



**Karur Vysya Bank**

*Smart way to bank*

FCD/355/2018-19

12/02/2019

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 / nine months ended 31st December 2018.**

Please find enclosed copy of the un-audited financial results for the quarter and nine months ended 31<sup>st</sup> December 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 also 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

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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 nine months ended 31 December 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 31 December 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 12 February 2019. 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 134 branches reviewed by us. These branches cover 60.12% of the advances portfolio of the bank. We also relied upon the various other returns received from the 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. We draw attention to Note no. 6 regarding exercise of the option by the Bank, as permitted by the Reserve Bank of India vide circular number DBR.No.BP.BC.102/21.04.048/2017-18 dated 2 April 2018 and DBR.No.BP.BC.113/21.04.048/2017-18 dated 15 June 2018, for spreading the provision for Mark to Market (MTM) losses over four quarters resulting into carrying forward unamortised MTM losses of INR 21.06 crores as at 31 December 2018 for amortisation in the remaining quarter. Our conclusion is not modified in respect of this matter.
6. The reviews of financial results for the quarter and nine months ended 31 December 2017, and the audit of financial results for the year ended 31 March 2018, included in the Statement, were carried out and reported by M/s. Abarna & Ananthan, Chartered Accountants, vide their unmodified review reports and audit report dated 31 January 2018 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: 12 February 2019

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31<sup>st</sup> DECEMBER 2018**
*(Rs. in lakh)*

Particulars	Quarter ended			9 Months ended		Year ended
	31-12-2018	30-09-2018	31-12-2017	31-12-2018	31-12-2017	31-03-2018
	Unaudited			Unaudited		Audited
<b>1. Interest earned (a+b+c+d)</b>	<b>144276</b>	<b>145694</b>	<b>142232</b>	<b>434223</b>	<b>420877</b>	<b>569965</b>
a) Interest / discount on advances / bills	114174	115909	111654	343510	331588	442081
b) Income on Investments	29223	28722	28124	86897	82901	112293
c) Interest on balances with Reserve Bank of India & other interbank funds	549	728	2131	2782	5538	7721
d) Other Interest	330	335	323	1034	850	7870
2. Other Income	25989	17556	22485	69032	69128	89993
<b>3. Total Income (1+2)</b>	<b>170265</b>	<b>163250</b>	<b>164717</b>	<b>503255</b>	<b>490005</b>	<b>659958</b>
4. Interest Expended	86193	87780	86068	259864	255355	340154
5. Operating Expenses (i+ii)	41571	39331	36530	118789	104889	142072
(i) Employees cost	19767	17266	15336	54889	45988	63908
(ii) Other operating expenses	21804	22065	21194	63900	58901	78164
<b>6. Total Expenditure (excluding provisions and contingencies) (4+5)</b>	<b>127764</b>	<b>127111</b>	<b>122598</b>	<b>378653</b>	<b>360244</b>	<b>482226</b>
<b>7. Operating Profit before provisions and contingencies (3-6)</b>	<b>42501</b>	<b>36139</b>	<b>42119</b>	<b>124602</b>	<b>129761</b>	<b>177732</b>
8. Provisions (other than tax) and Contingencies	40040	21314	32470	103621	87950	127367
9. Exceptional items	-	-	-	-	-	-
<b>10. Profit from ordinary activities before tax (7-8-9)</b>	<b>2461</b>	<b>14825</b>	<b>9649</b>	<b>20981</b>	<b>41811</b>	<b>50365</b>
11. Tax expense	341	6451	2500	5896	12300	15798
12. Net Profit from ordinary activities after tax (10-11)	2120	8374	7149	15085	29511	34567
13. Extraordinary items (net of tax expense)	-	-	-	-	-	-
<b>14. Net Profit for the period (12-13)</b>	<b>2120</b>	<b>8374</b>	<b>7149</b>	<b>15085</b>	<b>29511</b>	<b>34567</b>
15. Paid-up equity share capital (FV Rs.2/- per share)	15986	15986	14533	15986	14533	14533


*Re*

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16. Reserves excluding Revaluation Reserve						611886
17. Analytical Ratios						
(i) % of shares held by Government of India	-	-	-	-	-	-
(ii) Capital Adequacy Ratio - Basel III	14.59%	14.22%	13.92%	14.59%	13.92%	14.43%
(iii) Earnings per share (EPS)^ (Rs.)						
a) Basic EPS before and after extraordinary items	0.27	1.05	0.95	1.89	4.03	4.78
b) Diluted EPS before and after extraordinary items	0.27	1.05	0.95	1.89	4.03	4.78
(iv) NPA Ratios						
a) Gross NPA	405573	370741	266332	405573	266332	301576
b) Net NPA	229560	205151	169892	229560	169892	186283
c) % of Gross NPA	8.49%	7.70%	5.94%	8.49%	5.94%	6.56%
d) % of Net NPA	4.99%	4.41%	3.88%	4.99%	3.88%	4.16%
(v) Return on Asset (annualised)	0.12%	0.49%	0.43%	0.29%	0.62%	0.53%

^ EPS not annualized for the quarter/9 Months. EPS for the earlier periods / year has been re-stated after considering the rights issue of equity shares made during the quarter ended 31<sup>st</sup> December 2017 and the issue of bonus shares during the quarter ended 30<sup>th</sup> September 2018.

### SEGMENT RESULTS

(Rs. in lakh)

Business Segments	Quarter ended			9 Months ended		Year ended
	31-12-2018	30-09-2018	31-12-2017	31-12-2018	31-12-2017	31-03-2018
	Unaudited			Unaudited		Audited
<b>Segment Revenue</b>						
1. Treasury	33463	28118	33694	94058	100825	134522
2. Corporate/Wholesale Banking	39759	41589	42757	124958	127727	170986
3. Retail Banking	96458	93010	87836	282527	260222	352660
4. Other Banking Operations	585	533	430	1712	1231	1790
<b>Total</b>	<b>170265</b>	<b>163250</b>	<b>164717</b>	<b>503255</b>	<b>490005</b>	<b>659958</b>
<b>Segment Results (Net of provisions)</b>						
1. Treasury	9914	3338	8932	21242	28979	38284
2. Corporate/Wholesale Banking	10904	11862	13347	36852	40808	55514
3. Retail Banking	27278	26487	25121	82874	75384	104555
4. Other Banking Operations	517	477	389	1525	1114	1618
<b>Total</b>	<b>48613</b>	<b>42164</b>	<b>47789</b>	<b>142493</b>	<b>146285</b>	<b>199971</b>
Less: Unallocated	6112	6025	5670	17891	16524	22239



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Income/Expenses						
<b>Operating Profit</b>	<b>42501</b>	<b>36139</b>	<b>42119</b>	<b>124602</b>	<b>129761</b>	<b>177732</b>
Tax expense	341	6451	2500	5896	12300	15798
Other Provisions	40040	21314	32470	103621	87950	127367
<b>Net Profit from ordinary activities</b>	<b>2120</b>	<b>8374</b>	<b>7149</b>	<b>15085</b>	<b>29511</b>	<b>34567</b>
Extraordinary items	-	-	-	-	-	-
<b>Net Profit</b>	<b>2120</b>	<b>8374</b>	<b>7149</b>	<b>15085</b>	<b>29511</b>	<b>34567</b>
<b>Other Information</b>						
<b>Segment Assets</b>						
1. Treasury	1620475	1651777	1720196	1620475	1720196	1655543
2. Corporate/Wholesale Banking	1302805	1393214	1400733	1302805	1400733	1402984
3. Retail Banking	3297721	3254764	2978520	3297721	2978520	3077030
4. Other Banking Operations	-	-	-	-	-	-
5. Unallocated	538049	492287	553676	538049	553676	557355
<b>Total Segment Assets</b>	<b>6759050</b>	<b>6792042</b>	<b>6653125</b>	<b>6759050</b>	<b>6653125</b>	<b>6692912</b>
<b>Segment Liabilities</b>						
1. Treasury	1467994	1529593	1616347	1467994	1616347	1559607
2. Corporate/Wholesale Banking	1179773	1254319	1253635	1179773	1253635	1255173
3. Retail Banking	2987084	2930617	2666282	2987084	2666282	2752878
4. Other Banking Operations	-	-	-	-	-	-
5. Unallocated	487950	443383	495498	487950	495498	498835
<b>Total (a)</b>	<b>6122801</b>	<b>6157912</b>	<b>6031762</b>	<b>6122801</b>	<b>6031762</b>	<b>6066493</b>
<b>Capital Employed (Segment Assets - Segment Liabilities)</b>						
1. Treasury	152481	122184	103849	152481	103849	95936
2. Corporate/Wholesale Banking	123032	138895	147098	123032	147098	147811
3. Retail Banking	310637	324147	312238	310637	312238	324152
4. Other Banking	-	-	-	-	-	-
5. Unallocated	50099	48904	58178	50099	58178	58520
<b>Total (b)</b>	<b>636249</b>	<b>634130</b>	<b>621363</b>	<b>636249</b>	<b>621363</b>	<b>626419</b>
<b>Total Segment Liabilities (a+b)</b>	<b>6759050</b>	<b>6792042</b>	<b>6653125</b>	<b>6759050</b>	<b>6653125</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 31<sup>st</sup> December 2018 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at the meeting held on 12<sup>th</sup> February 2019. 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 31<sup>st</sup> December 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 in accordance with 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 an 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, etc.
5. In the Annual General Meeting held on 9<sup>th</sup> August 2018, the shareholders of the bank approved an issue of 7,26,63,937 bonus shares to equity shareholders, in the proportion of 1 (one) bonus share of Rs. 2/- each for every 10 (ten) fully paid up equity shares. Correspondingly, the basic and diluted Earnings Per Share have been restated for the previous period / year.
6. Reserve Bank of India vide circulars DBR No. BP.BC.102/21.04.048/2017-18 dated April 02, 2018 and DBR No. BP.BC.113/21.04.048/2017-18 dated June 15, 2018, granted Banks the option to amortise provisioning for mark-to-market losses on investments held in AFS and HFT categories for the quarters ended 31<sup>st</sup> December 2017, 31<sup>st</sup> March 2018 and 30<sup>th</sup> June 2018, equally over four quarters, commencing with the quarter in which the loss was incurred. Accordingly, the Bank has charged proportionate un-amortised MTM loss of Rs. 2540 lakhs pertaining to the quarters ended 31<sup>st</sup> March, 2018 and 30<sup>th</sup> June, 2018 to the profit and loss account during the quarter ended 31<sup>st</sup> December 2018 and the balance amount of Rs. 2106 lakhs pertaining to the quarter ended 30<sup>th</sup> June 2018 will be amortised during the quarter ending 31<sup>st</sup> March 2019.
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 <https://www.kvb.co.in/about-us/disclosures/disclosures-pillar-III/>. 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 56.09% as on 31<sup>st</sup> December 2018.
9. The financial results for the quarter ended 31<sup>st</sup> December 2017, and for the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> December 2017, were reviewed by the predecessor Central Statutory Auditors. Also, the financial results for the year ended 31<sup>st</sup> March 2018 had been audited by the predecessor Central Statutory Auditors.
10. Previous period's/year's figures have been re-classified / regrouped wherever considered necessary to conform to the current period's classification

For and on behalf of Board of Directors

Place : Karur  
Date : 12.02.2019

  
P R Seshadri  
Managing Director & CEO



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