

FCD/230/2018-19

October 24, 2018

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

Dear Sirs,

**Reg: Un-audited Financial Results of the Bank for the quarter / half year ended 30<sup>th</sup> September 2018.**

Please find enclosed copy of the un-audited financial results for the quarter and half year ended September 30, 2018. The results were duly approved by the Board of Directors at its meeting held today. A copy of the limited review report of the Statutory Auditors is enclosed.

This is for your kind information.

Yours faithfully



(P R Seshadri)  
Managing Director & C E O



**THE KARUR VYSYA BANK LIMITED**

Finance & Control Department

Central Office, Erode Road, KARUR - 639 002.

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# Walker Chandiook & Co LLP

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## **Independent Auditor's Review Report on Quarterly and year to date Unaudited Financial Results of The Karur Vysya Bank Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

### **To the Board of Directors of The Karur Vysya Bank Limited**

1. We have reviewed the accompanying Statement of Unaudited Financial Results ('Statement') of The Karur Vysya Bank Limited ('the Bank') for the quarter and half year ended 30 September 2018, being submitted by the Bank pursuant to the requirements of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except for the disclosures relating to consolidated Pillar 3 disclosure as at 30 September 2018, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed in the bank's website and in respect of which a link has been provided in the Statement, and have not been reviewed by us. This Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors in their meeting held on 24 October 2018. 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 misstatement. 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 an audit and accordingly, we do not express an audit opinion.
3. The financial results incorporate the relevant returns of 127 branches reviewed by us. These branches cover 60.08% of the advances portfolio of the bank We also relied upon the various other returns received from branches of the bank.



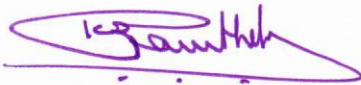
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4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable Accounting Standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in accordance with the requirements 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 issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.
5. Without modifying our conclusion, we draw attention to note no. 6 to the financial results, regarding exercise of the option by the Bank in relation to spreading the provision for Mark to Market (MTM) losses over four quarters, resulting into carry forward of un-amortised MTM losses of Rs.4646 lakhs as at 30 September 2018, for amortization in the remaining relevant quarters.
6. The reviews of financial results for the quarter ended 30 June 2018, quarter and half year ended 30 September 2017, and the audit of financial results for the year ended 31 March 2018, included in the Statement, were carried out and reported by Abarna & Ananthan, vide their unmodified review reports and audit report dated 25 July 2018, 14 November 2017 and 25 May 2018, respectively, whose review and audit reports have been furnished to us and which has been relied upon by us for the purpose of our review of the Statement.

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013



**Khushroo B. Panthaky**

Partner

Membership No.: 42423

Place: Karur

Date: 24 October 2018



**STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/HALF YEAR ENDED 30<sup>TH</sup> SEPTEMBER 2018**
*(Rs. in lakh)*

Particulars	Quarter ended			Half Year ended		Year ended
	30-09-2018	30-06-2018	30-09-2017	30-09-2018	30-09-2017	31-03-18
	Unaudited			Unaudited		Audited
<b>1. Interest earned (a+b+c+d)</b>	<b>145694</b>	<b>144253</b>	<b>140237</b>	<b>289947</b>	<b>278645</b>	<b>569965</b>
a) Interest / discount on advances / bills	115909	113427	111079	229336	219934	442081
b) Income on Investments	28722	28952	27362	57674	54777	112293
c) Interest on balances with Reserve Bank of India & other interbank funds	728	1505	1532	2233	3407	7721
d) Other Interest	335	369	264	704	527	7870
2. Other Income	17556	25487	23013	43043	46643	89993
<b>3. Total Income (1+2)</b>	<b>163250</b>	<b>169740</b>	<b>163250</b>	<b>332990</b>	<b>325288</b>	<b>659958</b>
4. Interest Expended	87780	85891	84736	173671	169287	340154
5. Operating Expenses (i+ii)	39331	37887	35813	77218	68359	142072
(i) Employees cost	17266	17856	15507	35122	30652	63908
(ii) Other operating expenses	22065	20031	20306	42096	37707	78164
<b>6. Total Expenditure (excluding provisions and contingencies) (4+5)</b>	<b>127111</b>	<b>123778</b>	<b>120549</b>	<b>250889</b>	<b>237646</b>	<b>482226</b>
<b>7. Operating Profit before provisions and contingencies (3-6)</b>	<b>36139</b>	<b>45962</b>	<b>42701</b>	<b>82101</b>	<b>87642</b>	<b>177732</b>
8. Provisions (other than tax) and Contingencies	21314	42267	32136	63581	55480	127367
9. Exceptional items	-	-	-	-	-	-
<b>10. Profit from ordinary activities before tax (7-8-9)</b>	<b>14825</b>	<b>3695</b>	<b>10565</b>	<b>18520</b>	<b>32162</b>	<b>50365</b>
11. Tax expense	6451	(896)	3000	5555	9800	15798
12. Net Profit from ordinary activities after tax (10-11)	8374	4591	7565	12965	22362	34567
13. Extraordinary items (net of tax expense)	-	-	-	-	-	-
<b>14. Net Profit for the period (12-13)</b>	<b>8374</b>	<b>4591</b>	<b>7565</b>	<b>12965</b>	<b>22362</b>	<b>34567</b>


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15. Paid-up equity share capital (FV Rs.2/- per share)	15986	14533	12186	15986	12186	14533
16. Reserves excluding Revaluation Reserve						611886
<b>17. Analytical Ratios</b>						
(i) % of shares held by Government of India	0%	0%	0%	0%	0%	0%
(ii) Capital Adequacy Ratio - Basel III	14.22%	14.08%	12.22%	14.22%	12.22%	14.43%
<b>(iii) Earnings per share (EPS)^ (Rs.)</b>						
a) Basic EPS before and after extraordinary items	1.05	0.57	1.05	1.62	3.10	4.78
b) Diluted EPS before and after extraordinary items	1.05	0.57	1.05	1.62	3.10	4.78
<b>(iv) NPA Ratios</b>						
a) Gross NPA	370741	356339	213619	370741	213619	301576
b) Net NPA	205151	208832	140730	205151	140730	186283
c) % of Gross NPA	7.70%	7.44%	4.83%	7.70%	4.83%	6.56%
d) % of Net NPA	4.41%	4.50%	3.24%	4.41%	3.24%	4.16%
(v) Return on Asset (annualised)	0.49%	0.27%	0.48%	0.38%	0.71%	0.53%

<sup>^</sup> EPS not annualized for the quarter/half year. EPS for the earlier period/year has been re-stated after considering the rights issue of equity shares made during the quarter ended 31 December 2017 and the issue of bonus shares during the current quarter.

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**STATEMENT OF ASSETS AND LIABILITIES AS ON 30<sup>TH</sup> SEPTEMBER 2018**
*(Rs. in lakh)*

Particulars	As on 30.09.2018 (Unaudited)	As on 30.09.2017 (Unaudited)	As on 31.03.2018 (Audited)
<b>Capital &amp; Liabilities</b>			
Capital	15986	12186	14533
Reserves and Surplus	618144	513185	611886
Deposits	5826177	5639988	5689009
Borrowings	188430	66295	238167
Other Liabilities and Provisions	143305	164217	139317
<b>Total</b>	<b>6792042</b>	<b>6395871</b>	<b>6692912</b>
<b>Assets</b>			
Cash & Balances with Reserve Bank of India	302818	294952	296007
Balances with Banks and Money at Call and Short Notice	99930	98839	133683
Investments	1553712	1468041	1580321
Advances	4647978	4343479	4480015
Fixed Assets	57701	47375	52819
Other Assets	129903	143185	150067
<b>Total</b>	<b>6792042</b>	<b>6395871</b>	<b>6692912</b>

**SEGMENT RESULTS**
*(Rs. in lakh)*

Business Segments	Quarter ended			Half Year ended		Year ended
	30-09-2018	30-06-2018	30-09-2017	30-09-2018	30-09-2017	31-03-2018
	Unaudited			Unaudited		Audited
<b>Segment Revenue</b>						
1. Treasury	28118	32477	32074	60595	67131	134522
2. Corporate/Wholesale Banking	41589	43610	40435	85199	84970	170986
3. Retail Banking	93010	93059	90338	186069	172386	352660
4. Other Banking Operations	533	594	403	1127	801	1790
<b>Total</b>	<b>163250</b>	<b>169740</b>	<b>163250</b>	<b>332990</b>	<b>325288</b>	<b>659958</b>
<b>Segment Results (Net of provisions)</b>						
1. Treasury	3338	7990	9179	11328	20793	38284
2. Corporate/Wholesale Banking	11862	14086	12763	25948	27484	55514
3. Retail Banking	26487	29109	25836	55596	49494	104555
4. Other Banking Operations	477	531	366	1008	725	1618
<b>Total</b>	<b>42164</b>	<b>51716</b>	<b>48144</b>	<b>93880</b>	<b>98496</b>	<b>199971</b>


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<b>Less: Unallocated Income/Expenses</b>	6025	5754	5443	11779	10854	22239
<b>Operating Profit</b>	36139	45962	42701	82101	87642	177732
Tax expense	6451	(896)	3000	5555	9800	15798
Other Provisions	21314	42267	32136	63581	55480	127367
<b>Net Profit from ordinary activities</b>	<b>8374</b>	<b>4591</b>	<b>7565</b>	<b>12965</b>	<b>22362</b>	<b>34567</b>
Extraordinary items	-	-	-	-	-	-
<b>Net Profit</b>	<b>8374</b>	<b>4591</b>	<b>7565</b>	<b>12965</b>	<b>22362</b>	<b>34567</b>
<b>Other Information</b>						
<b>Segment Assets</b>						
1. Treasury	1651777	1690160	1510999	1651777	1510999	1655543
2. Corporate/Wholesale Banking	1393214	1443321	1351303	1393214	1351303	1402984
3. Retail Banking	3254764	3197261	2992176	3254764	2992176	3077030
4. Other Banking Operations	-	-	-	-	-	-
5. Unallocated	492287	496834	541393	492287	541393	557355
<b>Total Segment Assets</b>	<b>6792042</b>	<b>6827576</b>	<b>6395871</b>	<b>6792042</b>	<b>6395871</b>	<b>6692912</b>
<b>Segment Liabilities</b>						
1. Treasury	1529593	1569236	1411524	1529593	1411524	1559607
2. Corporate/Wholesale Banking	1254319	1299957	1233545	1254319	1233545	1255173
3. Retail Banking	2930617	2879705	2730962	2930617	2730962	2752878
4. Other Banking Operations	-	-	-	-	-	-
5. Unallocated	443383	447667	494469	443384	494469	498835
<b>Total (a)</b>	<b>6157912</b>	<b>6196565</b>	<b>5870500</b>	<b>6157913</b>	<b>5870500</b>	<b>6066493</b>
<b>Capital Employed (Segment Assets - Segment Liabilities)</b>						
1. Treasury	122184	120924	99475	122184	99475	95936
2. Corporate/Wholesale Banking	138895	143364	117758	138895	117758	147811
3. Retail Banking	324147	317556	261214	324147	261214	324152
4. Other Banking	-	-	-	-	-	-
5. Unallocated	48904	49167	46924	48903	46924	58520
<b>Total (b)</b>	<b>634130</b>	<b>631011</b>	<b>525371</b>	<b>634129</b>	<b>525371</b>	<b>626419</b>
<b>Total Segment Liabilities (a+b)</b>	<b>6792042</b>	<b>6827576</b>	<b>6395871</b>	<b>6792042</b>	<b>6395871</b>	<b>6692912</b>

For the above segment reporting, the reportable segments are identified into Treasury, Corporate/Wholesale banking, Retail banking and other banking operations in compliance with RBI guidelines. The Bank operates only in India.


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**Notes:**

1. The above financial results for the period ended 30<sup>th</sup> September 2018 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at the meeting held on 24<sup>th</sup> October 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 in the preparation of interim financial results for the period ended 30<sup>th</sup> September 2018 as compared to those followed in the annual financial statements for the year ended 31<sup>st</sup> March 2018.
3. The bank has made provisions as per Reserve Bank of India 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 viz. pension, gratuity and leave encashment has been made based on actuarial valuation. Provision for Income Tax, Deferred Tax and other contingencies are made 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), income from priority sector lending certificates, recoveries from advances written off.
5. In the Annual General Meeting held on 9<sup>th</sup> August 2018, the shareholders of the bank approved issue of 7,26,63,937 bonus shares to equity share holders in the proportion of 1 (one) bonus share of Rs. 2/- each for every 10 (ten) fully paid up equity shares. Correspondingly basic and diluted Earnings Per Share has been restated for the previous period / year.
6. The mark to market depreciation on investments in AFS / HFT category not amortised was Rs. 7656 lakhs as at 30<sup>th</sup> June 2018. Reserve Bank of India vide circulars DBR No. BP.BC.101/21.04.043/2017-18 dated April 02, 2018 and DBR No. BP.BC.113/21.04.048/2017-18 dated June 15, 2018 granted Banks the option to spread provisioning for mark-to-market losses on investments held in AFS and HFT categories for the quarters ended December 31, 2017, March 31, 2018 and June 30, 2018 equally over up to four quarters, commencing with the quarter in which the loss was incurred. Accordingly, Bank has charged proportionate un-amortised MTM loss of Rs. 3010 lakhs pertaining to the quarters ended 31<sup>st</sup> December 2017, 31<sup>st</sup> March, 2018 and 30<sup>th</sup> June, 2018 to the profit and loss account during the quarter ended 30 September 2018 and the balance amount of Rs. 4646 lakhs will be spread over the next two quarters
7. In accordance with RBI circular DBOD.No.BPBC.1/21.06.201/2015-16 dated July 01, 2015, read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated March 31, 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_disclosures.html). These disclosures have not been subjected to review/audit by the Statutory Central Auditors.



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8. Provision Coverage Ratio calculated as per the guidelines of Reserve Bank of India is 58.50% as on 30<sup>th</sup> September 2018.
9. The financial results for the quarter ended 30<sup>th</sup> September 2017 and year to date ended for the period 1<sup>st</sup> April 2017 to 30<sup>th</sup> September 2017 and previous quarter ended 30<sup>th</sup> June 2018 were reviewed by predecessor auditors. Also, the financial results for the year ended 31<sup>st</sup> March 2018 was audited by predecessor auditor.
10. Previous period's/year's figures have been re-classified / regrouped wherever considered necessary to conform to the current period's classification



Place : Karur  
Date : 24.10.2018

For and on behalf of Board of Directors

P R Seshadri  
Managing Director & CEO

