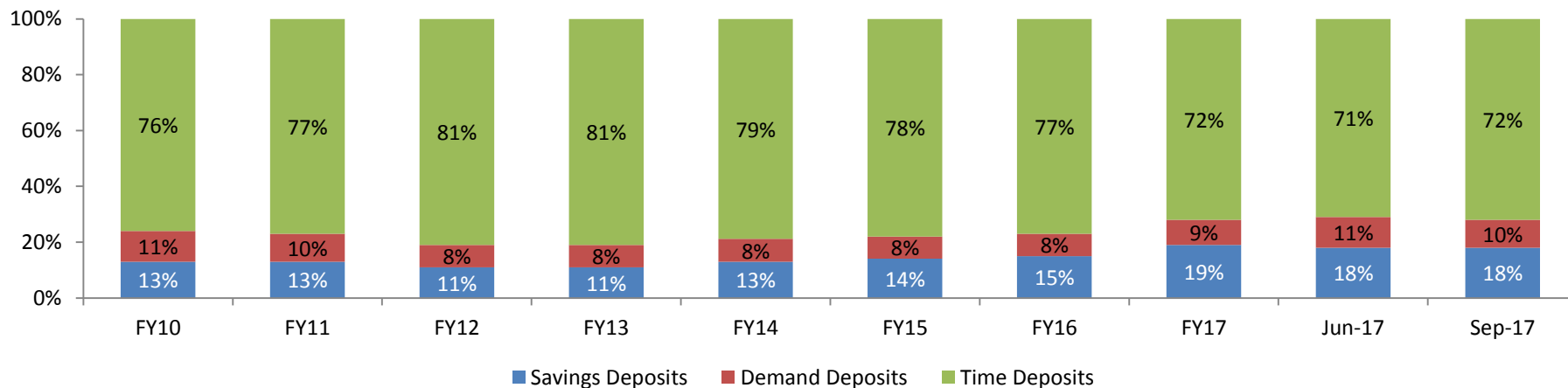


## Breakup of deposits (FY18)

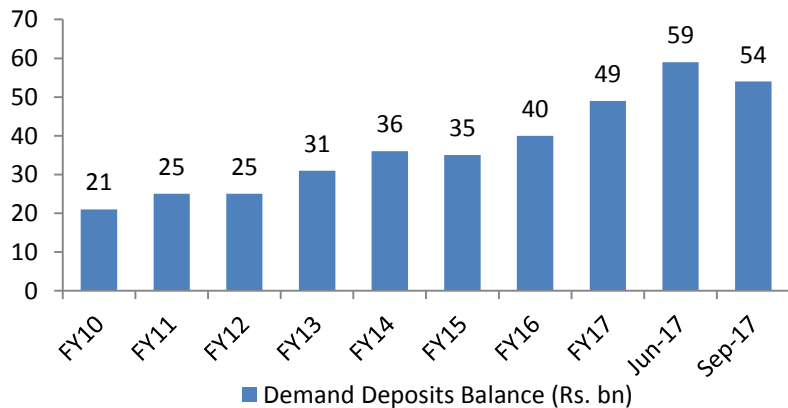


# Deposit Mix

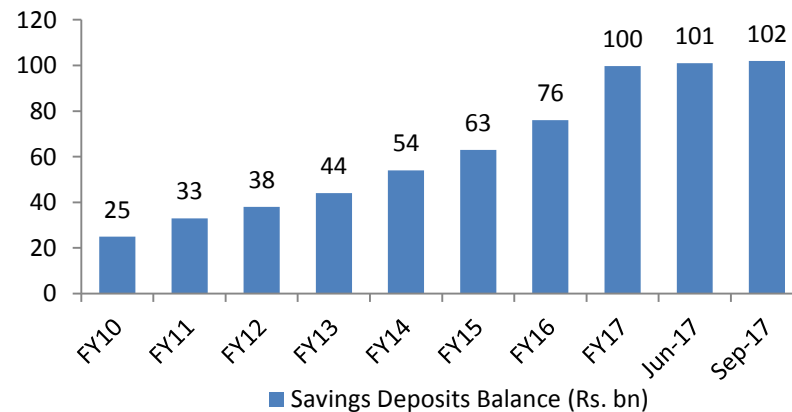
## Break-up of deposit base (in %)



## Growth in demand deposits since 2010



## Consistent growth in Savings Deposits since FY10





# Advances

## Particulars

H1 17-18

H1 16-17

*Units: Rs crore*  
YoY %

**Advances**

**44,237**

**39,537**

**11.89%**

**Corporate**

**14,514**

**13,114**

**10.68%**

**Commercial**

**15,042**

**13,303**

**13.07%**

**Agriculture**

**7,773**

**6,950**

**11.84%**

**Retail (Personal Banking)**

**6,908**

**6,170**

**11.96%**

**Jewel Loan**

(included in other segments)

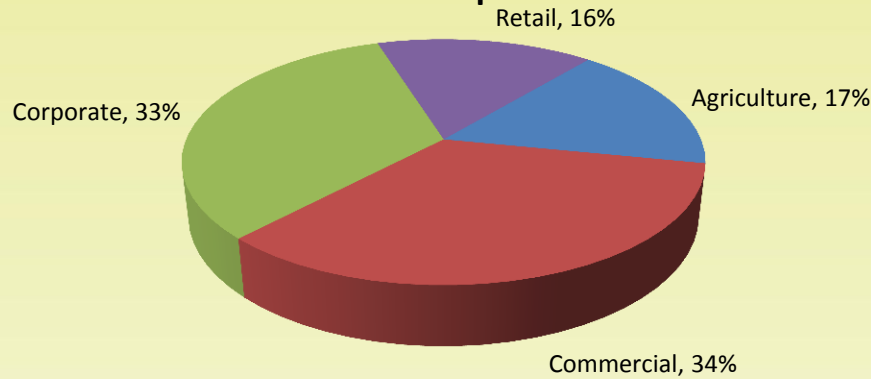
**6,725**

**6,356**

**5.81%**

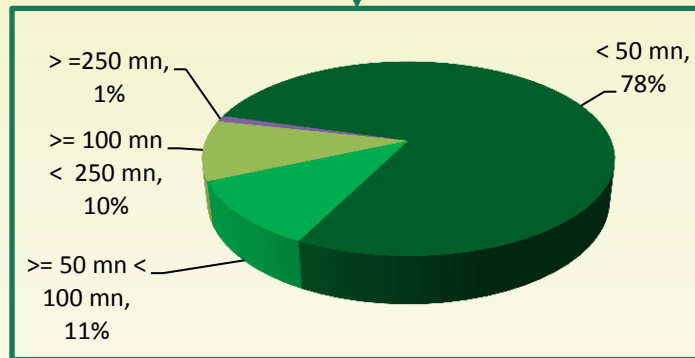
# Granular Loan Portfolio

## Loan book break up in FY17-18



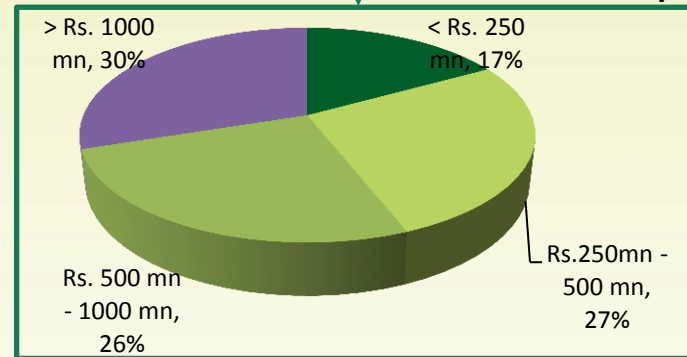
Rs.296 Bn

### Commercial book break-up\*



- Average ticket size of Rs 4.92 Mn
- 78% of commercial loans are less than Rs. 50 Mn

### Corporate book break-up\*



- Average ticket size of Rs. 350.41 Mn
- 70% of corporate exposure less than Rs. 1 Bn

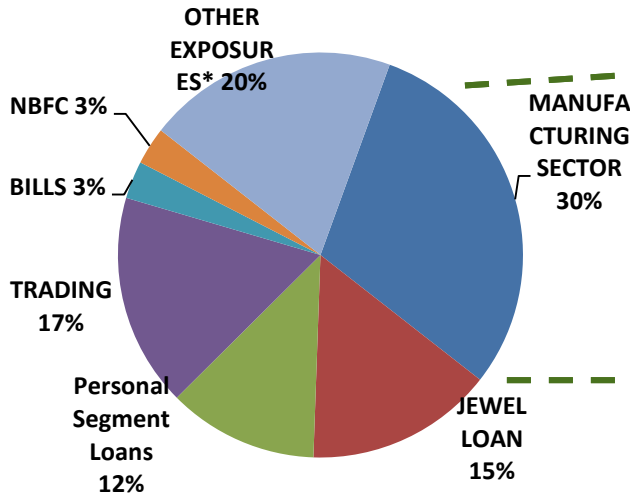


- Commercial Loans : Exposures upto Rs. 250 Mn
- Corporate Loans : Exposures above Rs. 250 Mn

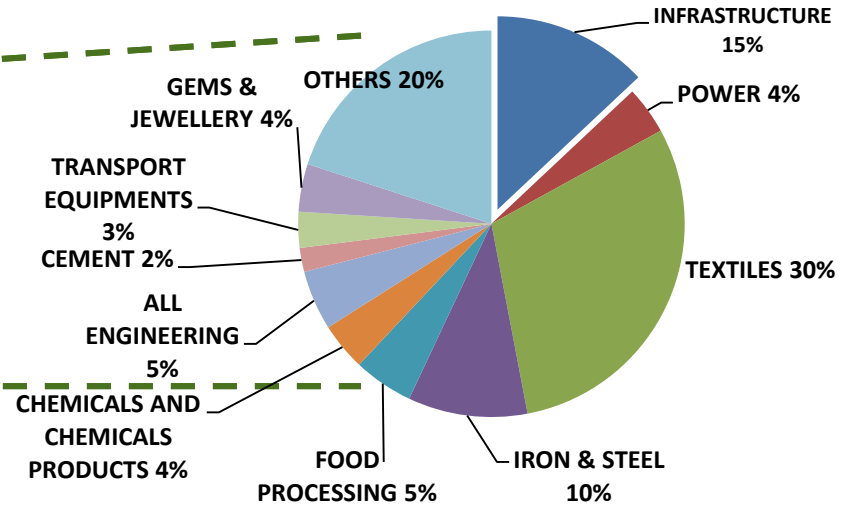
# Breakup of Advances

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

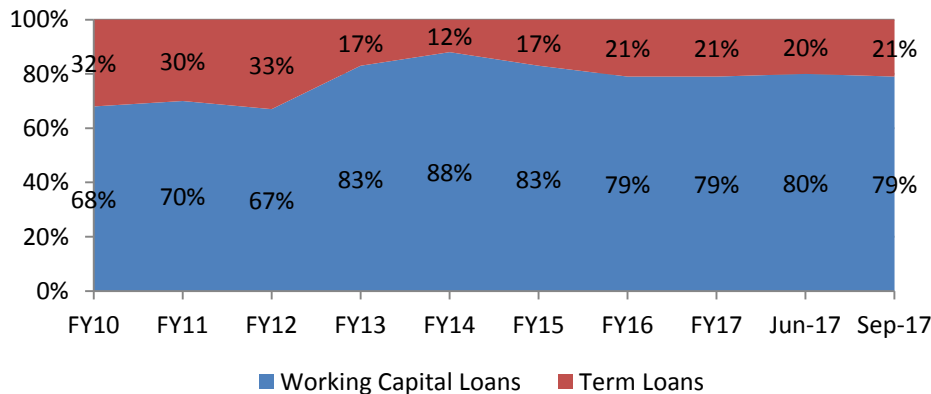
Rs. 442 Bn



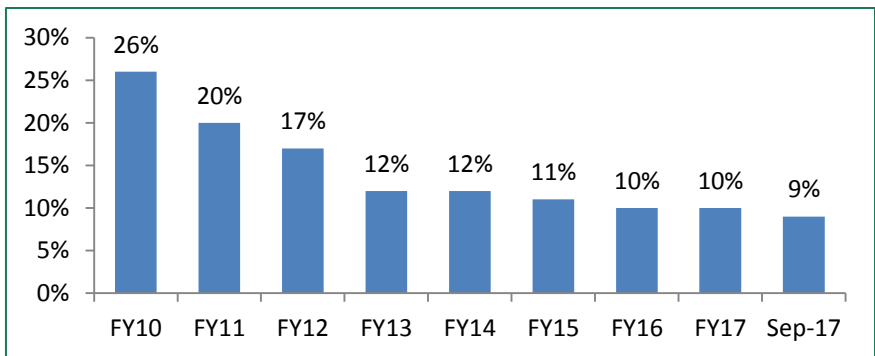
Breakup of industry exposure (Rs. 132 Bn)



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 Sep - 16	
	Sep-17	Sep-16	Mar-17	Sep-17	Sep-16	Mar-17	Amount	%
MANUFACTURING SECTOR	13,195	12,056	12,688	29.83	30.48	30.62	1139	9.45
JEWEL LOAN	6,725	6,356	6,159	15.20	16.07	14.86	369	5.81
PERSONAL SEGMENT LOANS @	5,667	5,482	4,847	12.81	13.87	11.70	185	3.37
TRADING	7,416	5,878	6,889	16.76	14.87	16.63	1538	26.17
BILLS	1,349	1,137	1,592	3.05	2.88	3.84	212	18.65
NBFC	1,306	1,311	1,159	2.95	3.32	2.80	(5)	(0.38)
OTHER EXPOSURES*	8,579	7,317	8,101	19.40	18.51	19.55	1262	17.25
<b>TOTAL ADVANCES</b>	<b>44,237</b>	<b>39,537</b>	<b>41,435</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>4700</b>	<b>11.89</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 09-17/09-16	
	Sep-17	Sep-16	Mar-17	Sep-17	Sep-16	Mar-17	Abs.	%
INFRASTRUCTURE	2,779	2,857	2,964	6.28	7.23	7.15	(78)	(2.73)
TEXTILES	3,893	3,313	3,769	8.80	8.38	9.10	580	17.51
BASIC METAL & METAL PRODUCTS	1,343	1,358	1,194	3.04	3.43	2.88	(15)	(1.10)
FOOD PROCESSING	596	564	536	1.35	1.43	1.29	32	5.67
CHEMICALS & CHEMICAL PRODUCTS	597	487	522	1.35	1.23	1.26	110	22.59
ALL ENGINEERING	607	428	513	1.37	1.08	1.24	179	41.82
GEMS & JEWELLERY	573	385	445	1.30	0.97	1.07	188	48.83
TRANSPORTATION SECTOR	398	395	397	0.90	1.00	0.96	3	0.76
RUBBER & PLASTIC PRODUCTS	360	273	355	0.81	0.69	0.86	87	31.87
MINING & QUARRYING	177	320	304	0.40	0.81	0.73	(143)	(44.69)
WOOD & WOOD PRODUCTS	272	286	268	0.61	0.72	0.65	(14)	(4.90)
CONSTRUCTION	429	375	371	0.97	0.95	0.90	54	14.40
PAPER & PAPER PRODUCTS	209	242	195	0.47	0.61	0.47	(33)	(13.64)
CEMENT & CEMENT PRODUCTS	319	381	385	0.72	0.96	0.93	(62)	(16.27)
BEVERAGES & TOBACCO	165	117	112	0.37	0.30	0.27	48	41.03
PETROLEUM	14	13	34	0.03	0.03	0.08	1	7.69
GLASS & GLASSWARE	49	32	40	0.11	0.08	0.10	17	53.13
LEATHER & LEATHER PRODUCTS	50	31	37	0.11	0.08	0.09	19	61.29
OTHER INDUSTRIES	365	199	247	0.83	0.50	0.60	166	83.42
<b>Total Manufacturing</b>	<b>13,195</b>	<b>12,056</b>	<b>12,688</b>	<b>29.83</b>	<b>30.49</b>	<b>30.62</b>	<b>1139</b>	<b>9.45</b>

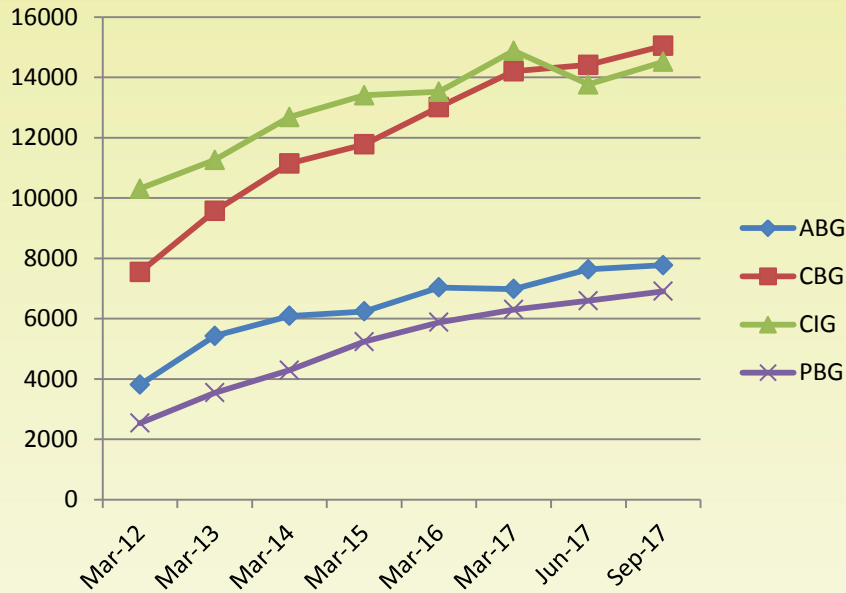
# Retail Advances

Segment	Amount (Rs. in crore)								
	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Jun-17	Sep-17
<b>Housing Loan</b>	436	611	971	1,387	1,757	2,094	2,330	2,425	2,553
<b>Mortgage Loan (LAP)</b>	-	-	-	381	568	787	965	1,045	1,178
<b>Vehicle Loan</b>	387	492	677	735	782	831	921	962	1,003
<b>Jewel Loan</b>	481	584	832	802	793	703	596	601	592
<b>Personal Loan</b>	257	319	341	353	356	354	316	309	306
<b>Educational Loan</b>	78	104	133	169	207	245	266	265	273
<b>Retail (Others)</b>	413	428	591	464	779	904	946	985	1,003
<b>Total</b>	<b>2,052</b>	<b>2,538</b>	<b>3,545</b>	<b>4,291</b>	<b>5,242</b>	<b>5,918</b>	<b>6,340</b>	<b>6,592</b>	<b>6,908</b>

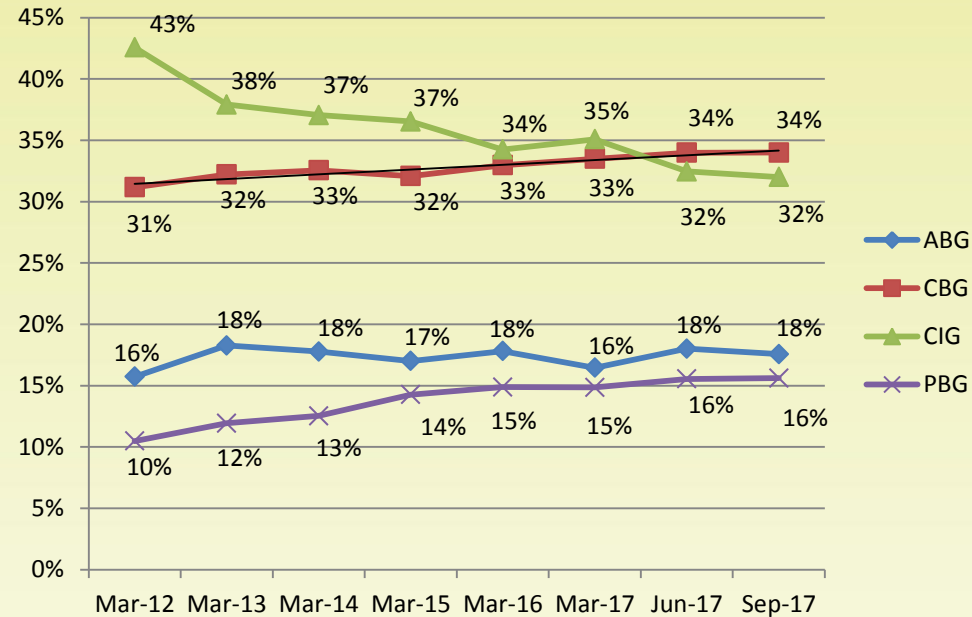


# Advances Mix

## Advances in Value (Rs.in crore)



## Advances Mix (in %)

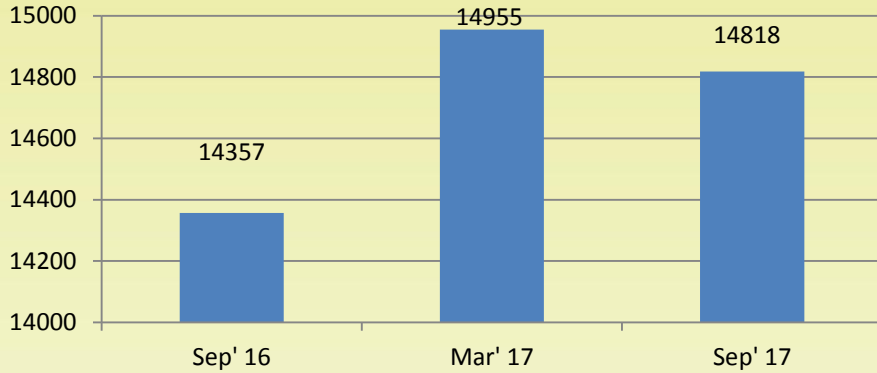


ABG- Agri Banking , CBG – Commercial Banking, CIG – Corporate Banking, PBG – Personal Banking

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

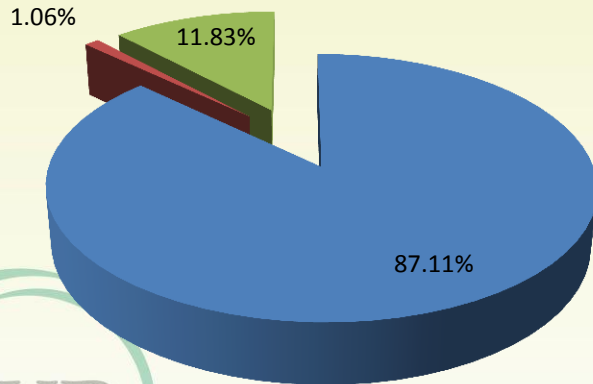
# Investment Portfolio

## Investments Outstanding (Rs. In crore)



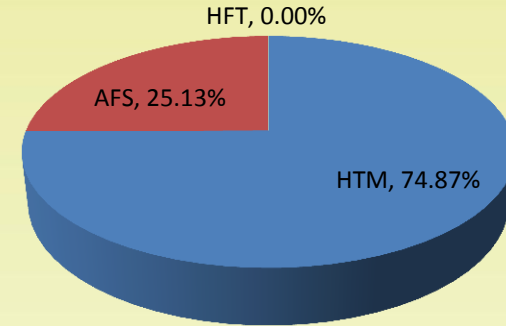
## Investment Portfolio

■ SLR ■ Shares ■ Debentures/CD/MF/CP/SR



out of 11.83% of Deb/CD/MF/CP/SR - Security Receipts constitutes 3.37% (Rs.499.74 Crores)

## Portfolio wise Investment

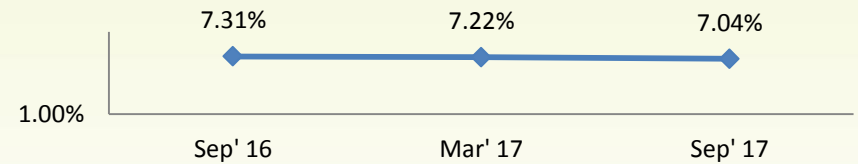


## Modified Duration

AFS	HFT	HTM	Total
2.86	0.00	4.61	4.20

## Yield on Investment

### Yield on Investments





## Stress Accounts

	Rs. in Crore
SDR Outstanding (2 accounts)	96.09
5/25 (1 account )	78.80
S4A Accounts (3 accounts)	235.09
Sale to ARC in Q2 of FY 17-18	Nil

# Sector Wise Restructured Advances

S.NO	SECTOR	AMOUNT (Rs. in crore)		(% to Total Rest. Adv)	
		Sep-17	Sep-16	Sep-17	Sep-16
1	AGRICULTURE	7.52	11.53	1.07	0.93
2	INFRASTRUCTURE	356.00	712.54	50.60	57.23
3	TEXTILES	43.32	198.41	6.16	15.94
4	AUTO LOANS	32.67	0.55	4.64	0.04
5	EDUCATIONAL LOANS	0.14	0.65	0.02	0.05
6	FOOD PROCESSING	236.72	228.79	33.64	18.38
7	OTHERS	27.25	92.54	3.87	7.43
<b>TOTAL</b>		<b>703.62</b>	<b>1245.01</b>	<b>100.00</b>	<b>100.00</b>
<b>% to Total Standard Advance</b>		<b>1.59%</b>	<b>3.15%</b>		



**KVB**

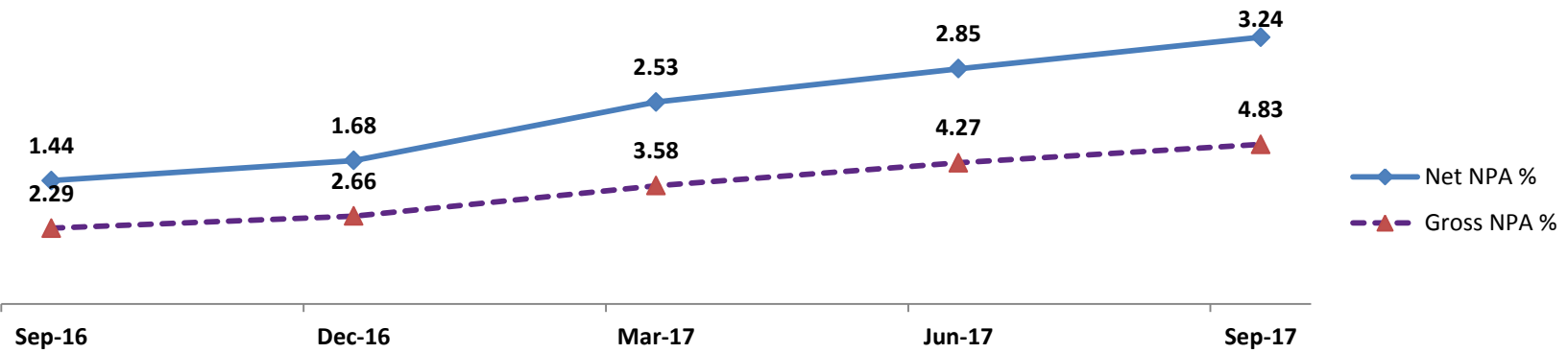
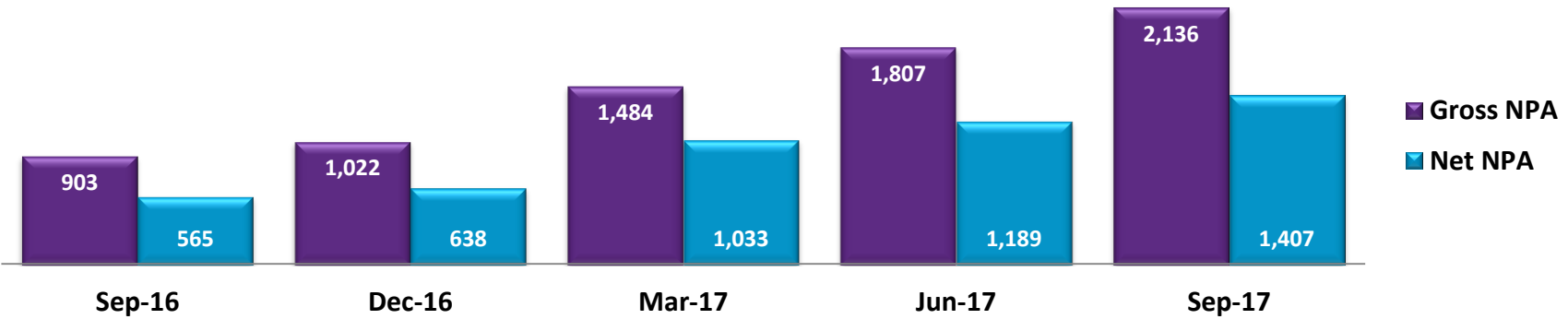
# Movement of Restructured Assets

Units: Rs crore

Particulars	Apr-17 to Jun-17		Jul-17 to Sep-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	36	807.85
Addition during the period - [B]	5	0.12	0	0
Addition of facilities in existing restructured A/Cs - [C]		15.42		12.12
Addition through upgradation from NPA – [D]	0	0	0	0
Accounts closed during the period - [E]	1	11.00	1	24.97
Accounts ceases 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]	1	38.50	2	91.38
Restructured accounts as on 30.09.2017 A+B+C+D-(E+F+G+H)	36	807.85	33	703.62

# NPA Position

Units: Rs crore



Period	Provision Coverage Ratio
Sep-16	68.26%
Dec-16	67.06%
Mar-17	57.83%
Jun-17	57.01%
Sep-17	54.09%

# Movement of NPA

(Rs. in crore)

Particulars	Apr 17 - Jun 17	Jul 17 - Sep 17	Apr 16 - Sep 16
Movement of Gross NPAs			
Opening Balance	1,483.81	<b>1,807.01</b>	511.18
Additions during the period	<b>389.24</b>	<b>426.84</b>	617.83
Reductions during the period	66.04	<b>97.66</b>	226.27
Closing Balance	1,807.01	<b>2,136.19</b>	902.74
Movement of Net NPAs			
Opening Balance	1,033.46	<b>1,189.16</b>	216.17
Additions during the period	211.90	<b>312.56</b>	405.89
Reductions during the period	56.20	<b>94.42</b>	56.92
Closing Balance	1,189.16	<b>1,407.30</b>	565.14
Movement of Provision for NPA			
Opening Balance	428.74	<b>585.70</b>	285.00
Provn made during the period	156.96	<b>106.00</b>	202.00
Write off/Write back of excess provn	0.00	<b>0.00</b>	169.35
Closing Balance	585.70	<b>691.70</b>	317.65

# Breakup of Provisions (Other than Tax)

Units: Rs crore

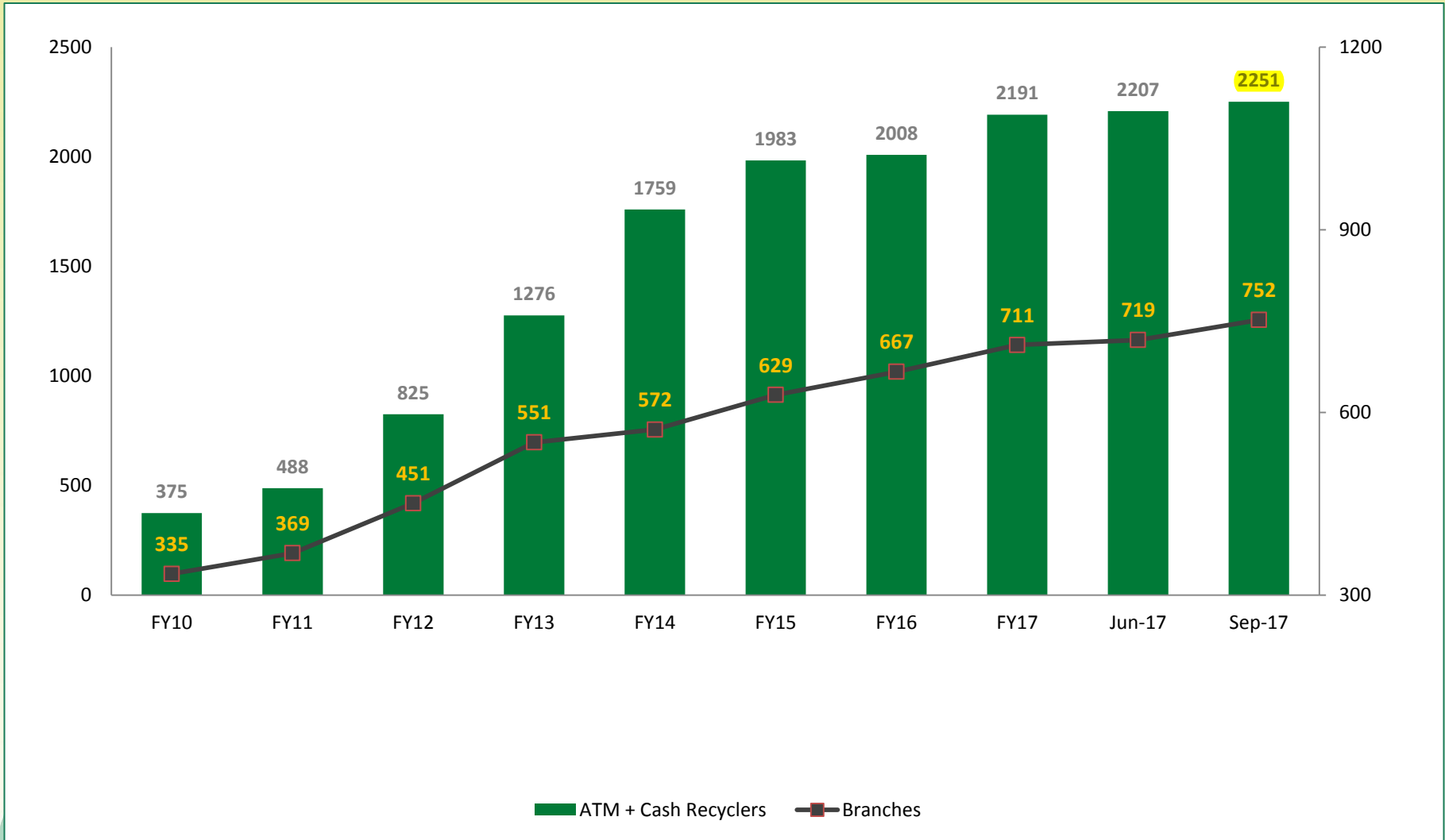
<u>Particulars</u>	<u>Q2 FY 17-18</u>	<u>Q2 FY 16-17</u>
<b>Total Provisions</b>	<b>321</b>	<b>182</b>
<b>NPA</b>	<b>106</b>	<b>96</b>
<b>Standard Assets</b>	<b>4</b>	<b>--</b>
<b>A/c's referred to NCLT (Std. Assets)</b>	<b>54</b>	<b>--</b>
<b>Restructured (SDR, S4A, 5/25 etc.)</b>	<b>11</b>	<b>--</b>
<b>Investment</b>	<b>35</b>	<b>23</b>
<b>Others (including amortisation of loss on sale of assets to ARC)</b>	<b>111</b>	<b>63</b>

# Breakup of Provisions (Other than Tax)

Units: Rs crore

<u>Particulars</u>	<u>H1 FY 17-18</u>	<u>H1 FY 16-17</u>
<b>Total Provisions</b>	<b>555</b>	<b>312</b>
<b>NPA</b>	<b>263</b>	<b>190</b>
<b>Standard Assets</b>	<b>5</b>	<b>(-) 4</b>
<b>A/c's referred to NCLT (Std. Assets)</b>	<b>54</b>	<b>--</b>
<b>Restructured (incl. SDR, S4A, 5/25 etc.)</b>	<b>19</b>	<b>(-) 6</b>
<b>Investment</b>	<b>39</b>	<b>16</b>
<b>Others</b> <i>(including amortisation of loss on sale of assets to ARC)</i>	<b>175</b>	<b>116</b>

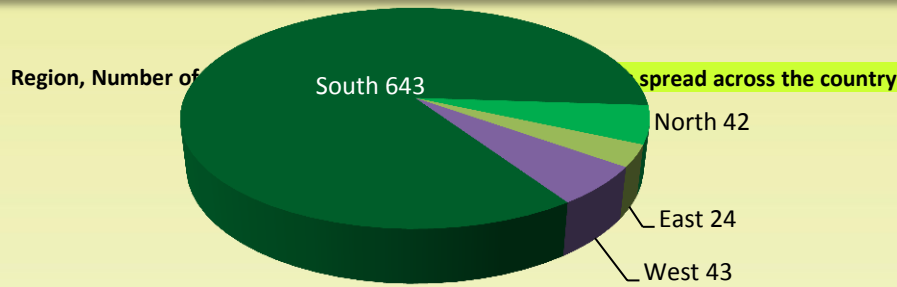
# Branch and ATM / Cash Recyclers Network





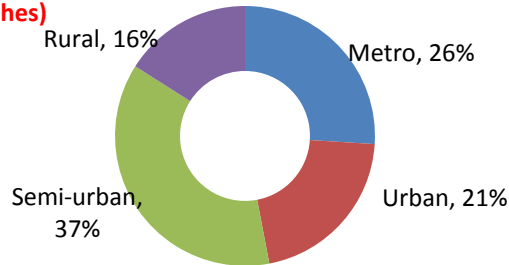
# Branch Network - Diversified Across the Country

Geographical spread of branches (FY 2017-18)

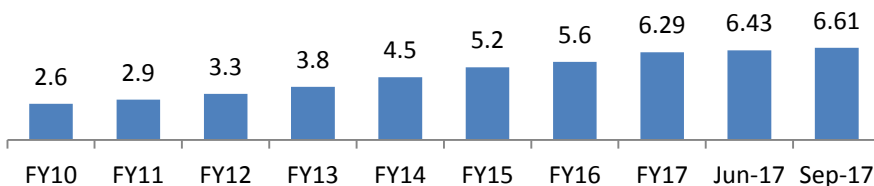


Dominant presence (53%) in semi-urban and rural locations

Branch Distribution in HY FY18 (752 branches)



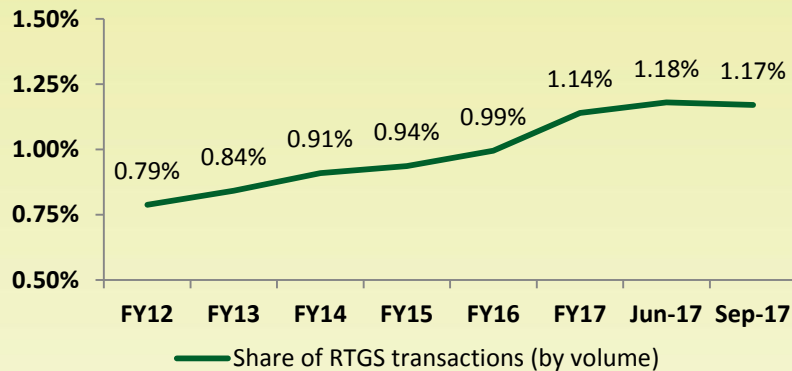
Number of customers (Millions)



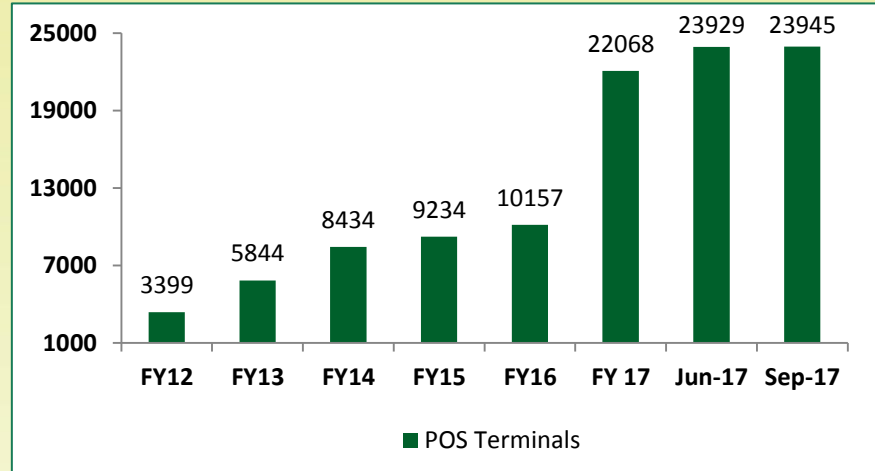
State /UT	Sep-17 - Branches (Nos)
TAMILNADU	399
ANDHRA PRADESH	110
TELANGANA	57
KARNATAKA	51
MAHARASHTRA	27
GUJARAT	15
WEST BENGAL	16
KERALA	19
DELHI	14
PUNJAB	7
UTTARPRADESH	6
ORISSA	5
HARYANA	6
PONDICHERY	7
M.P.	4
RAJASTHAN	3
JHARKHAND	2
CHANDIGARH	1
CHATTISGARH	1
UTARAKHAND	1
GOA	1
<b>Total</b>	<b>752</b>

# Leveraging Technology – Alternate Banking Channels

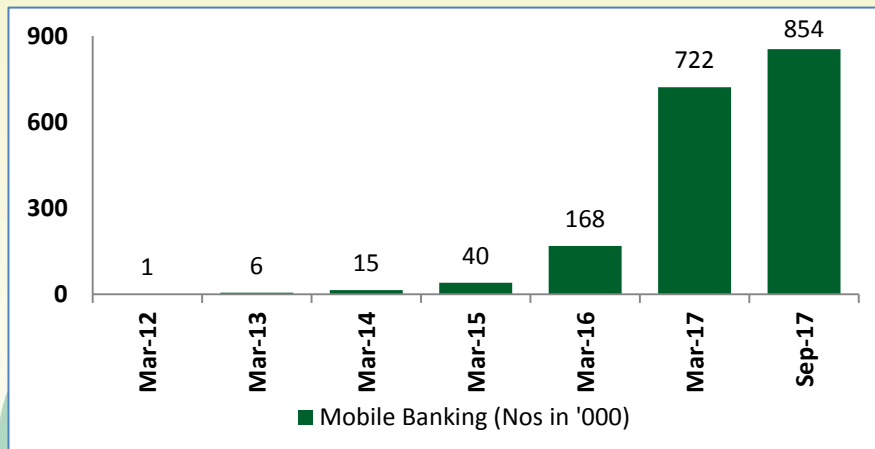
## Volume of RTGS transactions



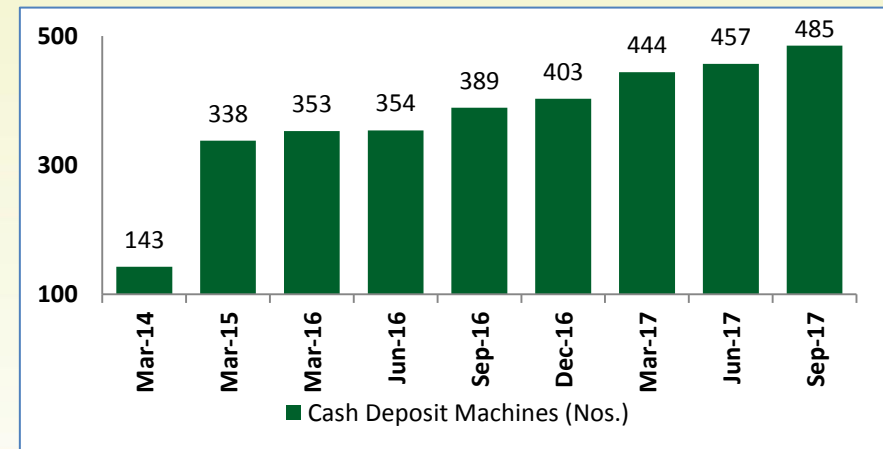
## POS Terminals



## Exponential growth in Mobile transactions

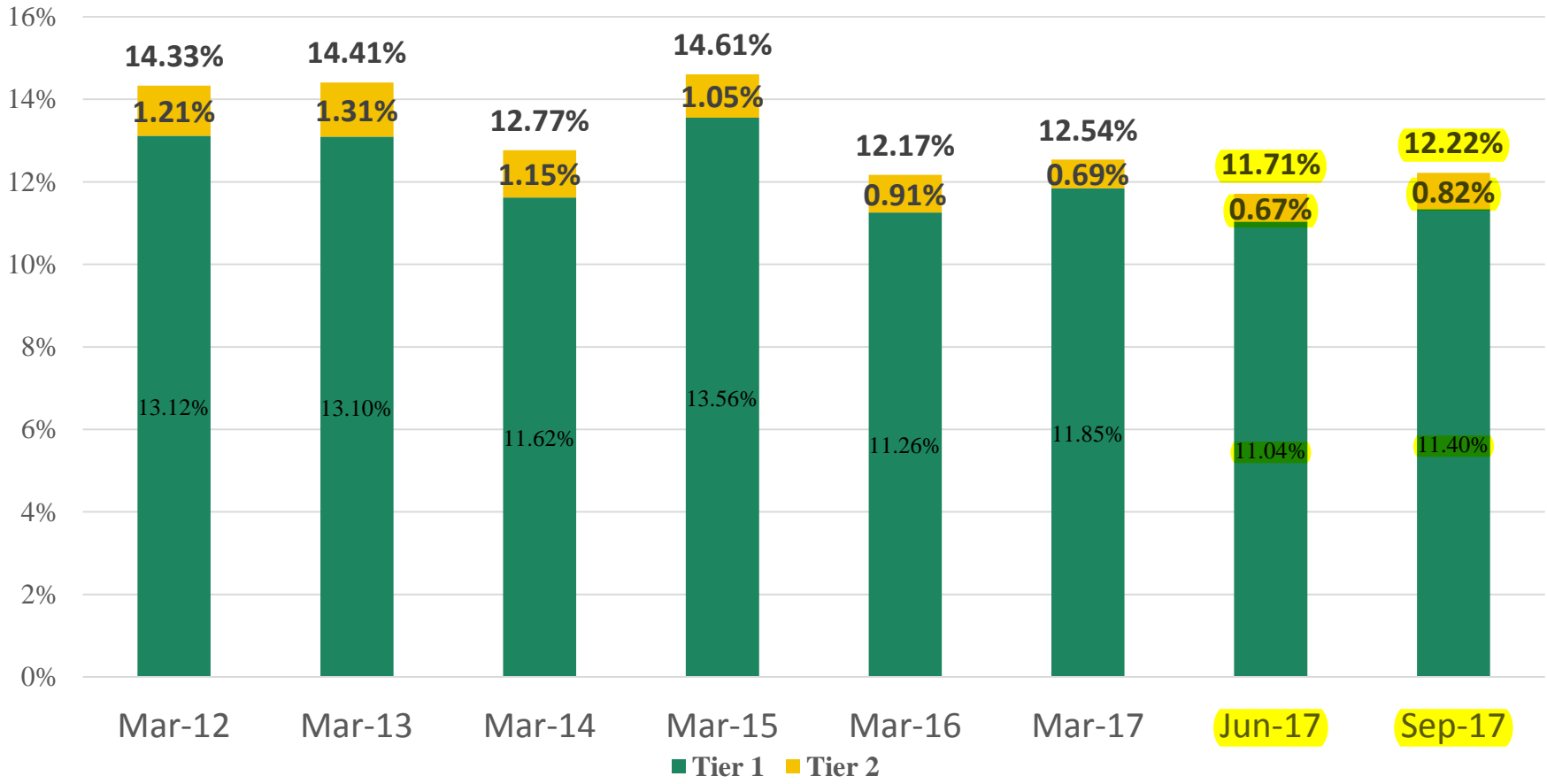


## Bunch Note Recycler Machines



# Capital Adequacy

**Capital Adequacy Ratio**  
(FY 12 to FY 14 Basel II and FY 15 onwards Basel III)



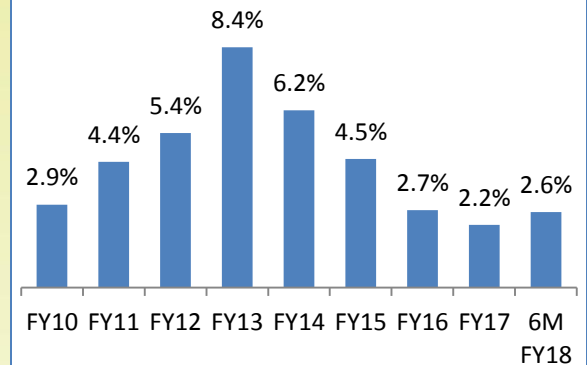
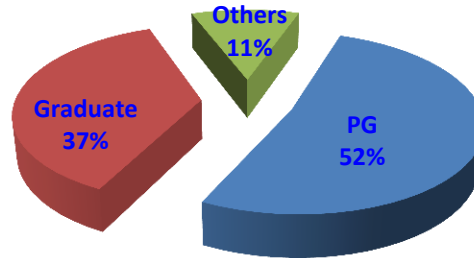
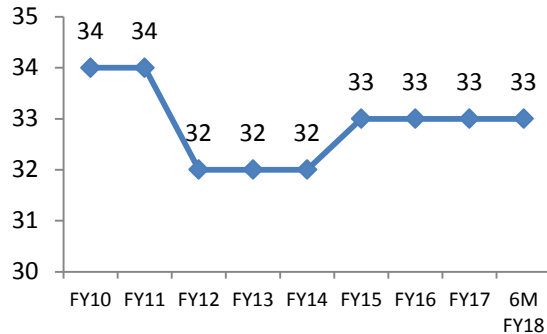
# Human Resources

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

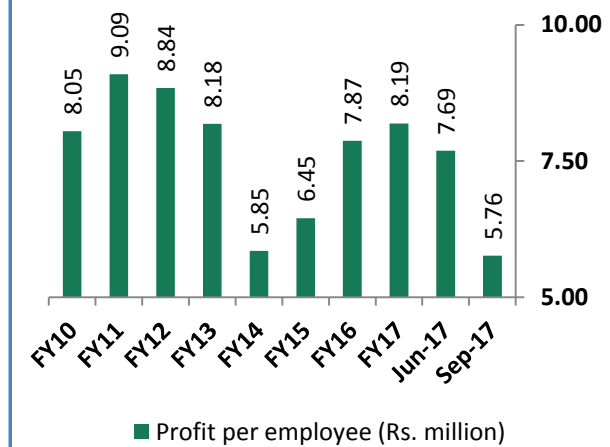
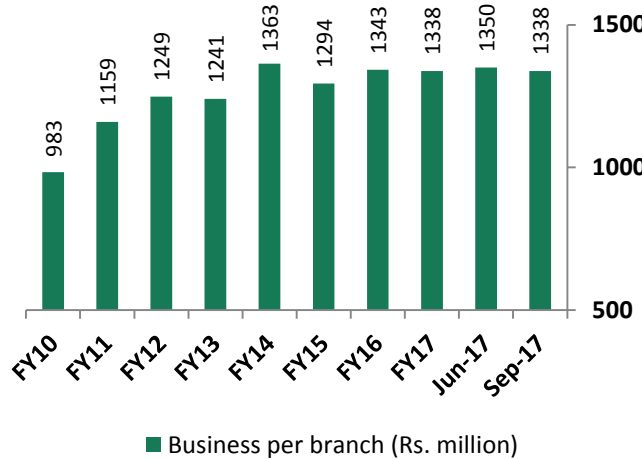
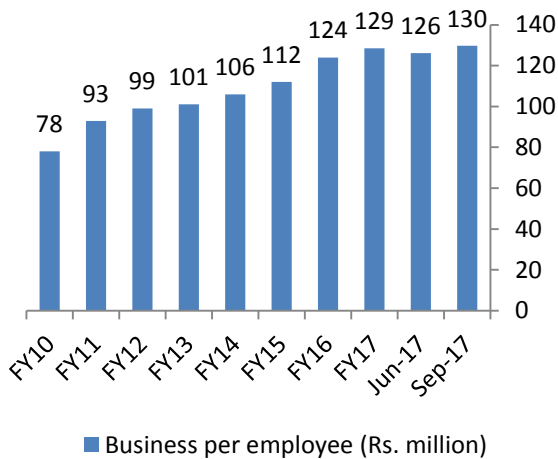
... and well qualified work force...

...with lower attrition ...

40% below 30 yrs of age out of 7,758 employees



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

## DISCLAIMER

*“The Karur Vysya Bank Limited, (“Bank”), is proposing, subject to market conditions and other considerations, a rights issue of its equity shares (the “Issue”), and has in this regard, filed a letter of offer dated October 11, 2017, (“Letter of Offer”), with the designated stock exchange, namely, the National Stock Exchange of India Limited (“NSE”) and the Securities and Exchange Board of India, (“SEBI”), on October 11, 2017. The Letter of Offer is available on the websites of the SEBI, the NSE and the Lead Manager to the Issue, i.e. IIFL Holdings Limited at [www.sebi.gov.in](http://www.sebi.gov.in), [www.nseindia.com](http://www.nseindia.com) and [www.iiflcap.com](http://www.iiflcap.com), respectively. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, please see the section entitled “Risk Factors” on page 10 of the Letter of Offer.”*

**KVB**

THANK YOU

