

FCD / 148 /2015-16

January 13, 2016

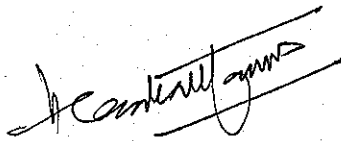
The Secretary  
The Bombay Stock Exchange, Mumbai.  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI - 400 001.

Dear Sirs,

Reg: Un-audited Financial Results of the Bank for the period ended 31<sup>st</sup> December 2015.

Please find enclosed the Un-Audited Financial Results and Limited Review Report of the Bank for the period ended 31<sup>st</sup> December 2015, approved by the Board on 13<sup>th</sup> January 2016.

Yours faithfully



(K.Venkataraman)  
Managing Director & C E O

Encl: as above.

**THE KARUR VYSYA BANK LIMITED**

Finance & Control Department

Central Office, Erode Road, KARUR - 639 002.

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**REVIEWED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED 31st DECEMBER 2015**

(₹ in lakhs)

Particulars	3 Months ended			Nine Months Ended		Year ended
	31-Dec-15	30-Sep-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Mar-15
	Reviewed			Reviewed		Audited
1. Interest earned (a)+(b)+(c)+(d)	135236	136453	136466	407323	406805	539587
a) Interest / discount on advances /bills	107567	108388	106715	324209	316685	421131
b) Income on Investments	27203	27537	28745	81569	88038	115816
c) Interest on balances with RBI and other interbank funds	20	47	446	135	570	624
d) Others	446	481	560	1410	1512	2016
2. Other Income	17278	20574	14714	54068	40105	58084
3. Total Income (1+2)	152514	157027	151180	461391	446910	597671
4. Interest Expended	90416	92711	97359	276451	299953	392997
5. Operating Expenses (i+ii)	29541	28792	27552	87286	78628	110345
(i) Employees cost	12655	13304	13979	40811	38929	54705
(ii) Other operating expenses	16886	15488	13573	46475	39699	55640
6. Total Expenditure (4+5) excluding provision and contingencies	119957	121503	124911	363737	378581	503342
7. Operating Profit before Provisions and Contingencies (3-6)	32557	35524	26269	97654	68329	94329
8. Provisions (other than tax) and Contingencies	9274	12602	10615	33641	28568	48051
9. Exceptional items	0	0	0	0	0	0
10. Profit /(Loss) from Ordinary activities before tax (7-8-9)	23283	22922	15654	64013	39761	46278
11. Tax expense	8000	8700	4266	21050	7116	717
12. Net Profit from ordinary activities after tax(10-11)	15283	14222	11388	42963	32645	45561
13. Extraordinary items (net of tax expense)	0	0	0	0	0	-867
14. Net Profit for the period (12-13)	15283	14222	11388	42963	32645	46428
15. Paid-up equity share capital (FV Rs.10/-)	12186	12186	12098	12186	12098	12163
16. Reserves excluding Revaluation Reserve (as per balance sheet of previous accounting year)	412440	412440	321916	412440	321916	412440



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(₹ in lakhs)

	3 Months ended			Nine Months Ended		Year ended
	31-Dec-15	30-Sep-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Mar-15
	Reviewed			Reviewed		Audited
<b>17. Analytical Ratios</b>						
(i) % of shares held by Government of India	0%	0%	0%	0%	0%	0%
(ii) Capital Adequacy Ratio-Basel II	13.30%	13.10%	13.98%	13.30%	13.98%	14.63%
Capital Adequacy Ratio-Basel III	12.90%	13.00%	14.01%	12.90%	14.01%	14.62%
(iii) Earnings per share (EPS)						
a) Basic EPS before and after extraordinary items (not annualized)	12.54	11.67	10.26	35.26	28.90	39.86
b) Diluted EPS before and after extraordinary items (not annualized)	12.54	11.67	10.22	35.26	28.77	39.78

(iv) NPA Ratios						
a) Gross NPA	72118	73204	68010	72118	68010	67778
b) Net NPA	35951	35452	25661	35951	25661	28097
c) % of Gross NPA	1.91%	1.96%	1.91%	1.91%	1.91%	1.85%
d) % of Net NPA	0.96%	0.96%	0.73%	0.96%	0.73%	0.78%
e) Return on Asset(annualized)	1.10%	1.03%	0.85%	1.05%	0.82%	0.88%

**Segment Reporting for the period ended 31st December 2015**

(₹ in lakhs)

Business Segments	3 Months ended			Nine Months Ended		Year ended
	31-Dec-15	30-Sep-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Mar-15
	Reviewed			Reviewed		Audited
<b>Segment Revenue</b>						
1. Treasury Operations	30700	35030	33057	94633	95912	128011
2. Corporate/Wholesale Banking	44924	43617	40742	132430	120163	163005
3. Retail Banking Operations	76633	78126	77157	233539	230160	305643
4. Other Banking Operations	257	254	225	789	676	1013
<b>Total</b>	<b>152514</b>	<b>157027</b>	<b>151181</b>	<b>461391</b>	<b>446911</b>	<b>597672</b>
<b>Segment Results</b>						
1. Treasury Operations	3229	9887	5514	17288	7136	13109
2. Corporate/Wholesale Banking	12256	11270	8925	34666	26100	35739
3. Retail Banking Operations	22556	19819	17579	62213	52062	67737
4. Other Banking Operations	234	231	207	719	625	933
<b>Total</b>	<b>38275</b>	<b>41207</b>	<b>32225</b>	<b>114886</b>	<b>85923</b>	<b>117518</b>
<b>Unallocated Income/Expenses</b>	<b>5718</b>	<b>5683</b>	<b>5956</b>	<b>17232</b>	<b>17594</b>	<b>23189</b>
<b>Operating Profit</b>	<b>32557</b>	<b>35524</b>	<b>26269</b>	<b>97654</b>	<b>68329</b>	<b>94329</b>
<b>Income Taxes</b>	<b>8000</b>	<b>8700</b>	<b>4266</b>	<b>21050</b>	<b>7116</b>	<b>717</b>
<b>Other Provisions</b>	<b>9274</b>	<b>12602</b>	<b>10615</b>	<b>33641</b>	<b>28568</b>	<b>48051</b>
<b>Net Profit from ordinary activities</b>	<b>15283</b>	<b>14222</b>	<b>11388</b>	<b>42963</b>	<b>32645</b>	<b>45561</b>
<b>Extraordinary items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>867</b>
<b>Net Profit</b>	<b>15283</b>	<b>14222</b>	<b>11388</b>	<b>42963</b>	<b>32645</b>	<b>46428</b>



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**Other Information**

(₹ in lakhs)

Segment Assets	3 Months ended			Nine Months Ended		Year ended
	31-Dec-15	30-Sep-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Mar-15
	Reviewed			Reviewed		Audited
1. Treasury Operations	1309645	1426080	1381527	1309645	1381527	1238559
2. Corporate/Wholesale Banking Operations	1418676	1389014	1321628	1418676	1321628	1345414
3. Retail Banking Operations	2315948	2307841	2196859	2315948	2196859	2265480
4. Other Banking Operations	0	0	0	0	0	0
5. Unallocated Assets	455828	452643	440227	455828	440227	465795
<b>Total</b>	<b>5500097</b>	<b>5575578</b>	<b>5340241</b>	<b>5500097</b>	<b>5340241</b>	<b>5315248</b>
Segment Liabilities						
1. Treasury Operations	1258348	1494649	1366084	1258348	1366084	1234898
2. Corporate/Wholesale Banking Operations	1277327	1214371	1183930	1277327	1183930	1206349
3. Retail Banking Operations	2085623	2017777	1967955	2085623	1967955	2031394
4. Other Banking Operations	0	0	0	0	0	0
5. Unallocated Liabilities	410587	395852	394165	410587	394165	418004
<b>Capital Employed</b>	<b>468212</b>	<b>452929</b>	<b>428107</b>	<b>468212</b>	<b>428107</b>	<b>424603</b>
<b>Total Liabilities</b>	<b>5500097</b>	<b>5575578</b>	<b>5340241</b>	<b>5500097</b>	<b>5340241</b>	<b>5315248</b>

**GEOGRAPHIC SEGMENTS:** The Bank operates only in Domestic segment.

**Notes:**

- 1) The above financial results for the period ended December 31, 2015 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at their meeting held on January 13, 2016 and subjected to limited review by the Statutory Central Auditor of the bank.
- 2) There has been no change in the accounting policies followed during the period ended December 31, 2015 as compared to those followed in the preceding financial year ended 31st March 2015.
- 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, exposure to entities with the Unhedged Foreign Currency Exposure. Provision for employees retirement benefits like pension, gratuity and leave encashment have been made as per Actuarial valuation. Provision for 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) Provision of Rs 32.45 crore has been made during the first quarter of the current financial year towards the final balance of wage arrears, based on 10th Bi-partite settlement, which is effective from November 01, 2012.
- 5) During the nine months period ended 31st December 2015, the bank had allotted 2,34,845 shares pursuant to the exercise of stock options by certain employees at Rs. 275 per share and Rs. 10.75 crore has been credited to share premium account.



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6) In terms of RBI Circular DBOD.No.BP.BC.2/21.06.201/2013-14 dated 1st July 2013, on Basel III capital regulations certain Pillar 3 disclosure requirements are to be made along with publication of financial results. Accordingly the disclosure has been placed on the website of the bank which can be accessed at the link [http://www.kvb.co.in/footer/pillarIII\\_disclosures.html](http://www.kvb.co.in/footer/pillarIII_disclosures.html). The disclosure has not been subjected to limited review by the statutory Central auditors of the bank.

7) In accordance with RBI guidelines, Bank has shifted Securities amounting to Rs.153.03 crore from AFS to HTM category and Rs.598.91 crore from HTM to AFS category and the resultant depreciation of Rs.3.38 crore has been charged to Profit & Loss account during the first quarter of the current financial year.

8) Pursuant to RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated July 16, 2015, the Bank has, effective quarter ended June 30, 2015, included its deposits placed with NABARD / SIDBI / NHB on account of shortfall in priority sector targets under schedule 11 - "Other Assets". Hitherto these were included under "Investments". Interest Income on these deposits has been included under "Interest Earned - Others". Hitherto such interest income was included under "Interest Earned - Income on Investments". Figures for the previous periods have been regrouped / reclassified to conform to current period's classification. The above change in classification has no impact on the profit of the Bank for the quarter/ period ended 31st December, 2015 and previous period presented.

9) During the current quarter, the Bank has sold assets to ARC aggregating Rs.98.07 crore. The bank has spread over the shortfall in the sale value over the NBV over a period of two years, in terms of RBI Master circular DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015. Accordingly a sum of Rs.4.44 crore has been charged to profit and loss account during the current quarter. The balance amount of Rs.31.06 crore will be spread over to the next seven quarters.

10) The position of investor complaints is as under.

No. of complaints pending at the beginning of the quarter Nil ; received during the quarter - 12; disposed off during the quarter -12; pending at the end of the quarter Nil.

11) Provision Coverage Ratio is 75.20 % as on 31.12.2015.

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

Place : Karur  
Date : 13.01.2016

"As per our report of even date"  
For Abarna & Ananthan  
Chartered Accountants  
Firm Registration No. 000003S

Lalitha Rameswaran  
Partner  
Membership No. 207867

For and on behalf of Board of Directors

  
K. Venkataraman  
Managing Director & C.E.O.

**THE KARUR VYSYA BANK LIMITED**

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Central Office, Erade Road, KARUR - 639 002.

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**INDEPENDENT AUDITOR'S REVIEW REPORT 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, 2015 ("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, 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 Engagement (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 is limited primarily to inquiries of Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed 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, 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.



**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**

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
**Branch at : Chennai**

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

**CHARTERED ACCOUNTANTS  
ABARNA & ANANTHAN**

5. Attention is drawn to Note No. (9) of the statement regarding deferment of shortfall of Rs.35.50 crore arising from sale of certain non-performing assets during the quarter and nine months ended 31<sup>st</sup> December, 2015 in terms of RBI Master Circular DBR No.BP.BC.2/21.04.048/2015-16 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances, dated 01.07.2015 and the unamortised balance as at 31<sup>st</sup> December of Rs. 31.06 crore.

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

  
Lalitha Rameswaran  
Partner  
Membership No : 207867

Place: Karur  
Date : 13/01/2016



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**Branch at : Chennai**

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