



Karur Vysya Bank

Smart way to bank

FCD / 298 /2016-17

January 25, 2017

The Secretary,
National Stock Exchange of India Limited.,
Exchange Plaza, 5th 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 31st December 2016.

Please find enclosed the Un-Audited Financial Results and Limited Review Report of the Bank for the period ended 31st December 2016, approved by the Board on 25th January 2017.

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 2016

(₹ in lakhs)

Particulars	3 Months ended			9 Months Ended		Year ended
	31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Mar-16
	Reviewed			Reviewed		Audited
1. Interest earned (a)+(b)+(c)+(d)	141116	139292	135236	418911	407323	544339
a) Interest / discount on advances /bills	108322	110809	107567	329770	324209	432937
b) Income on Investments	28559	26253	27203	81421	81569	109578
c) Interest on balances with RBI and other interbank funds	3397	1589	20	5346	135	224
d) Others	838	641	446	2374	1410	1600
2. Other Income	17010	21785	17278	55023	54068	70682
3. Total Income (1+2)	158126	161077	152514	473934	461391	615021
4. Interest Expended	89353	89796	90416	269540	276451	366203
5. Operating Expenses (i+ii)	41591	39331	29541	116960	87286	125276
(i) Employees cost	17562	15439	12655	46997	40811	54738
(ii) Other operating expenses	24029	23892	16886	69963	46475	70538
6. Total Expenditure (4+5) excluding provision and contingencies	130944	129127	119957	386500	363737	491479
7. Operating Profit before Provisions and Contingencies (3-6)	27182	31950	32557	87434	97654	123542
8. Provisions (other than tax) and Contingencies	9431	11919	9274	28042	33641	32379
9. Exceptional items	0	0	0	0	0	0
10. Profit /(Loss) from Ordinary activities before tax (7-8-9)	17751	20031	23283	59392	64013	91163
11. Tax expense	6175	7400	8000	20550	21050	34400
12. Net Profit from ordinary activities after tax(10-11)	11576	12631	15283	38842	42963	56763
13. Extraordinary items (net of tax expense)	0	0	0	0	0	0
14. Net Profit for the period (12-13)	11576	12631	15283	38842	42963	56763
15. Paid-up equity share capital (FV Rs.2/-) (*)	12186	12186	12186	12186	12186	12186
16. Reserves excluding Revaluation Reserve (as per balance sheet of previous accounting year)						445109


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	3 Months ended			9 Months Ended		Year ended
	31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Mar-16
	Reviewed			Reviewed		Audited
17. Analytical Ratios						
(i) % of shares held by Government of India						
(ii) Capital Adequacy Ratio-Basel II	11.93%	11.48%	13.30%	11.93%	13.30%	12.26%
Capital Adequacy Ratio-Basel III	11.79%	11.44%	12.90%	11.79%	12.90%	12.17%
(iii) Earnings per share (EPS)						
a) Basic EPS before extraordinary items (not to be annualized)	(*) 1.90	10.37	12.54	(*) 6.37	35.26	46.59
b) Diluted EPS before extraordinary items (not to be annualized)	(*) 1.90	10.37	12.54	(*) 6.37	35.26	46.59
a) Basic EPS after extraordinary items (not to be annualized)	(*) 1.90	10.37	12.54	(*) 6.37	35.26	46.59
b) Diluted EPS after extraordinary items (not to be annualized)	(*) 1.90	10.37	12.54	(*) 6.37	35.26	46.59
(iv) NPA Ratios						
a) Gross NPA	102224	90274	72118	102224	72118	51118
b) Net NPA	63752	56514	35951	63752	35951	21617
c) % of Gross NPA	2.66%	2.29%	1.91%	2.66%	1.91%	1.30%
d) % of Net NPA	1.68%	1.44%	0.96%	1.68%	0.96%	0.55%
e) Return on Asset(annualized)	0.74%	0.86%	1.10%	0.87%	1.05%	1.03%

(*) Refer note no.5 regarding sub division of face value of shares from ₹10/- to ₹ 2/- per share during the quarter ended December 31, 2016.

Segment Reporting for the period ended 31st December 2016

Business Segments	3 Months ended			9 Months Ended		Year ended
	31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Mar-16
	Reviewed			Reviewed		Audited
Segment Revenue						
1. Treasury Operations	36153	36711	30700	102366	94633	124751
2. Corporate/Wholesale Banking	44420	43055	44924	131566	132430	178607
3. Retail Banking Operations	77326	81076	76633	239235	233539	310566
4. Other Banking Operations	226	235	257	766	789	1098
Total	158125	161077	152514	473933	461391	615022
Segment Results						
1. Treasury Operations	9732	12917	3229	29279	17288	25685
2. Corporate/Wholesale Banking	11472	9858	12256	32189	34666	44824
3. Retail Banking Operations	12445	14917	22556	43521	62213	74823
4. Other Banking Operations	201	211	234	689	719	1000
Total	33850	37903	38275	105678	114886	146332



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(₹ in lakhs)

Unallocated Income/Expenses	6668	5953	5718	18244	17232	22790
Operating Profit	27182	31950	32557	87434	97654	123542
Income Taxes	6175	7400	8000	20550	21050	34400
Other Provisions	9431	11919	9274	28042	33641	32379
Net Profit from ordinary activities	11576	12631	15283	38842	42963	56763
Extraordinary items	0	0	0	0	0	0
Net Profit	11576	12631	15283	38842	42963	56763

Other Information

Segment Assets	3 Months ended			9 Months Ended		Year ended
	31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Mar-16
	Reviewed			Reviewed		Audited
1. Treasury Operations	1920327	1488569.04	1426645	1920327	1426645	1457311
2. Corporate/Wholesale Banking Operations	1351451	1366683	1418676	1351451	1418676	1399159
3. Retail Banking Operations	2446357	2545021	2315948	2446357	2315948	2509279
4. Other Banking Operations	0	0	0	0	0	0
5. Unallocated Assets	633771	563508	455828	633771	455828	532723
Total	6351906	5963781	5617097	6351906	5617097	5898472
Segment Liabilities						
1. Treasury Operations	1884249	1430618	1375348	1884249	1375348	1417905
2. Corporate/Wholesale Banking Operations	1210046	1235316	1277327	1210046	1277327	1267263
3. Retail Banking Operations	2189797	2299778	2085623	2189797	2085623	2273342
4. Other Banking Operations	0	0	0	0	0	0
5. Unallocated Liabilities	567494	509325	410587	567494	410587	482667
Capital Employed	500320	488744	468212	500320	468212	457295
Total Liabilities	6351906	5963781	5617097	6351906	5617097	5898472

GEOGRAPHIC SEGMENTS: The Bank operates only in Domestic segment.

Notes:

1) The above financial results for the period ended December 31, 2016 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at their meeting held on January 25, 2017 and 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 December 31, 2016 as compared to those followed in the preceding financial year ended 31st March 2016.



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- 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) 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) During the period/quarter ended December 31, 2016, one Equity Share Face Value of Rs.10/- each was sub-divided into five Equity Shares face Value of Rs. 2/- each with effect from November 18th, 2016. The EPS calculations reported at Sl.No.17 (iii) under Analytical Ratios for the 3 months / 9 months ended December 2016 have been calculated taking into account face value of Rs.2/- each. The EPS calculations reported therein for the corresponding periods ended December 31, 2015, previous quarter ended September 30, 2016 and for the year ended March 31, 2016 are based on the face value of Rs.10/- each as it existed as on the said dates.
- 6) In accordance with the 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. These disclosures have not been subjected to review/audit by the Statutory Central Auditors.
- 7) The Bank had made a provision of ₹35.52 crore being 15% of the outstanding food credit availed by the State Government of Punjab as at 31.03.2016. During the 9 months ended December 2016 an excess provision of ₹ 12.68 crore was written back.
- 8) In accordance with RBI guidelines, Bank has shifted Securities amounting to ₹106.76 crore from AFS to HTM category and ₹406.31 crore from HTM to AFS category and the resultant depreciation of ₹0.93 crore has been charged to Profit and Loss account during the first quarter of the current financial year, (corresponding depreciation charged during the 1st quarter of the previous financial year being ₹ 3.38 crore).
- 9) In terms of RBI circular DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015 in respect of assets sold to SC/RCs, the shortfall arrived at by deducting the sale consideration and the provision held as on the date of the sale from the outstanding amount can be amortised over two years. Accordingly, for those sales that were concluded during the previous financial year ended 31st March 2016, the Bank has charged to the Profit and Loss Account an amount of ₹189.57 crore during the period ended 31st December, 2016 (₹63.19 crore for the current quarter) and balance carried over as at 31st December, 2016 is **₹248.26 crore.**
- 10) In terms of RBI circular DBR.No.BP.BC.83/21.01.048/2014-15 dated 01st April 2015, banks are allowed to make provision in respect of fraud accounts, over a period not exceeding four quarters commencing with the quarter in which the fraud has been detected. In respect of frauds reported during the Financial Year 2015-16, an amount of ₹41.83 crore has been provided during the nine months period ended December, 31 2016 (Nil for the current quarter) and balance carried over as at the end of the quarter is Nil.



THE KARUR VYSYA BANK LIMITED

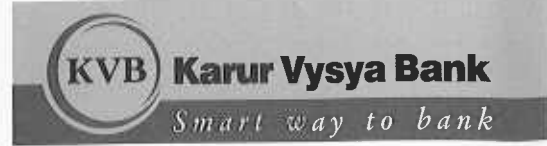
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11) Pursuant to RBI circular FMRD.DIRD.10/14.03.002/2015-16 dated May 19, 2016, as amended, the Bank has with effect from November 26, 2016 considered its repo / reverse repo transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing 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 periods have been regrouped/reclassified to conform to current period's classification. The above regrouping/reclassification has no impact on the profit of the Bank for the quarter/Nine Months ended 31st December, 2016 or the previous periods/year.

12) Provision Coverage Ratio is 67.06 % as on December 31, 2016.

13) The position of investor complaints is as under.

No. of complaints pending at the beginning of the quarter Nil ; received during the quarter 09; disposed off during the quarter 09; pending at the end of the quarter Nil.

14) Previous period's /year's figures have been regrouped, wherever necessary to conform to the current period's classification.

Place : Karur

Date : 25.01.2017

"As per our report of even date"

For Abarna & Ananthan

Chartered Accountants

Firm Registration No. 0000035

For and on behalf of Board of Directors


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


S. Ananthan

Partner

Membership No. 026379



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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 period ended 31st December, 2016 ("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 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. 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.



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Emphasis of Matter

5. Attention is drawn to:

Note no 9, of the Financial Statement, regarding deferment of loss of Rs. 248.26 Cr arising from the sale of certain non-performing assets to Asset Reconstruction Companies during the Financial Year 2015-16.

Our conclusion is not modified in respect of this matter.

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



**S. Ananthan
Partner
Membership No : 026379**



**Place: Karur
Date : 25/01/2017**

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