

FCD/ 399 /2017-18

January 31, 2018

The Secretary,  
National Stock Exchange of India Limited.,  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C-1, Block G,  
Bandra-Kurla Complex,  
Bandra East,  
MUMBAI - 400 051.

Dear Sirs,

Reg: Un-audited Financial Results of the Bank for the period ended 31<sup>st</sup> December 2017.

Please find enclosed the Un-Audited Financial Results and Limited Review Report of the Bank for the quarter / nine months ended 31<sup>st</sup> December, 2017, approved by the Board at its meeting held on January 31, 2018.

Yours faithfully



(P R Seshadri)  
Managing Director & C E O



Encl: as above.

**THE KARUR VYSYA BANK LIMITED**

Finance & Control Department

Central Office, Erode Road, KARUR - 639 002.

☎ (04324) 269326, 269328

Fax : 225595

E.mail : fcd@kvbmail.com

**REVIEWED FINANCIAL RESULTS FOR THE QUARTER/ NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER 2017**
*(Rs. in lakh)*

Particulars	3 Months Ended			9 Months Ended		Year Ended
	31-12-17	30-09-17	31-12-16	31-12-17	31-12-16	31-03-17
	Reviewed			Reviewed		Audited
1. Interest earned (a)+(b)+(c)+(d)	142232	140237	141116	420877	418911	562235
a) Interest / discount on advances /bills	111654	111079	108322	331588	329770	440169
b) Income on Investments	28124	27362	28559	82901	81421	110604
c) Interest on balances with RBI and other interbank funds	2131	1532	3397	5538	5346	8777
d) Others	323	264	838	850	2374	2685
2. Other Income	22485	23013	17010	69128	55023	78222
3. Total Income (1+2)	164717	163250	158126	490005	473934	640457
4. Interest Expended	86068	84736	89353	255355	269540	354865
5. Operating Expenses (i+ii)	36530	35813	35272	104889	98003	128495
(i) Employees cost	15336	15507	17562	45988	46997	60796
(ii) Other operating expenses	21194	20306	17710	58901	51006	67699
6. Total Expenditure (4+5) <i>(excluding provision and contingencies )</i>	122598	120549	124625	360244	367543	483360
7. Operating Profit before Provisions and Contingencies (3-6)	42119	42701	33501	129761	106391	157097
8. Provisions (other than tax) and Contingencies	32470	32136	15750	87950	46999	68750
9. Exceptional items	0	0	0	0	0	0
10. Profit from Ordinary activities before tax (7-8-9)	9649	10565	17751	41811	59392	88347
11. Tax expense	2500	3000	6175	12300	20550	27749
12. Net Profit from ordinary activities after tax (10-11)	7149	7565	11576	29511	38842	60598
13. Extraordinary items (net of tax expense)	0	0	0	0	0	0
14. Net Profit for the period (12-13)	7149	7565	11576	29511	38842	60598
15. Paid-up equity share capital (FV Rs.2/-)	14533	12186	12186	14533	12186	12186
16. Reserves excluding Revaluation Reserve <i>(as per balance sheet of previous accounting year)</i>						445109


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Particulars	3 Months Ended			9 Months Ended		Year Ended
	31-12-17	30-09-17	31-12-16	31-12-17	31-12-16	31-03-17
	Reviewed			Reviewed		Audited
17. Analytical Ratios						
(i) % of shares held by Govt. of India	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(ii) Capital Adequacy Ratio - Basel III	13.92%	12.22%	11.79%	13.92%	11.79%	12.54%
(iii) Earnings per share ^ (EPS) (Rs.)						
a) Basic EPS before & after extraordinary items	1.04	1.16	1.78	4.45	5.96	9.29
b) Diluted EPS before & after extraordinary items	1.04	1.16	1.78	4.45	5.96	9.29
(iv) NPA Ratios						
a) Gross NPA	266332	213619	102224	266332	102224	148381
b) Net NPA	169892	140730	63752	169892	63752	103346
c) % of Gross NPA	5.94%	4.83%	2.66%	5.94%	2.66%	3.58%
d) % of Net NPA	3.88%	3.24%	1.68%	3.88%	1.68%	2.53%
(v) Return on Asset (annualized)	0.43%	0.48%	0.74%	0.62%	0.87%	1.00%

^ (i) EPS not annualized for the quarter / 9 Months

(ii) Pursuant to Rights issue, EPS for the previous year/periods has been restated. Further Diluted EPS has been calculated without considering 6,22,122 shares kept in abeyance (refer note numbers 7 & 8).

### SEGMENT REPORTING FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER 2017

(Rs. in lakh)

Business Segments	3 Months Ended			9 Months Ended		Year Ended
	31-12-17	30-09-17	31-12-16	31-12-17	31-12-16	31-03-17
	Reviewed			Reviewed		Audited
<b>Segment Revenue</b>						
1. Treasury Operations	33694	32074	36153	100825	102366	143754
2. Corporate/Wholesale Banking Operations	42757	40435	44420	127727	131566	175576
3. Retail Banking Operations	87836	90337	77327	260222	239236	319999
4. Other Banking Operations	430	404	226	1231	766	1128
<b>Total</b>	<b>164717</b>	<b>163250</b>	<b>158126</b>	<b>490005</b>	<b>473934</b>	<b>640457</b>
<b>Segment Results</b>						
1. Treasury Operations	8932	8433	8996	28979	27076	38818
2. Corporate/Wholesale Banking Operations	13347	12740	13748	40808	38831	54341
3. Retail Banking Operations	25121	26605	17224	75384	58039	86431
4. Other Banking Operations	389	366	201	1114	689	1020
<b>Total</b>	<b>47789</b>	<b>48144</b>	<b>40169</b>	<b>146285</b>	<b>124635</b>	<b>180610</b>
Unallocated Income/Expenses	5670	5443	6668	16524	18244	23513
Operating Profit	42119	42701	33501	129761	106391	157097
Tax Expense	2500	3000	6175	12300	20550	27749



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Other Provisions	32470	32136	15750	87950	46999	68750
Net Profit from ordinary activities	7149	7565	11576	29511	38842	60598
Extraordinary items	0	0	0	0	0	0
<b>Net Profit</b>	<b>7149</b>	<b>7565</b>	<b>11576</b>	<b>29511</b>	<b>38842</b>	<b>60598</b>
<b>Other Information</b>						
<b>Segment Assets</b>						
1. Treasury Operations	1720196	1510999	1920327	1720196	1920327	1495821
2. Corporate/Wholesale Banking Operations	1400733	1351303	1351451	1400733	1351451	1351162
3. Retail Banking Operations	2978520	2992176	2446357	2978520	2446357	2739610
4. Other Banking Operations	0	0	0	0	0	0
5. Unallocated Assets	553676	541393	633771	553676	633771	594169
<b>Total Segment Assets</b>	<b>6653125</b>	<b>6395871</b>	<b>6351906</b>	<b>6653125</b>	<b>6351906</b>	<b>6180762</b>
<b>Segment Liabilities</b>						
1. Treasury Operations	1616347	1411524	1884249	1616347	1884249	1448711
2. Corporate/Wholesale Banking Operations	1253635	1233545	1210046	1253635	1210046	1219454
3. Retail Banking Operations	2666282	2730962	2189797	2666282	2189797	2472378
4. Other Banking Operations	0	0	0	0	0	0
5. Unallocated Liabilities	495498	494469	567494	495498	567494	536649
<b>Total (a)</b>	<b>6031762</b>	<b>5870500</b>	<b>5851586</b>	<b>6031762</b>	<b>5851586</b>	<b>5677192</b>
<b>Capital Employed (Segment Assets – Segment Liabilities)</b>						
1. Treasury Operations	103849	99475	36078	103849	36078	47110
2. Corporate/Wholesale Banking Operations	147098	117758	141405	147098	141405	131708
3. Retail Banking Operations	312238	261214	256560	312238	256560	267232
4. Other Banking Operations	0	0	0	0	0	0
5. Unallocated Liabilities	58178	46924	66277	58178	66277	57520
<b>Total (b)</b>	<b>621363</b>	<b>525371</b>	<b>500320</b>	<b>621363</b>	<b>500320</b>	<b>503570</b>
<b>Total Segment Liabilities (a+b)</b>	<b>6653125</b>	<b>6395871</b>	<b>6351906</b>	<b>6653125</b>	<b>6351906</b>	<b>6180762</b>

GEOGRAPHIC SEGMENTS: The Bank operates only in Domestic segment.

**Notes:**

- 1) The above financial results for the period ended 31<sup>st</sup> December 2017 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at the meeting held on 31<sup>st</sup> January 2018. The same have been subjected to limited review by the Statutory Central Auditors of the Bank.
- 2) There has been no change in the accounting policies followed during the period ended 31<sup>st</sup> December 2017 as compared to those followed in the preceding financial year ended 31<sup>st</sup> March 2017.
- 3) The above interim financial results have been arrived at after considering various provisions as per RBI guidelines, for loan losses and depreciation on Investments, Standard Advances, Restructured Advances, exposures to entities with Unhedged Foreign Currency Exposure. Provision for employees' retirement benefits like pension, gratuity and leave encashment has been made as per actuarial valuation. Provision for



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Income Tax, Deferred Tax and other contingencies are on estimated and proportionate basis and are subject to adjustments, if any, at the year end.

4) Other income includes fees earned from providing services to customers, commission from non-fund based banking activities, earnings from foreign exchange transactions, selling third party products, profit on sale of investments (net), recoveries from advances written off.

5) In accordance with RBI circular DBOD.No.BPBC.1/21.06.201/2015-16 dated 01.07.2015, read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31.03.2015, Banks are required to make Pillar 3 disclosures under Basel III capital regulations. Accordingly, Pillar 3 disclosures under Basel III capital regulations have been made available on the Bank's website at the following link [http://www.kvb.co.in/footer/pillarIII disclosures.html](http://www.kvb.co.in/footer/pillarIII%20disclosures.html). These disclosures have not been subjected to review/audit by the Statutory Central Auditors.

6) In accordance with RBI guidelines, Bank has shifted Securities amounting to Rs. 723.60 crore from HTM to AFS category during the first quarter of the current financial year and there was no impact on the Profit & Loss account. (Corresponding depreciation charged during the first quarter of the previous financial year being Rs. 0.93 crore.) Further, during the quarter ended 31<sup>st</sup> December 2017, the bank has shifted securities amounting to Rs. 360.86 crore from HTM to AFS category and there was no impact on the Profit & Loss account.

7) During the quarter ended 31<sup>st</sup> December 2017, Bank has offered 11,87,81,048 Equity shares of Rs. 2/- each at a price of Rs.76/- including the premium of Rs.74/-per share [comprising of 10,16,21,048 Equity shares on rights basis in the ratio of 1:6 (i.e. one Equity share for every six fully paid-up Equity shares held as on the record date viz. 13<sup>th</sup> October 2017) aggregating to Rs.772.32 crore and reservation of up to 1,71,60,000 Equity shares for the eligible employees of the Bank aggregating up to Rs.130.42 crore]. Bank has allotted 11,73,17,101 shares (including 1,59,14,160 shares to employees under employee reservation portion), after keeping in abeyance entitlements to the extent of 2,18,107 shares, aggregating to Rs.891.61 crore under the Rights Issue of Equity shares, on 22<sup>nd</sup> November 2017.

8) Pursuant to the Rights issue, Earnings Per Share (EPS) in respect of previous year/periods has been restated as per Accounting Standard (AS) 20 on "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013.

9) The Rights issue has resulted in an increase of Rs.23.46 crore in Share Capital and Rs.864.96 crore (net off share issue expenses amounting to Rs.3.18 crore) in Share Premium account.

10) In terms of RBI guidelines vide circular DBR.No.BP.BC.102/21.04.048/2015-16 dated 13.06.2016, the Bank had debited General Reserves an amount of Rs. 185.07 crore as on 31.03.2017, being unamortised loss on sale of NPAs to ARCs during 2015-16, which was to be proportionately debited to Profit and Loss account during the current financial year i.e. Rs. 63.18 crore each in the quarter ended June 2017 and September 2017 and



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the remaining Rs. 58.71 crore during the quarter ending December 2017. However, the entire amount of Rs.185.07 crore has been debited to Profit and Loss account and credited to General Reserves during the half year ended 30<sup>th</sup> September 2017.

11) Pursuant to RBI circular FMRD DIRD.10/14.03.002/2015-16 dated May 19, 2016, as amended, Bank has, with effect from November 26, 2016, considered the repo/reverse repo transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) of RBI as Borrowings/Lendings, as the case may be. Hitherto, the repo/reverse repo transactions were included under Investments. Figures for the previous period/year have been regrouped / reclassified to conform to current period/quarter classification. The above regrouping/reclassification has no impact on the profit of the Bank for the quarter/period ended 31<sup>st</sup> December, 2017 or the previous periods/quarters.

12) Provision Coverage Ratio is 54.07% as on 31<sup>st</sup> December 2017.

13) The position of investor complaints is as under -

No. of complaints pending at the beginning of the quarter Nil; received during the quarter 86; disposed of during the quarter 86; pending at the end of the quarter Nil.

14) Figures of the corresponding period have been re-classified / regrouped wherever considered necessary.

For and on behalf of Board of Directors



P R Seshadri  
Managing Director & CEO



Place: Karur

Date: 31.01.2018

***"As per our report of even date"***

For Abarna & Ananthan

Chartered Accountants

Firm Registration No.000003S



Lalitha Rameswaran

Partner

Membership No. 207867



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**Independent Auditor's Review Report on Review of Interim Financial Results**

**To  
The Board of Directors of Karur Vysya Bank limited**

1. We have reviewed the accompanying statement of Unaudited Financial Results of **The Karur Vysya Bank Limited** for the quarter and nine months ended 31<sup>st</sup> December, 2017 ("the Statement"), excluding the "Pillar 3 disclosures and leverage ratio under Basel III Capital Regulations" disclosed on the Bank's website and in respect of which a link has been provided in the Statement, being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder in so far as they apply to Banking Companies and circulars and guidelines issued by Reserve Bank of India and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of interim Financial information performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. In the conduct of our review, we have relied on the reports, explanation and information collated by the Head Office of the Bank from its various branches and processing centers.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the aforesaid Accounting Standards and other accounting principles generally accepted in India, in so far as they apply to Banking Companies and circulars and guidelines issued by Reserve Bank of India from time to time, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms prescribed by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

**For Abarna & Ananthan  
Chartered Accountants  
Firm Regn. No. 000003S**

  
**Lalitha Rameswaran  
Partner  
Membership No : 207867**



**Place: Karur  
Date : 31.01.2018**

**Head Office: #521, 3<sup>rd</sup> Main, 6<sup>th</sup> Block, 2<sup>nd</sup> Phase, BSK 3<sup>rd</sup> Stage, Bangalore 560 085**

**☎ : +91 88 8009 7322/+91 80 26426022 / 📠 : 2672 7430**

**Branches at : Chennai & Mumbai**

**✉ : [audit@abarna-ananthan.com](mailto:audit@abarna-ananthan.com)**