



LAKSHMI VILAS BANK



Lakshmi Vilas Bank

MARCH 2015

A one stop solution that covers the entire gamut of all your banking needs

- IPO & EQUITY LINKED SAVINGS SCHEMES (ELSS, ELA, ELA-ETERNITY)
Get covered by Rs.1 Lakh under 80 CCHA 100%
- DEMAT SERVICES
EQUITY LINKED SAVINGS SCHEMES (ELSS, ELA, ELA-ETERNITY)
- Term & RECURRING SAVINGS BANK ACCOUNTS
Get your life insured against accidental risk
- 3 in 1 ACCOUNT
SAVING, CURRENT, OVERDRAFT
Simplified banking. Fresh perspective.
- LAKSHMI CURRENT FLEX ACCOUNT
LVB'S STABLE & SECURE INVESTMENT
- YOUTH POWER
YOUR WISENESS WILL MAKE DREAMS
- Pay Using LVB's Mobile Payment Services (handy pay)
Interbank Mobile Payment Service
- LVB offers ASBA FACILITY



Agenda



1 Bank Overview

2 Key Investment Highlights

3 Operating Overview

Financial Analysis

4

Financial Statements

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BANK OVERVIEW

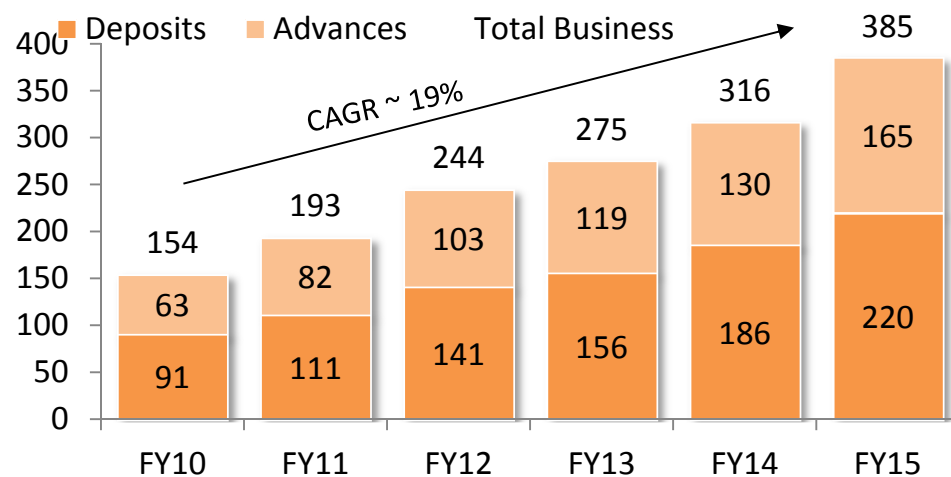


Brief Overview

Bank Overview

- ❖ Founded over 8 decades ago in 1926 under leadership of Shri V. S. N. Ramalinga Chettiar, LVB has a strong presence in Southern India
- ❖ Network of 400 Branches, 7 extension counters and 820 ATM's (March 15)
- ❖ Business Size of Rs.38477 Crs with an excellent CAGR of 19% in the last 5 years
- ❖ Predominantly a Retail / SME focused Bank – **~ 74% of total business is from Retail**
- ❖ Deposits and Advances of the bank grew at a CAGR of 18.5% and 19.2% respectively over the last 5 years
- ❖ During FY15, the bank registered a Operating profit of Rs.3764 Mn and PAT of Rs.1322 Mn.
- ❖ Operating Profit and PAT growing at a CAGR of 17.8% and 33.9% respectively over the last 5 years
- ❖ Over 2.67 million Customer accounts

Business Size Growth (Rs Bn)



Key Efficiency Parameters

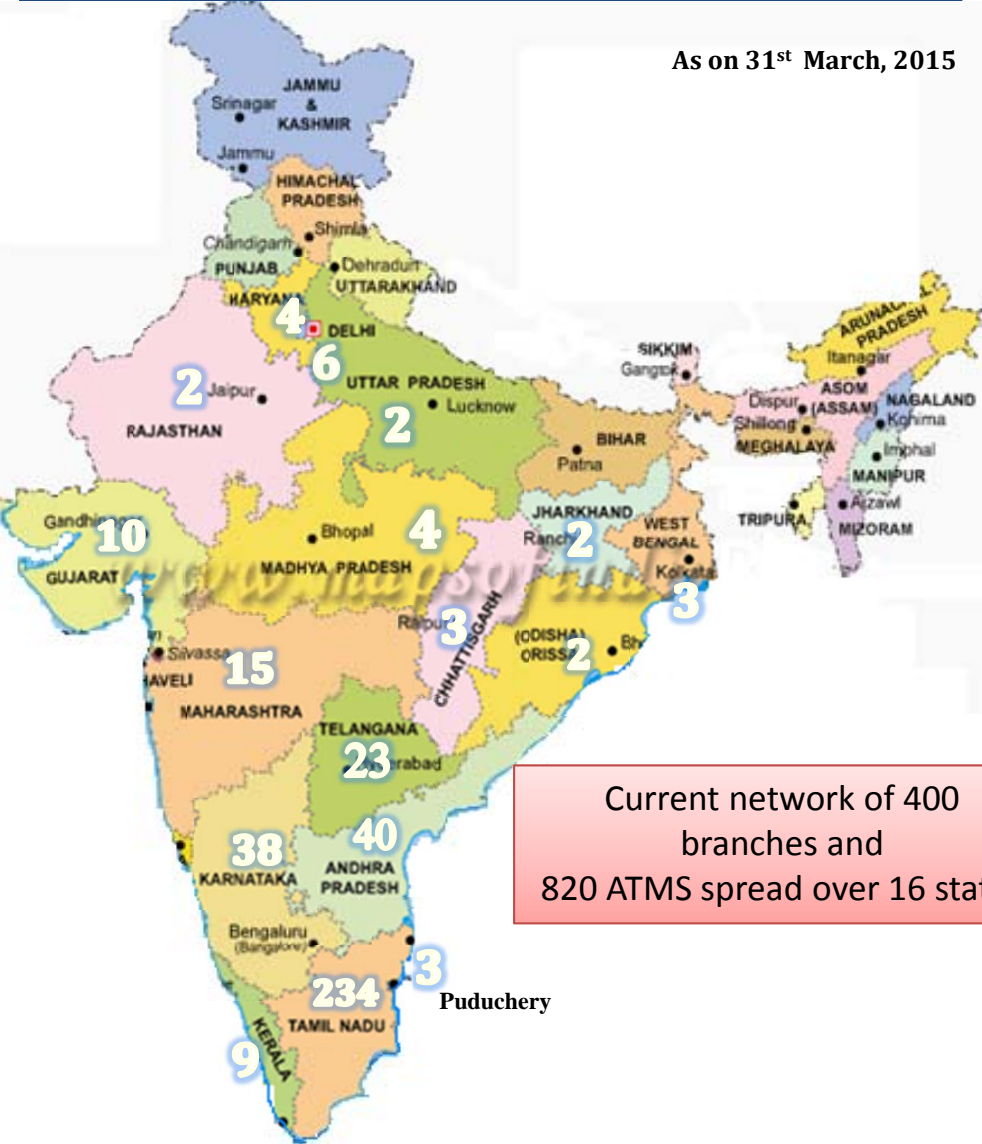
Parameter	FY 13	FY14	FY15
NIM (%)	2.62	2.87	2.72
CAR (%)	12.32 (Basel II)	10.90 (Basel III)	11.34 (Basel III)
Tier I	9.15	7.87	9.33
Tier II	3.17	3.03	2.01
NNPA's (%)	2.43	3.44	1.85
GNPA's (%)	3.87	4.19	2.75
Business per employee (₹.Mn)	86.33	92.30	108.50



PAN Indian Network with Strong Presence in South India

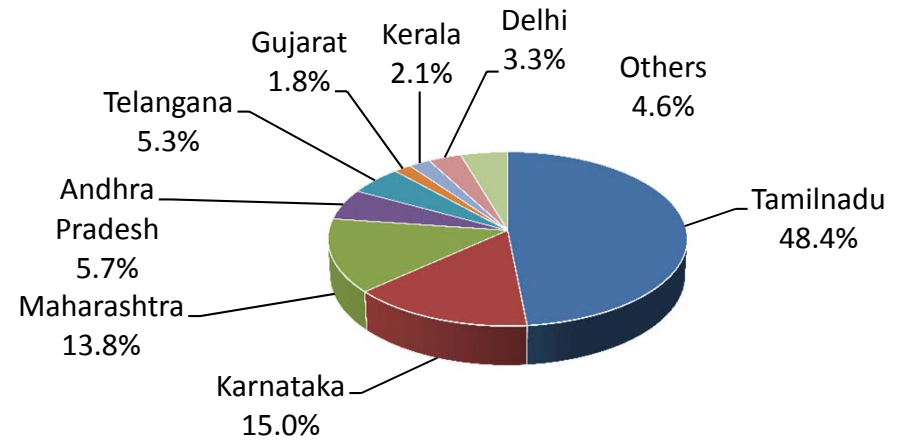
Geographic Presence in India – # Branches

As on 31st March, 2015

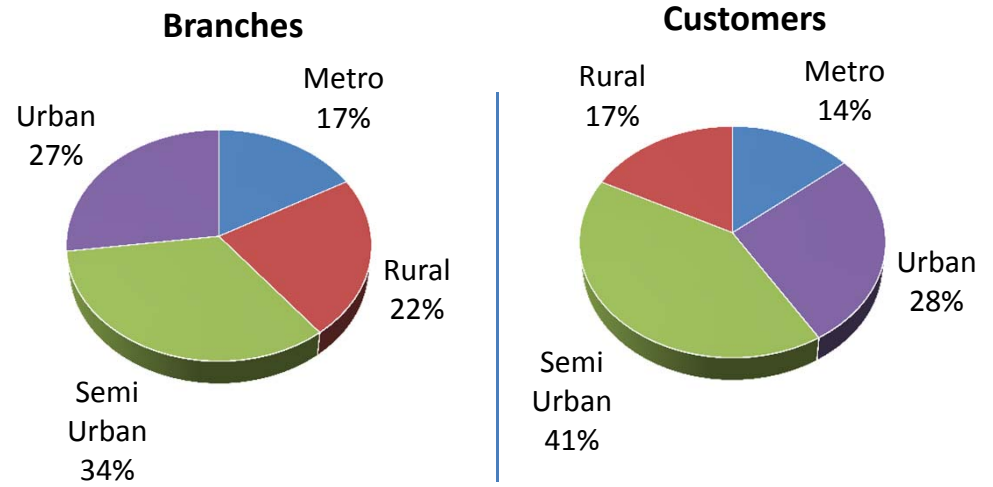


Current network of 400 branches and 820 ATMS spread over 16 states

Geographic Presence in India – Business Size [FY15]



Split of Branches & Customers [FY15]





KEY INVESTMENT HIGHLIGHTS



Key Investment Highlights



1

A strong South India focused franchise

- ❖ Network of 400 branches, 7 extension counters and 820 ATMs across India (March 2015)
- ❖ ~ 87% branches in Southern states of Tamilnadu, Andhra Pradesh, Telangana, Karnataka and Kerala
- ❖ Deep penetration in Tamilnadu, one of the most progressive Indian state
- ❖ Slowly diversifying presence in other states

2

Proven Business & Growth Track-Record

- ❖ Over 8 decades of operating experience
- ❖ Business Size of Rs.38477 Crs with a CAGR of 19% in the last 5 years
- ❖ Deposits and Advances of the bank grew at a CAGR of 18.5% and 19.2% respectively over the last 5 years
 - Strong CD ratio of over 75%
- ❖ Consistently rising Net interest income with a CAGR of 16% during the last 5 years

3

Strong customer relations provide huge cross-selling opportunities

- ❖ Strong network of Customers Over 2.67 Million customer accounts
 - 41% from Semi-Urban, 28% from Urban, 17% from Rural and 14% from Metropolitan region
- ❖ 88 years of operating history has resulted in large number of loyal customers providing huge cross-selling opportunities across various products



Key Investment Highlights



4

Strong and Well Diversified Retail Book

- ❖ Retail business constitutes 74% of total business
- ❖ 82% of Deposits are from retail segment (FY15) indicating stability of the resources
 - Savings deposits grew by a CAGR of 16% in the last 5 yrs
- ❖ 63% of Advances from retail, Agri. & SME segment (FY15)
 - Well diversified retail advances book with a strong focus on profitable Gold Loans, Business Credit and Housing Loans

5

Strong Management Expertise and improving efficiency

- ❖ Total of 3459 employees across 400 branches serving 2.67 million customers
- ❖ Business per employee has gone up from Rs 56 Mn to Rs 109 Mn from FY10 to FY15
- ❖ Cost to Income ratio improved from 55% to 53% from FY 14 to FY15
- ❖ Eminent Board of Directors with majority of independent members

6

Improving risk management controls, and technology platform

- ❖ Achieved 100% Core Banking Solution (CBS) in 2008
- ❖ The Bank has migrated to Basel III- New Capital Adequacy framework (NCAF) from April 2013
- ❖ Robust technological infrastructure powered by Oracle, IBM & Microsoft
- ❖ Separate Risk Management Department to formulate and implement credit risk evaluation and management policies, procedures and methodologies



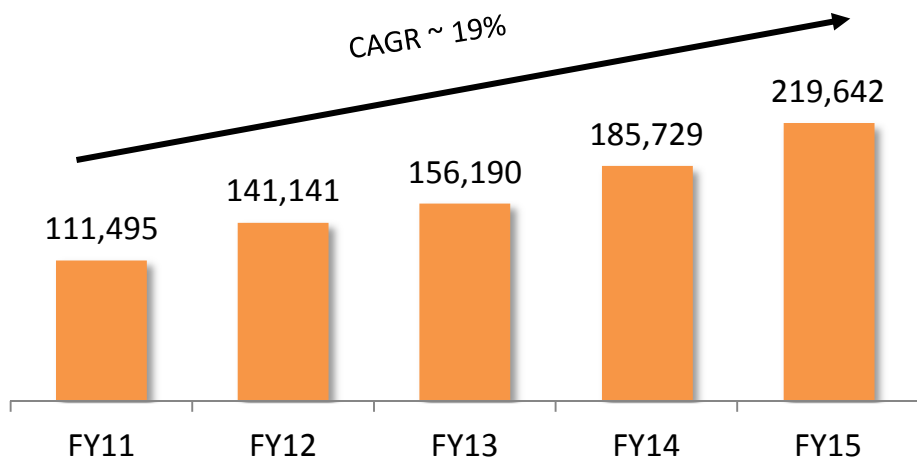
OPERATING OVERVIEW



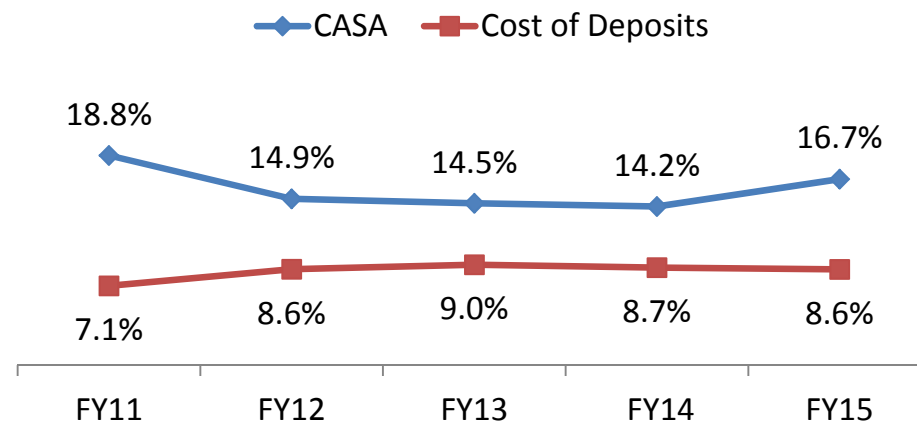
Growing Deposit Base



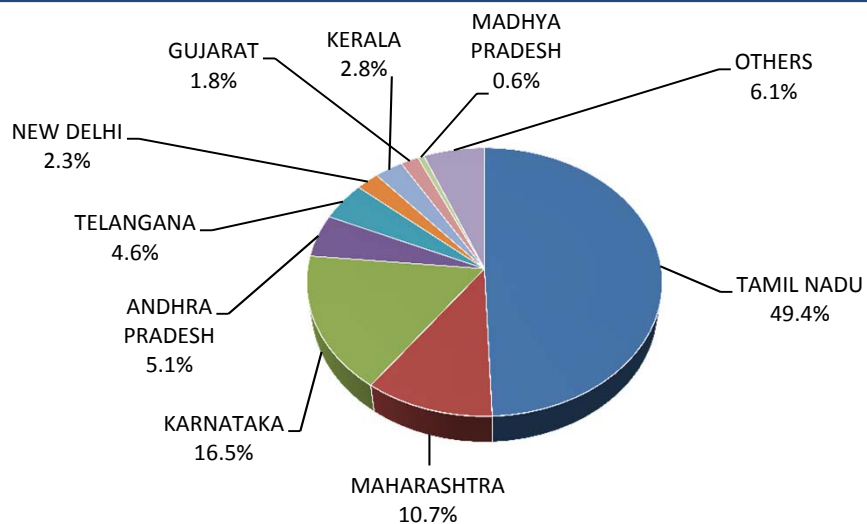
Fast Growing Deposits (Rs. Mn)



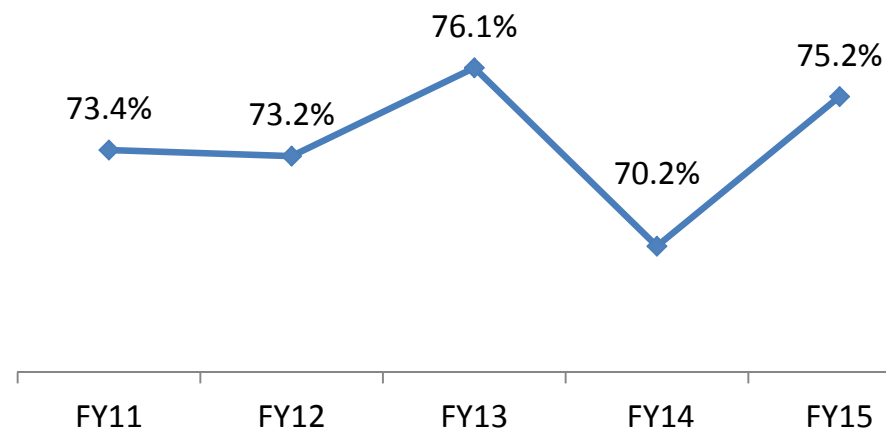
CASA & Cost of Deposits (%)



Geographical break-up of Deposits [FY15]



Credit – Deposit Ratio (%)

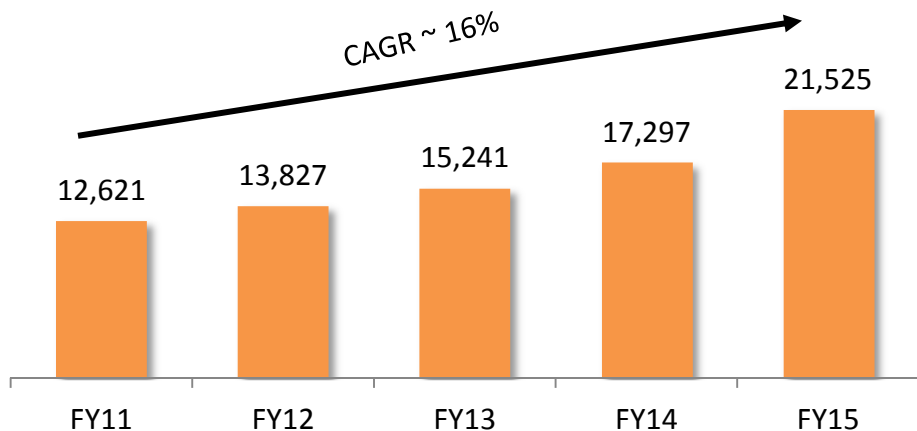




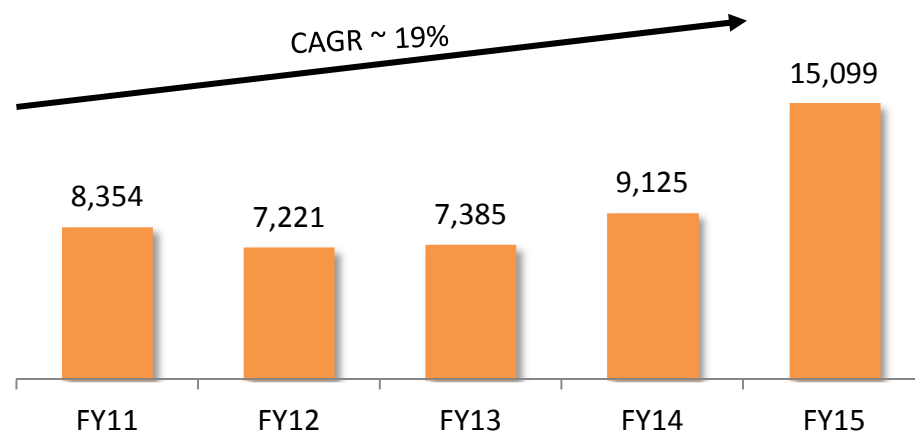
Strong Retail Liabilities Franchise



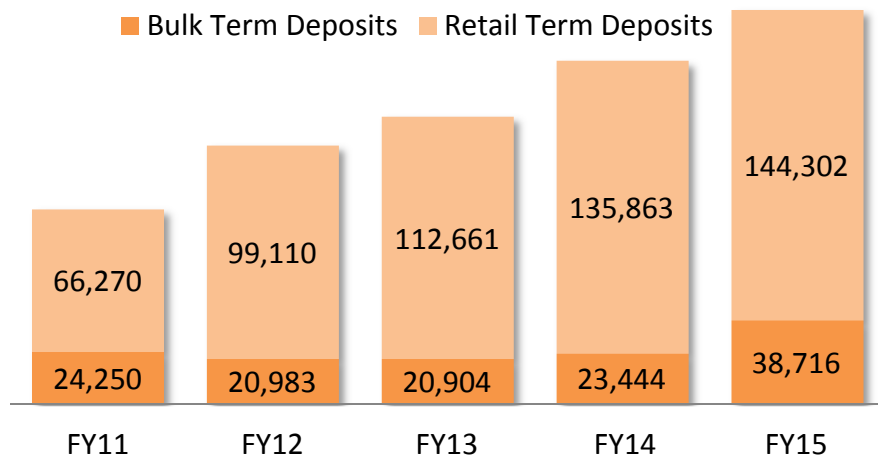
Growing Savings Deposits (Rs. Mn)



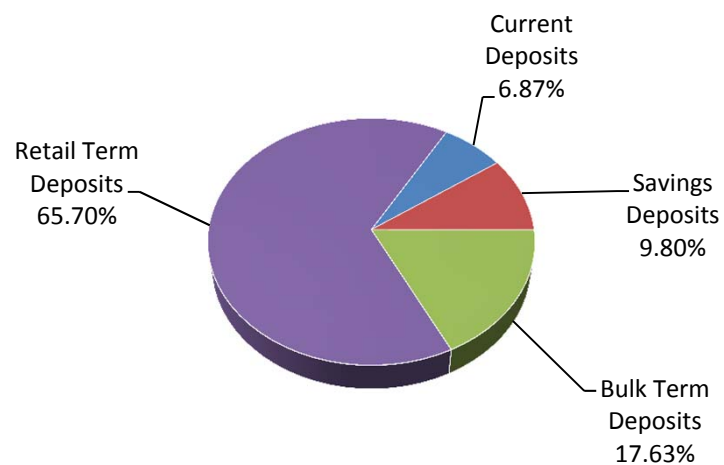
Current Account Deposits (Rs. Mn)



Strong Retail Term Deposits (Rs. Mn)



Deposits Mix (Rs. Mn) [FY15]

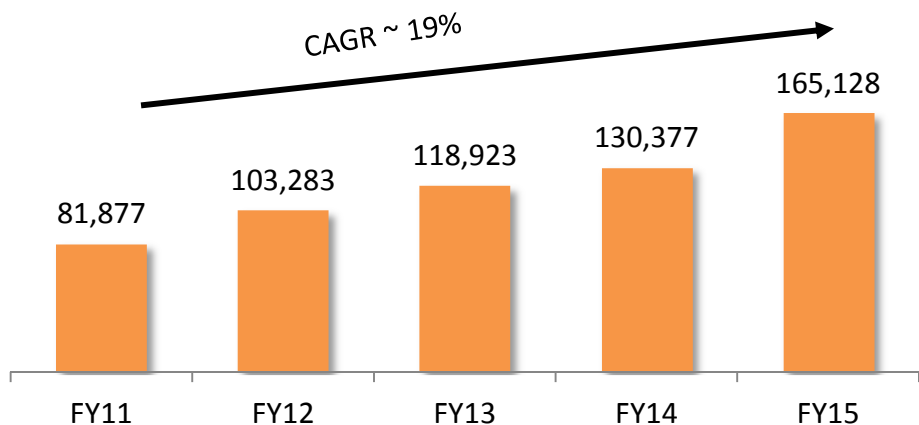




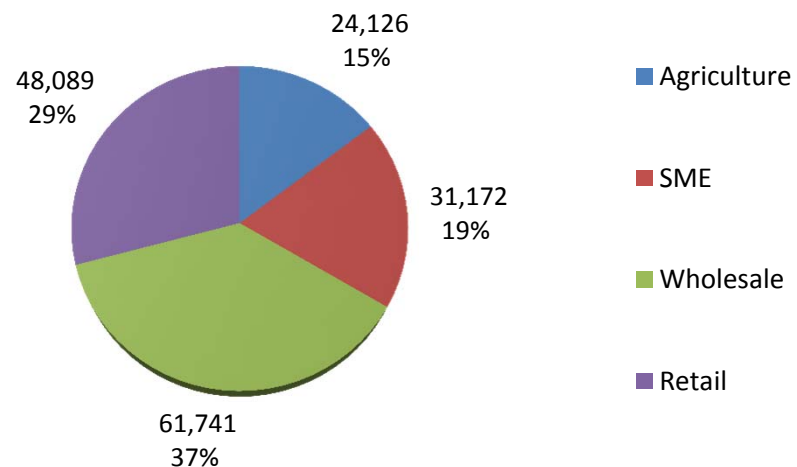
Fast Growing Loan Book



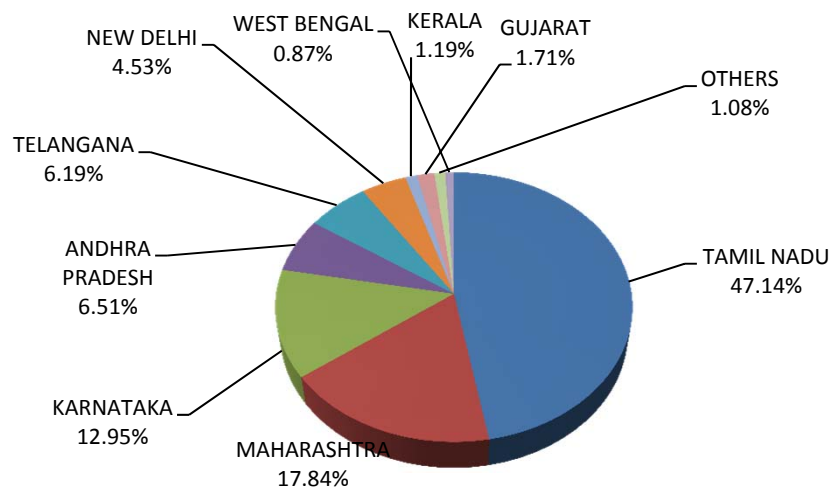
Fast Growing Advances (Rs. Mn) – 95% are Secured



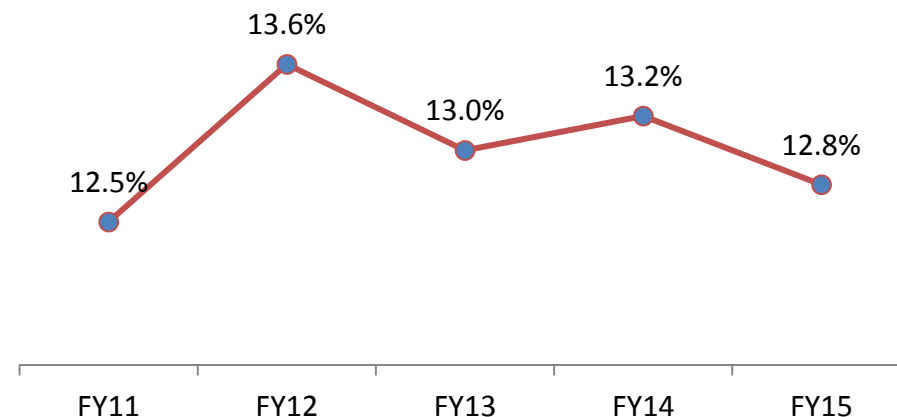
Balanced Advances Mix (Rs Mn) [FY15]



Geographical break-up of Advances [FY15]



Yield on Advances (%)

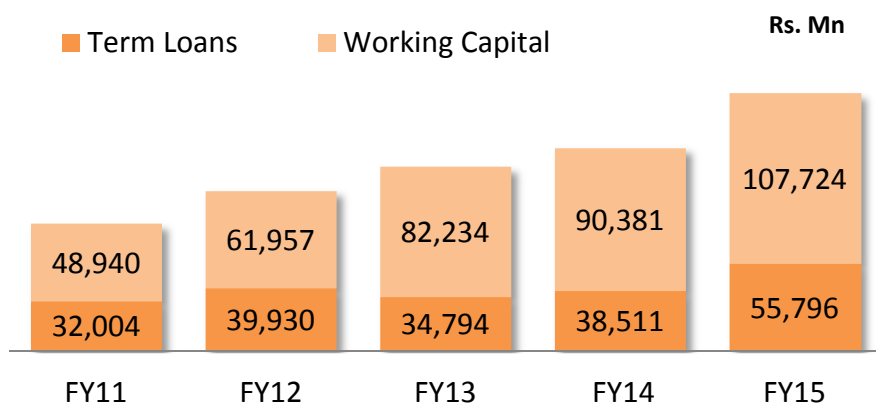




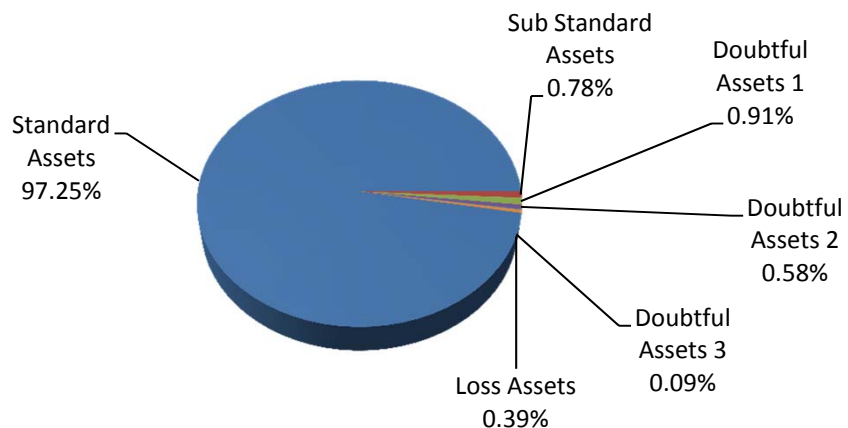
Well Diversified Advances Portfolio



Over 66% of Advances is through Working Cap. Loans



Strong Asset Quality [FY15]



Industry-wise Total Advances Distribution [FY15]

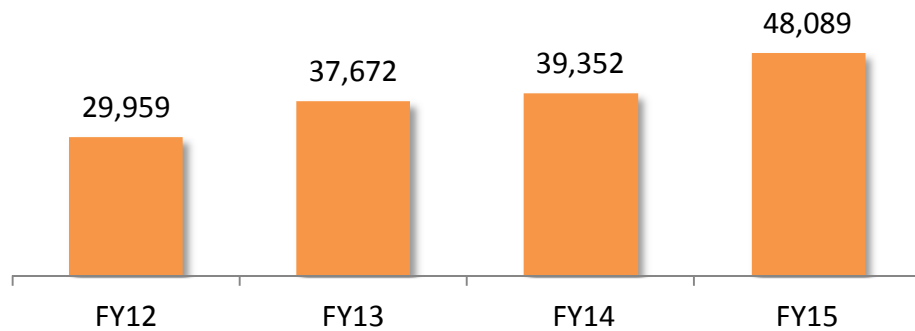
S. No	Industry wise % outstanding (March -2015)	Fund Based
1	Infrastructure	8.71%
	-of which a) Transport	3.22%
	b) Energy	2.64%
	c) Others	2.85%
2	Textiles	5.56%
3	Basic Metal and Metal Products	5.07%
4	Food Processing	3.56%
5	Chemicals and Chemical Products (Dyes, Paints, etc.)	1.79%
6	Mining & Quarrying	1.33%
7	Engineering	1.22%
8	Cement and Cement Products	0.96%
9	Beverages (Excluding Tea, Coffee & Tobacco)	0.80%
10	Papers & Paper Products	0.74%
11	Gems and Jewellery	0.64%
12	Wood & Wood Products	0.59%
13	Rubber, Plastic and their Products	0.40%
14	Vehicles, Vehicle Parts and Transport Equipment's	0.35%
15	Glass & Glassware	0.16%
16	Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	0.03%
17	Leather & Leather Products	0.03%
18	Construction	0.01%
19	Other Industries	1.82%
20	Agriculture	14.61%
21	Services	30.27%
22	Housing loans	1.91%
23	Education Loans	0.59%
24	Deposit loans	5.39%
25	Vehicle Loans	0.28%
26	Consumer durables	0.08%
27	Other advances	13.10%
	Total	100.00%



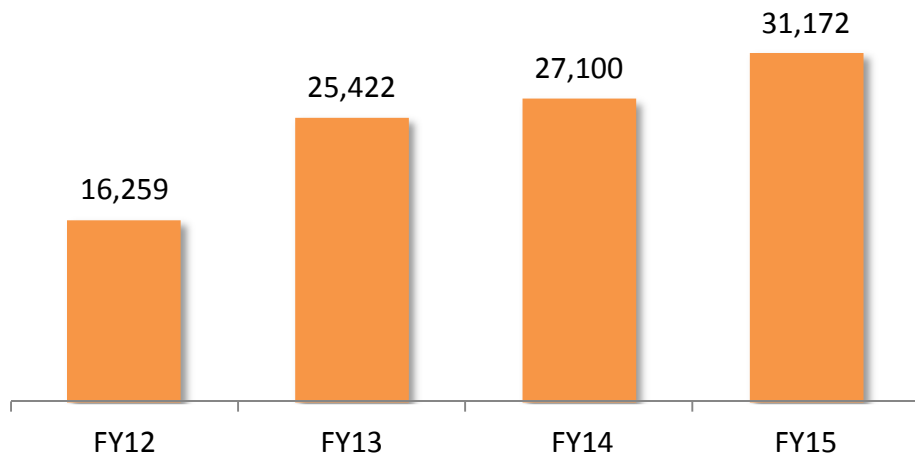
Robust Retail & SME Advances Portfolio



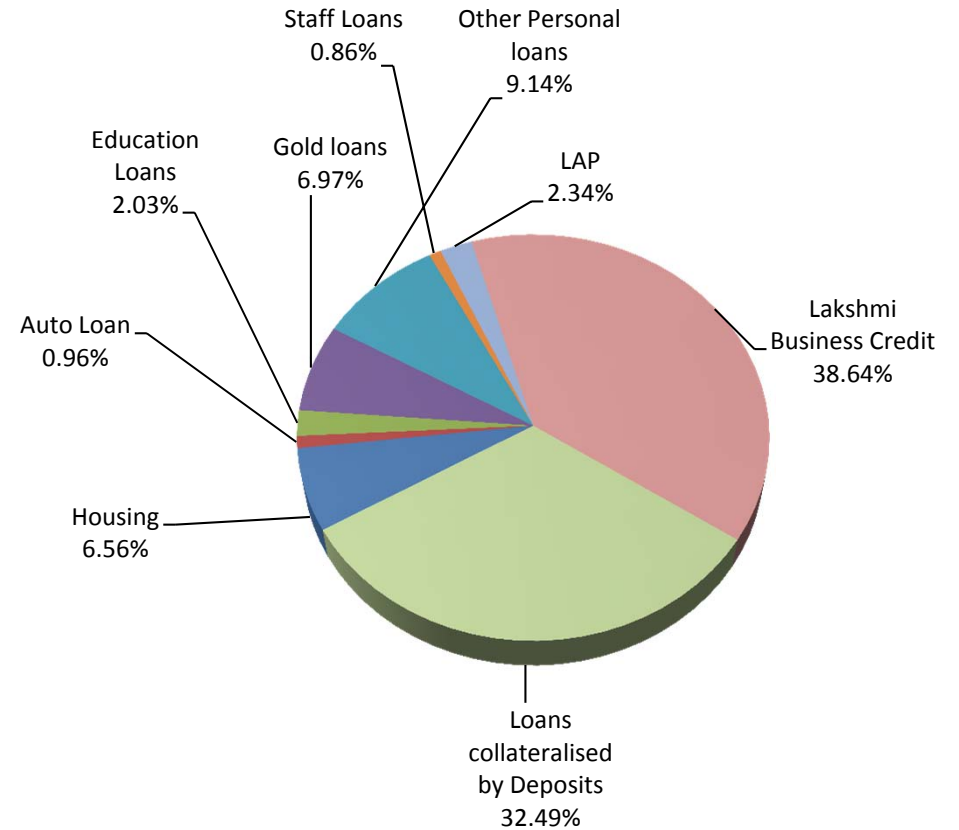
Retail Advances (Rs. Mn)



SME Advances (Rs. Mn)



Retail Advances Portfolio (FY15)

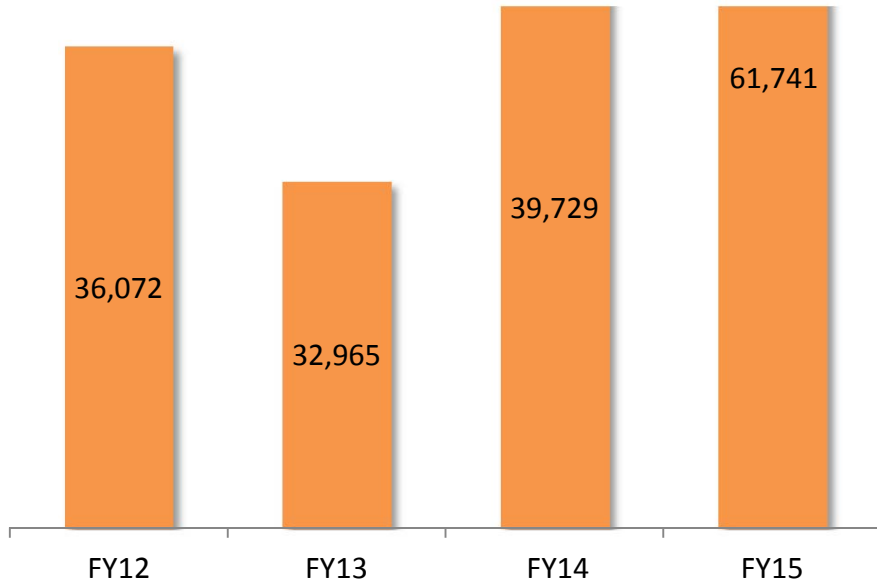




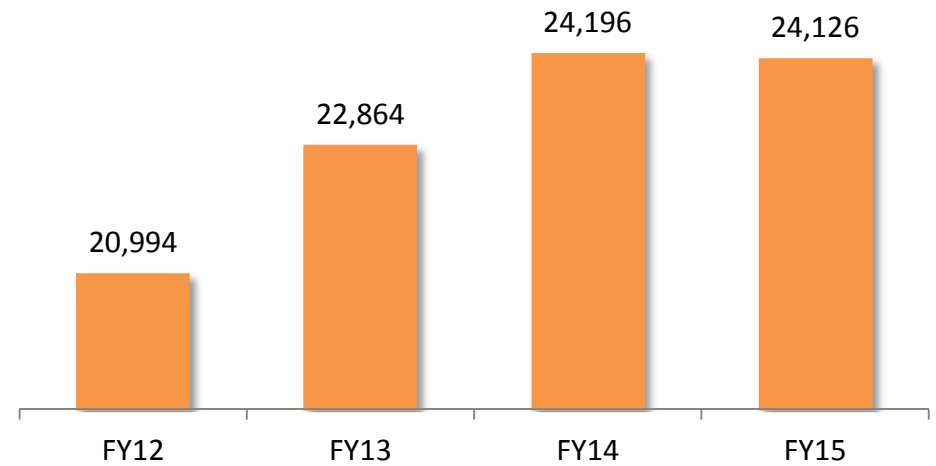
Wholesale & Agriculture Advances Portfolio



Whole Sale Advances (Rs. Mn)



Agriculture Advances (Rs. Mn)

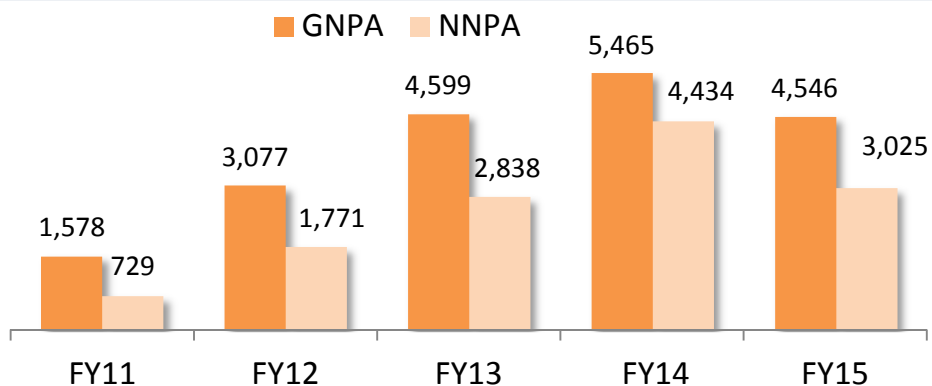




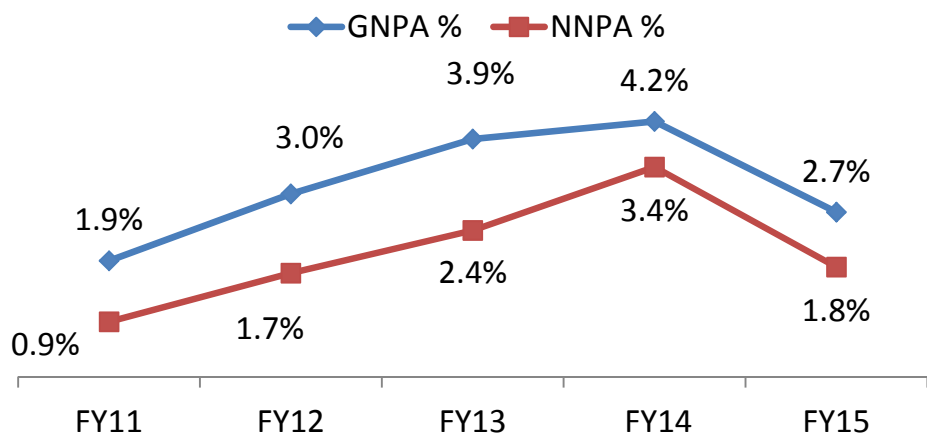
Asset Quality



GNPAs & NPAs (Rs. Mn)



GNPA & NNPA (%)



Sector – Wise NPA's [FY15]

INDUSTRY NAME	Rs. Mn	%
Textiles	1033.50	22.73%
Iron & Steel	553.70	12.18%
Food Processing	536.20	11.79%
Gems & Jewellery	247.50	5.44%
Infrastructure	120.80	2.66%
Chemicals, dyes, paints etc.	110.00	2.42%
Other industries	105.20	2.31%
Paper & Paper Products	99.10	2.18%
Rubber & Rubber Products	83.30	1.83%
Engineering	71.20	1.57%
Construction	17.30	0.38%
Beverages	7.70	0.17%
Cements	5.20	0.11%
Leather & Leather Products	0.90	0.02%
Residual	1554.60	34.20%
-of which		
Trade	518.72	11.41%
MSE	284.02	6.25%
Retail	173.34	3.81%
Agri	123.75	2.72%
Others	454.77	10.01%
Total gross NPA	4546.20	100.00%

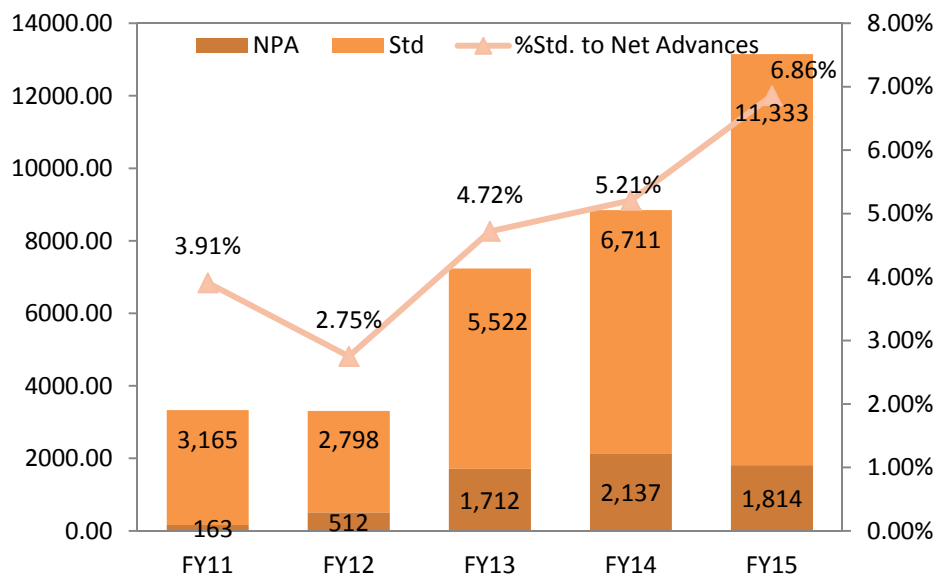


Asset Quality

Gross NPA Movement (RS. Mn)

Movement of NPAs (Gross)	FY11	FY12	FY13	FY14	FY15
Opening balance	3,252	1,578	3,077	4,599	5,465
Additions during the year	1,375	2,830	4,002	6,687	2,563
Reductions during the year	3,049	1,330	2,480	5,821	3,482
Closing balance	1,578	3,077	4,599	5,465	4,546

Restructured Assets (RS. Mn)



Net NPA Movement (RS. Mn)

Movement of Net NPAs	FY11	FY12	FY13	FY14	FY15
Opening balance	2,578	729	1,771	2,838	4,434
Additions during the year	1,237	2,291	2,775	3,224	2,300
Reductions during the year	3,086	1,249	1,708	1,628	3,709
Closing balance	729	1,771	2,838	4,434	3,025

Sector-Wise Restructured Assets [FY15]

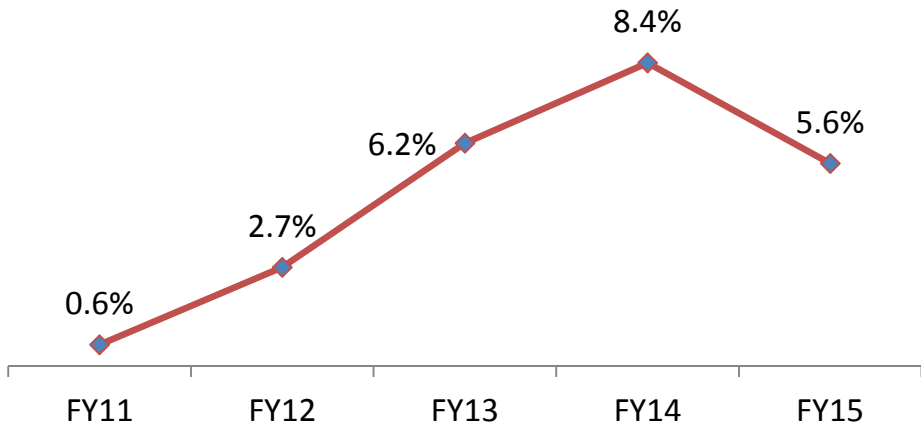
S. No	Name of the Industry	% outstanding
1	Iron	17.54%
2	Infrastructure	14.05%
3	Textiles	9.66%
4	Metals & Minerals	8.26%
5	Hotel	6.96%
6	Pharma	6.35%
7	Engineering & Contractor	6.03%
8	Food processing	4.30%
9	Road project	4.04%
10	Communication	3.74%
11	Aluminium	3.23%
12	Gems & Gold	3.16%
13	Shipyard	2.98%
14	Education	2.73%
15	Glass	1.88%
16	TV relay	1.42%
17	Others	3.67%
	Total	100.00%



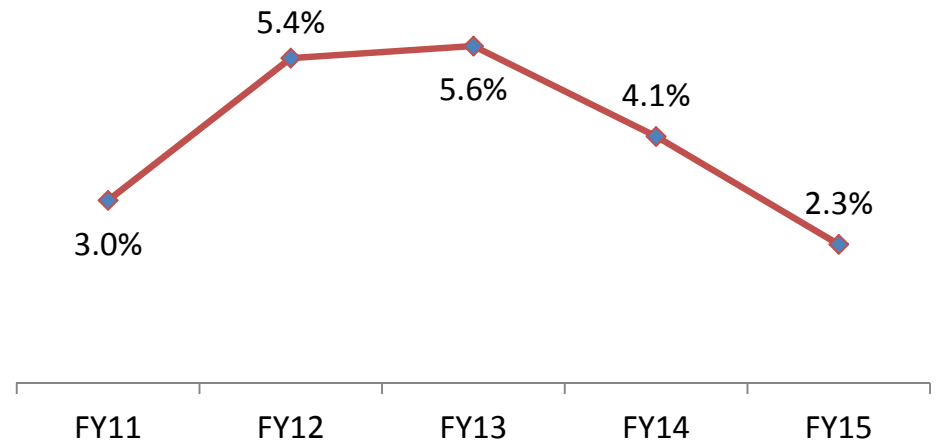
Asset Quality Break-up



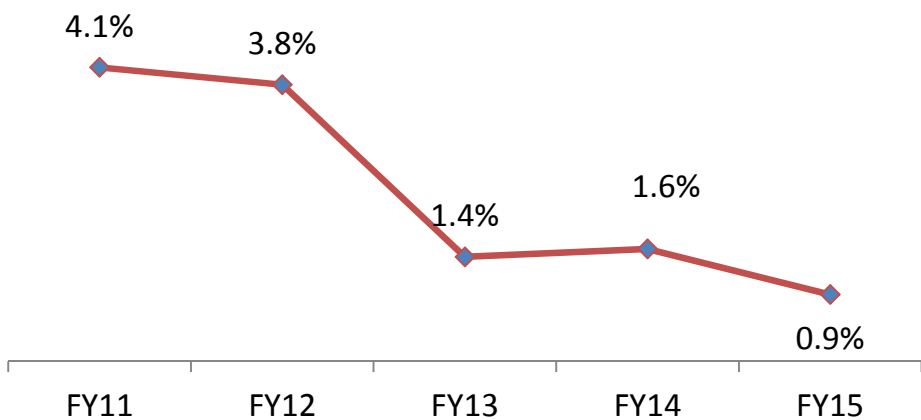
Wholesale Advances GNPA (%)



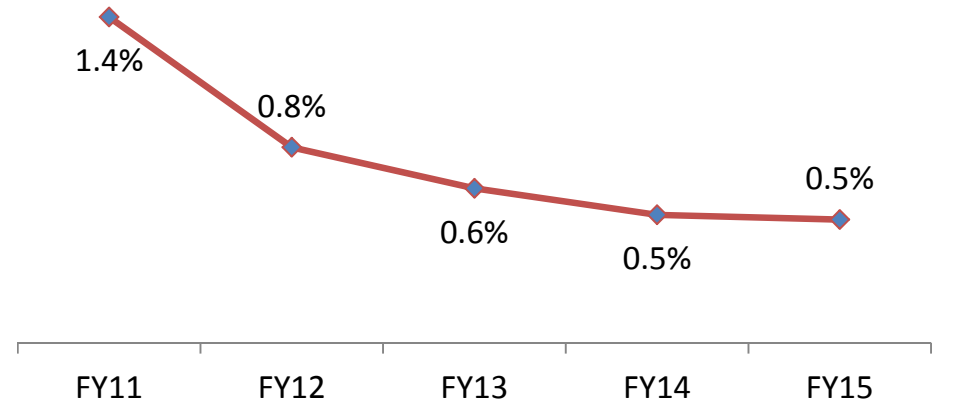
SME Advances GNPA (%)



Retail Advances GNPA (%)



Agricultural Advances GNPA (%)





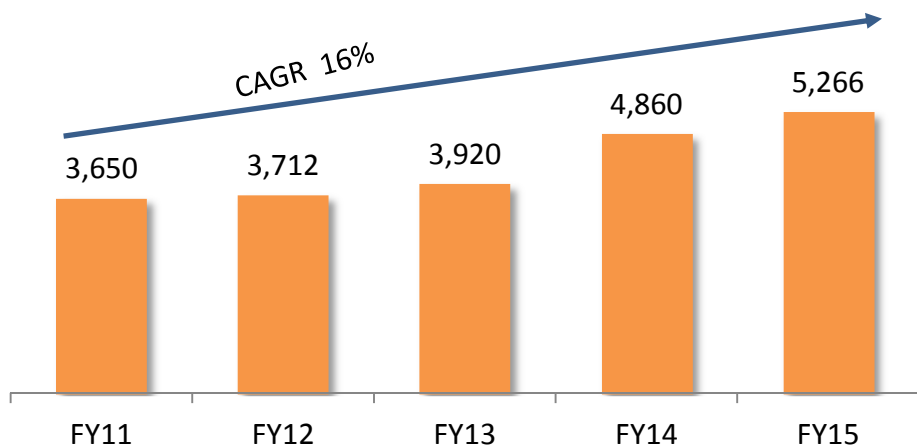
FINANCIAL ANALYSIS



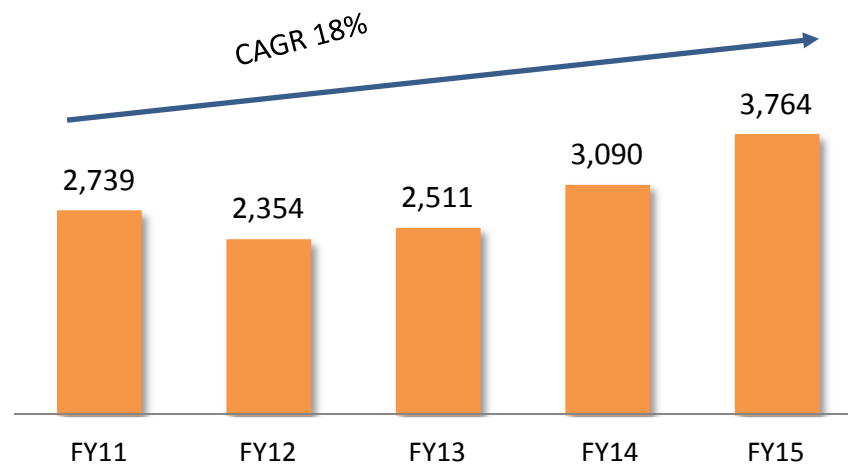
Strong Financial Performance



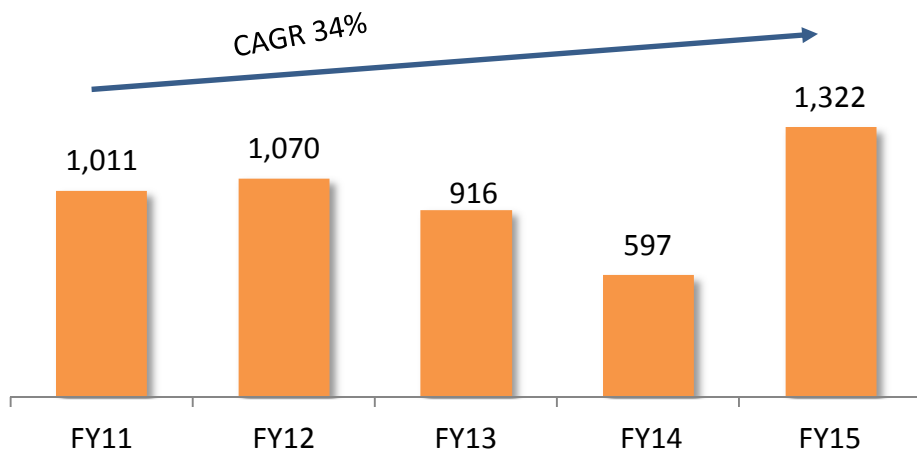
Rising NII (Rs. Mn)



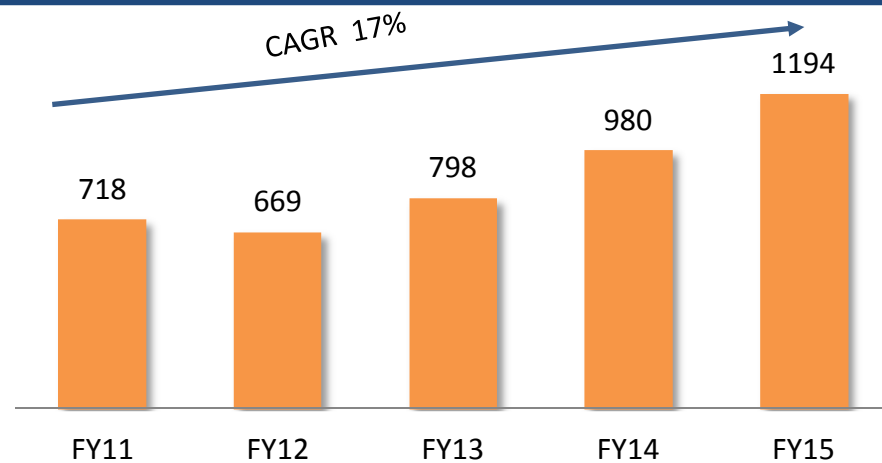
High Operating Profits (Rs. Mn)



PAT (Rs. Mn)



Fee Income (Rs. Mn)

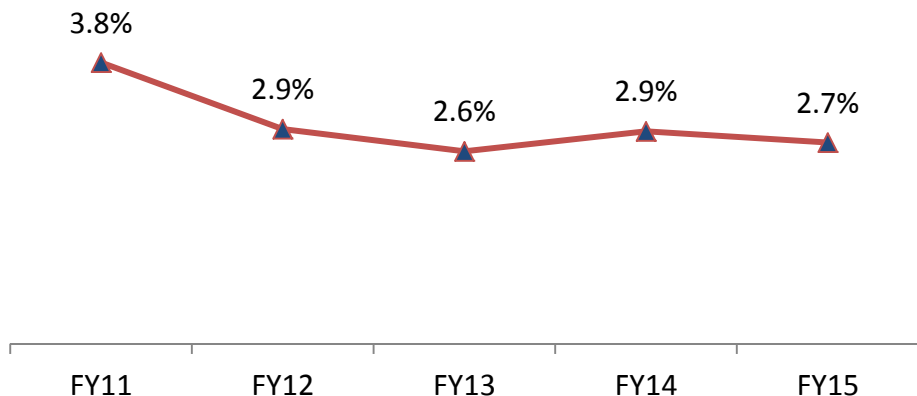




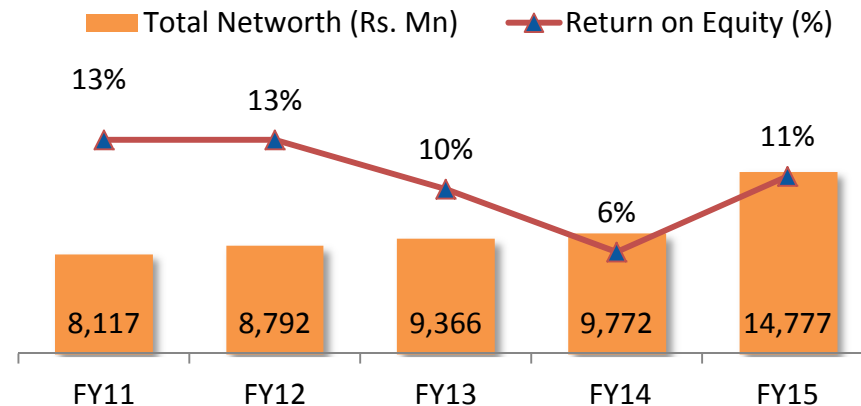
Strong Balance sheet and Return ratios



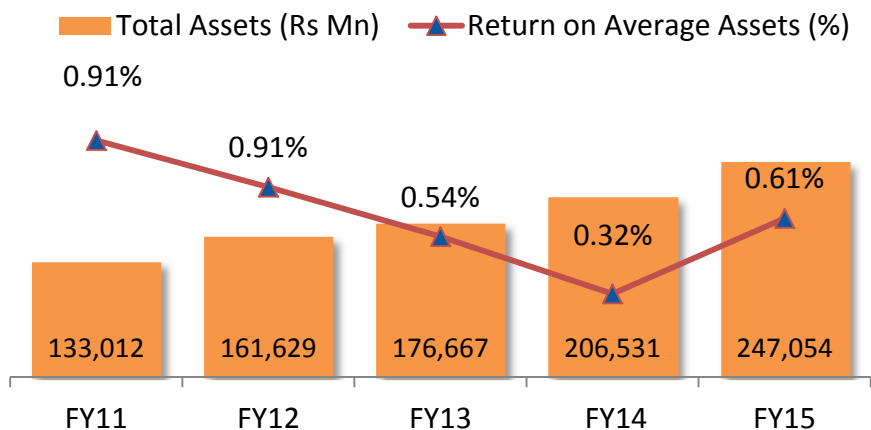
NIM (%)



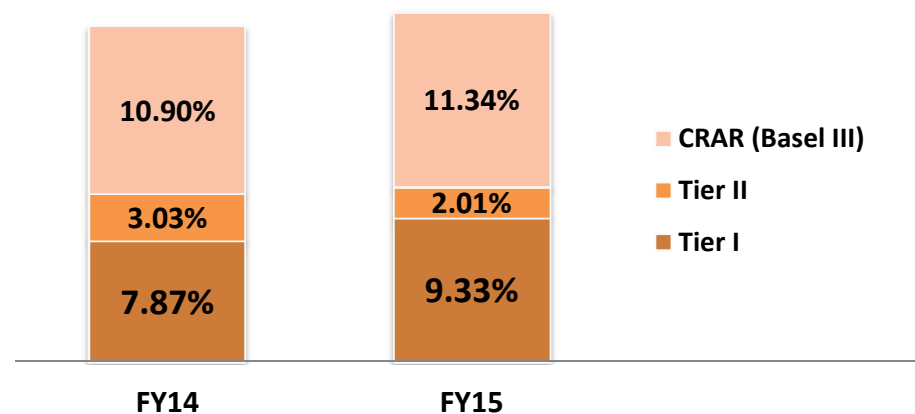
Total Network (Rs.Mn) & Return on Equity (%)



Total Assets (Rs. Mn) & Return on Average Assets (%)



CRAR (Basel- III)

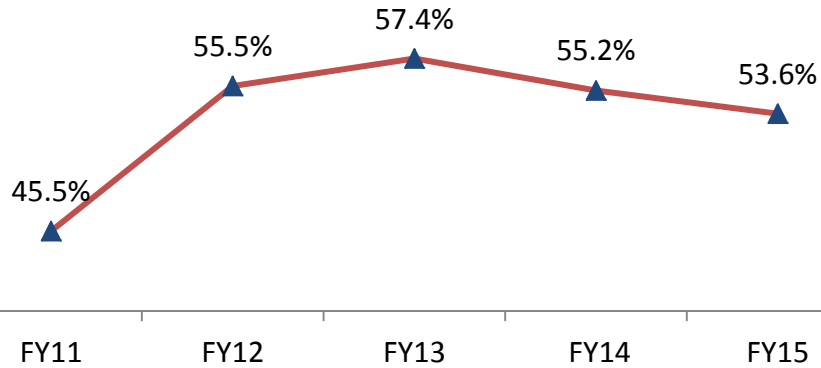




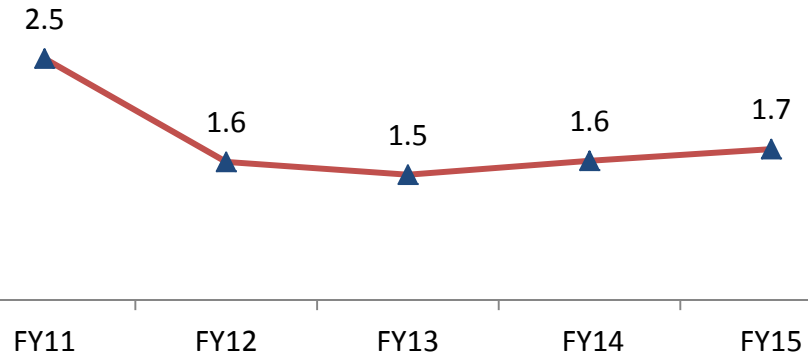
Operating Efficiency & Investment Details



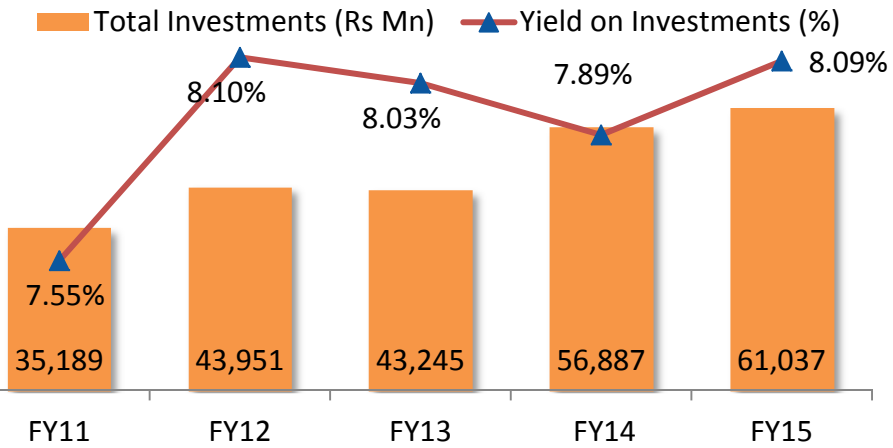
Cost to Income Ratio



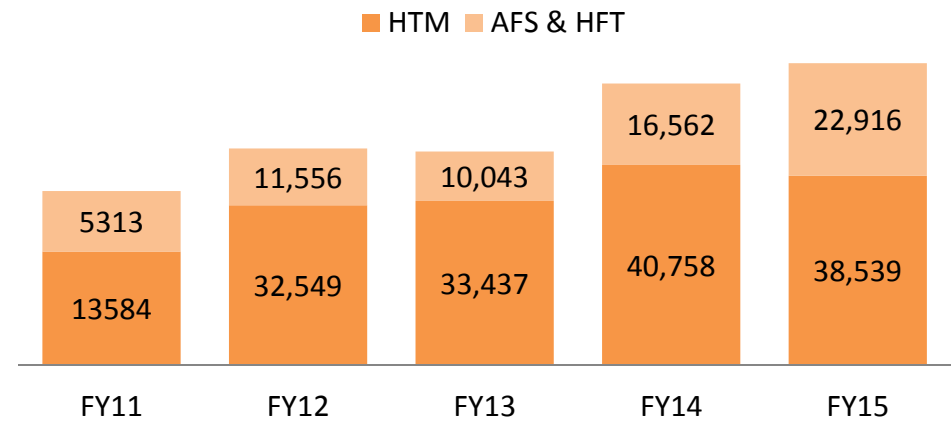
Operating Profit/ Average Working Funds (%)



Net Investments (Rs. Mn), Yield on Investments (%)



Gross Investments –HTM & (AFS +HFT) Breakup (Rs. Mn)





FINANCIAL STATEMENTS



Financial Snapshot – P&L (₹. Mn)



Y/E March	FY11	FY12	FY13	FY14	FY15
Interest earned	10,648	15,193	17,605	19,839	22,145
Interest expended	6,998	11,480	13,686	14,979	16,879
Net interest income	3,650	3,712	3,920	4,860	5,266
Non interest income	1,370	1,579	1,971	2,036	2,840
Total Net income	5,020	5,291	5,891	6,896	8,106
Operating expenses	2,281	2,937	3,379	3,806	4,342
- of Which Staff expenses	1,163	1,412	1,576	1,879	2,303
Operating profit	2,739	2,354	2,511	3,090	3,764
Provisions & contingencies (excl. tax)	1,497	1,094	1,134	2,686	1,882
Pre-tax profit	1,241	1,260	1,378	404	1,882
Net Profit	1,011	1,070	916	597	1,322



Financial Snapshot - Balance Sheet (₹. Mn)



Y/E March	FY11	FY12	FY13	FY14	FY15
Total Assets	133,012	161,629	176,667	206,531	247,054
Total Liabilities	124,895	152,837	167,301	196,759	232,277
Cash & Balances with RBI	9,436	8,100	7,282	11,921	11,434
Net Investments	35,189	43,951	43,245	56,887	61,038
Net Advances	80,944	101,887	117,028	128,892	163,520
Deposits	111,495	141,141	156,190	185,729	219,642
Equity capital	975	975	975	976	1,792
Reserves & surplus	7,949	8,608	9,168	9,560	13,770
Net Worth	8,117	8,792	9,366	9,772	14,777
Borrowings	7,251	5,800	4,800	4,581	4,581



Financial Snapshot – P&L (US\$. Mn)



Y/E March	FY11	FY12	FY13	FY14	FY15
Interest earned	170	243	282	317	354
Interest expended	112	184	219	240	270
Net interest income	58	59	63	77	84
Non interest income	22	26	31	33	45
Total Net income	80	85	94	110	129
Operating expenses	36	47	54	61	69
- of Which Staff expenses	19	23	25	30	37
Operating profit	44	38	40	49	60
Provisions & contingencies (excl. tax)	24	18	18	43	30
Pre-tax profit	20	20	22	6	30
Net Profit	16	17	15	10	21

Note : 1 US\$ = ₹62.50



Financial Snapshot - Balance Sheet (US\$. Mn)



Y/E March	FY11	FY12	FY13	FY14	FY15
Total Assets	2,128	2,586	2,827	3,304	3,953
Total Liabilities	1,998	2,445	2,677	3,148	3,716
Cash & Balances with RBI	151	130	117	191	183
Net Investments	563	703	692	910	977
Net Advances	1,295	1,630	1,872	2,062	2,616
Deposits	1,784	2,258	2,499	2,972	3,514
Equity capital	16	16	16	16	29
Reserves & surplus	127	138	147	153	220
Net Worth	130	141	150	156	236
Borrowings	116	93	77	73	73

Note : 1 US\$ = ₹62.50



THANK YOU
