

FCD/ 243 /2017-18

November 14, 2017

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 30<sup>th</sup> September 2017.

Please find enclosed the Un-Audited Financial Results and Limited Review Report of the Bank for the half-year ended 30<sup>th</sup> September, 2017, approved by the Board on 14<sup>th</sup> November, 2017.

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.

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**REVIEWED FINANCIAL RESULTS FOR THE QUARTER/ HALF YEAR ENDED 30TH SEPTEMBER 2017**
*(Rs. in lakh)*

| Particulars                                                                                      | 3 Months ended |          |          | Half Year Ended |          | Year ended |
|--------------------------------------------------------------------------------------------------|----------------|----------|----------|-----------------|----------|------------|
|                                                                                                  | 30-09-17       | 30-06-17 | 30-09-16 | 30-09-17        | 30-09-16 | 31-03-17   |
|                                                                                                  | Reviewed       |          |          | Reviewed        |          | Audited    |
| 1. Interest earned (a)+(b)+(c)+(d)                                                               | 140237         | 138408   | 139292   | 278645          | 277795   | 562235     |
| a) Interest / discount on advances /bills                                                        | 111079         | 108855   | 110809   | 219934          | 221448   | 440169     |
| b) Income on Investments                                                                         | 27362          | 27415    | 26253    | 54777           | 52862    | 110604     |
| c) Interest on balances with RBI and other interbank funds                                       | 1532           | 1875     | 1589     | 3407            | 1949     | 8777       |
| d) Others                                                                                        | 264            | 263      | 641      | 527             | 1536     | 2685       |
| 2. Other Income                                                                                  | 23013          | 23630    | 21785    | 46643           | 38013    | 78222      |
| 3. Total Income (1+2)                                                                            | 163250         | 162038   | 161077   | 325288          | 315808   | 640457     |
| 4. Interest Expended                                                                             | 84736          | 84551    | 89796    | 169287          | 180187   | 354865     |
| 5. Operating Expenses (i+ii)                                                                     | 35813          | 32546    | 33013    | 68359           | 62732    | 128495     |
| (i) Employees cost                                                                               | 15507          | 15145    | 15439    | 30652           | 29435    | 60796      |
| (ii) Other operating expenses                                                                    | 20306          | 17401    | 17574    | 37707           | 33297    | 67699      |
| 6. Total Expenditure (4+5)<br>(excluding provision and contingencies )                           | 120549         | 117097   | 122809   | 237646          | 242919   | 483360     |
| 7. Operating Profit before Provisions and Contingencies (3-6)                                    | 42701          | 44941    | 38268    | 87642           | 72889    | 157097     |
| 8. Provisions (other than tax) and Contingencies                                                 | 32136          | 23344    | 18237    | 55480           | 31248    | 68750      |
| 9. Exceptional items                                                                             | 0              | 0        | 0        | 0               | 0        | 0          |
| 10. Profit from Ordinary activities before tax (7-8-9)                                           | 10565          | 21597    | 20031    | 32162           | 41641    | 88347      |
| 11. Tax expense                                                                                  | 3000           | 6800     | 7400     | 9800            | 14375    | 27749      |
| 12. Net Profit from ordinary activities after tax (10-11)                                        | 7565           | 14797    | 12631    | 22362           | 27266    | 60598      |
| 13. Extraordinary items (net of tax expense)                                                     | 0              | 0        | 0        | 0               | 0        | 0          |
| 14. Net Profit for the period (12-13)                                                            | 7565           | 14797    | 12631    | 22362           | 27266    | 60598      |
| 15. Paid-up equity share capital (FV Rs.2/-)                                                     | 12186          | 12186    | 12186    | 12186           | 12186    | 12186      |
| 16. Reserves excluding Revaluation Reserve<br>(as per balance sheet of previous accounting year) |                |          |          |                 |          | 445109     |


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| Particulars                               | 3 Months ended |          |          | Half Year Ended |          | Year ended |
|-------------------------------------------|----------------|----------|----------|-----------------|----------|------------|
|                                           | 30-09-17       | 30-06-17 | 30-09-16 | 30-09-17        | 30-09-16 | 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   | 12.22%         | 11.71%   | 11.44%   | 12.22%          | 11.44%   | 12.54%     |
| (iii) Earnings per share ^ (EPS) (Rs.)    |                |          |          |                 |          |            |
| a)Basic EPS before extraordinary items    | 1.24           | 2.43     | 10.37 *  | 3.67            | 22.37 *  | 9.95       |
| b) Diluted EPS before extraordinary items | 1.24           | 2.43     | 10.37 *  | 3.67            | 22.37 *  | 9.95       |
| c) Basic EPS after extraordinary items    | 1.24           | 2.43     | 10.37 *  | 3.67            | 22.37 *  | 9.95       |
| d) Diluted EPS after extraordinary items  | 1.24           | 2.43     | 10.37 *  | 3.67            | 22.37 *  | 9.95       |
| (iv) NPA Ratios                           |                |          |          |                 |          |            |
| a) Gross NPA                              | 213619         | 180701   | 90274    | 213619          | 90274    | 148381     |
| b) Net NPA                                | 140730         | 118916   | 56514    | 140730          | 56514    | 103346     |
| c) % of Gross NPA                         | 4.83%          | 4.27%    | 2.29%    | 4.83%           | 2.29%    | 3.58%      |
| d) % of Net NPA                           | 3.24%          | 2.85%    | 1.44%    | 3.24%           | 1.44%    | 2.53%      |
| (v) Return on Asset (annualized)          | 0.48%          | 0.95%    | 0.86%    | 0.71%           | 0.93%    | 1.00%      |

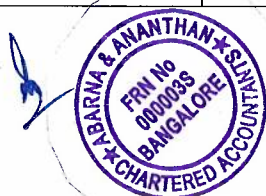
^ EPS not annualized for the quarter / half-year

\*Sub division of face value of shares from Rs. 10/- to Rs. 2/-per share was effected during the quarter ended December 31, 2016. For the quarter & period ended September 2016, EPS has been calculated with face value of Rs.10/- each

#### STATEMENT OF ASSETS AND LIABILITIES AS ON 30TH SEPTEMBER 2017

(Rs. in lakh)

| Capital and Liabilities               | As on 30.09.2017<br>(Reviewed) | As on 30.09.2016<br>(Reviewed) | As on 31.03.2017<br>(Audited) |
|---------------------------------------|--------------------------------|--------------------------------|-------------------------------|
| Capital                               | 12186                          | 12186                          | 12186                         |
| Reserves and Surplus                  | 513185                         | 476558                         | 491383                        |
| Deposits                              | 5639988                        | 5200213                        | 5369981                       |
| Borrowings                            | 66295                          | 146640                         | 169565                        |
| Other Liabilities and Provisions      | 164217                         | 128184                         | 137647                        |
| <b>Total Liabilities</b>              | <b>6395871</b>                 | <b>5963781</b>                 | <b>6180762</b>                |
| <b>Assets</b>                         |                                |                                |                               |
| Cash & Balances with RBI              | 294952                         | 271126                         | 279047                        |
| Balances with Banks and Money at Call | 98839                          | 145002                         | 155462                        |
| Investments                           | 1468041                        | 1428697                        | 1485749                       |
| Advances                              | 4343479                        | 3911704                        | 4090772                       |
| Fixed Assets                          | 47375                          | 42373                          | 41861                         |
| Other Assets                          | 143185                         | 164879                         | 127871                        |
| <b>Total Assets</b>                   | <b>6395871</b>                 | <b>5963781</b>                 | <b>6180762</b>                |



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**SEGMENT REPORTING FOR THE PERIOD ENDED 30TH SEPTEMBER 2017**
*(Rs. in lakh)*

| Business Segments                         | 3 Months ended |          |          | Half Year Ended |          | Year ended |
|-------------------------------------------|----------------|----------|----------|-----------------|----------|------------|
|                                           | 30-09-17       | 30-06-17 | 30-09-16 | 30-09-17        | 30-09-16 | 31-03-17   |
|                                           | Reviewed       |          |          | Reviewed        |          | Audited    |
| Segment Revenue                           |                |          |          |                 |          |            |
| 1. Treasury Operations                    | 32074          | 35057    | 36711    | 67131           | 66213    | 143754     |
| 2. Corporate/Wholesale Banking Operations | 40435          | 44535    | 43055    | 84970           | 87146    | 175576     |
| 3. Retail Banking Operations              | 90338          | 82048    | 81076    | 172386          | 161909   | 319998     |
| 4. Other Banking Operations               | 404            | 397      | 235      | 801             | 540      | 1128       |
| Total                                     | 163251         | 162037   | 161077   | 325288          | 315808   | 640456     |
| Segment Results                           |                |          |          |                 |          |            |
| 1. Treasury Operations                    | 9179           | 11614    | 12917    | 20793           | 19547    | 41650      |
| 2. Corporate/Wholesale Banking Operations | 12763          | 14721    | 12046    | 27484           | 25130    | 54432      |
| 3. Retail Banking Operations              | 25836          | 23658    | 19048    | 49494           | 39300    | 83508      |
| 4. Other Banking Operations               | 366            | 359      | 211      | 725             | 488      | 1020       |
| Total                                     | 48144          | 50352    | 44222    | 98496           | 84465    | 180610     |
| Unallocated Income/Expenses               | 5443           | 5411     | 5953     | 10854           | 11576    | 23513      |
| Operating Profit                          | 42701          | 44941    | 38269    | 87642           | 72889    | 157097     |
| Income Taxes                              | 3000           | 6800     | 7400     | 9800            | 14375    | 27749      |
| Other Provisions                          | 32136          | 23344    | 18238    | 55480           | 31248    | 68750      |
| Net Profit from ordinary activities       | 7565           | 14797    | 12631    | 22362           | 27266    | 60598      |
| Extraordinary items                       | 0              | 0        | 0        | 0               | 0        | 0          |
| Net Profit                                | 7565           | 14797    | 12631    | 22362           | 27266    | 60598      |
| Other Information                         |                |          |          |                 |          |            |
| Segment Assets                            |                |          |          |                 |          |            |
| 1. Treasury Operations                    | 1510999        | 1549165  | 1488569  | 1510999         | 1488569  | 1495821    |
| 2. Corporate/Wholesale Banking Operations | 1351303        | 1435867  | 1366683  | 1351303         | 1366683  | 1351162    |
| 3. Retail Banking Operations              | 2992176        | 2733905  | 2545021  | 2992176         | 2545021  | 2739610    |
| 4. Other Banking Operations               | 0              | 0        | 0        | 0               | 0        | 0          |
| 5. Unallocated Assets                     | 541393         | 533919   | 563508   | 541393          | 563508   | 594169     |
| Total                                     | 6395871        | 6252856  | 5963781  | 6395871         | 5963781  | 6180762    |
| Segment Liabilities                       |                |          |          |                 |          |            |
| 1. Treasury Operations                    | 1411524        | 1449971  | 1430618  | 1411524         | 1430618  | 1448711    |
| 2. Corporate/Wholesale Banking Operations | 1233545        | 1305869  | 1235316  | 1233545         | 1235316  | 1219454    |
| 3. Retail Banking Operations              | 2730962        | 2486610  | 2299778  | 2730962         | 2299778  | 2472378    |
| 4. Other Banking Operations               | 0              | 0        | 0        | 0               | 0        | 0          |
| 5. Unallocated Liabilities                | 494469         | 485720   | 509325   | 494469          | 509325   | 536649     |
|                                           |                |          |          |                 |          |            |
| Capital Employed                          | 525371         | 524686   | 488744   | 525371          | 488744   | 503570     |
| Total Liabilities                         | 6395871        | 6252856  | 5963781  | 6395871         | 5963781  | 6180762    |

GEOGRAPHIC SEGMENTS: The Bank operates only in Domestic segment.


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**Notes:**

- 1) The above financial results for the period ended 30<sup>th</sup> September 2017 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at the meeting held on 14<sup>th</sup> November 2017. 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 30<sup>th</sup> September 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 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_disclosures.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.)
- 7) 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 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 September 2017 (Rs. 121.89 crore during the quarter ended September 2017). Consequently, the balance amount to be reversed in the ensuing quarter is Nil.



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8) Pursuant to RBI circular FMRD DIRD.10/14.03.002/2015-16 dated May 19, 2016, as amended, the Bank has with effect from November 26, 2016 considered its 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's/year have been regrouped/reclassified to conform to current period's/quarter classification. The above regrouping/reclassification has no impact on the profit of the Bank for the quarter/period ended 30<sup>th</sup> September, 2017 or the previous periods/quarters.

9) Provision Coverage Ratio is 54.09% as on 30<sup>th</sup> September 2017.

10) The position of investor complaints is as under -

No. of complaints pending at the beginning of the quarter Nil; received during the quarter 08; disposed of during the quarter 08; pending at the end of the quarter Nil.

11) 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: 14.11.2017

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

For Abarna & Ananthan

Chartered Accountants

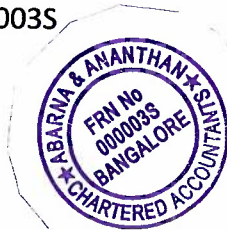
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Lalitha Rameswaran

Partner

Membership No. 207867



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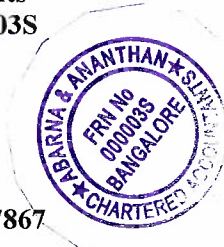
**Independent Auditor's Review Report on Review of Interim Financial Results**

**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 six months ended 30<sup>th</sup> September, 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 : 14.11.2017**

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**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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