Karur Vysya Bank
Smart way to bank

FCD/Q3/NSE/406 /2019-20

Feb. 01, 2020

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 quarter/nine months ended 31st December 2019.

Pursuant to Regulations 30, 33 and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the un-audited financial results for the quarter/nine months ended 31st December 2019. 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.

Kindly take the same on your records.

Yours faithfully

(P. R. Seshadri)
Managing Director & C E O

THE KARUR VYSYA BANK LTD. FCD C.O.

THE KARUR VYSYA BANK LIMITED
Finance & Control Department
Registered & Central Office, No. 20, Erode Road,
Vadivel Nagar, L.N.S. Karur – 639002. Tamil Nadu
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Independent Auditor's Review Report on Unaudited Quarterly and Year to Date Financial Results of The Karur Vysya Bank Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of The Karur Vysya Bank limited

1. We have reviewed the accompanying statement of unaudited financial results ('the Statement') of The Karur Vysya Bank Limited ('the Bank') for the quarter ended 31 December 2019 and the year to date results for the period 01 April 2019 to 31 December 2019, being submitted by the Bank pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including relevant circulars issued by the SEBI from time to time, except for the disclosures relating to Pillar 3 disclosure as at 31 December 2019, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement, and have not been reviewed by us.

2. The Statement, which is the responsibility of the Bank's management and has been approved by the Bank's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25, Interim Financial Reporting ('AS 25'), prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India ('the RBI') from time to time ('the RBI guidelines'), the presentation requirements of SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016, (hereinafter referred to as 'the SEBI Circular'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement 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. 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 the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, 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.

Walker Chandiok & Co. LLP Kochi

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4. As explained in note 7 to the accompanying Statement, which describes that certain non-performing advances amounting to INR 17975.07 lakhs (net of provisions), have been continued to be classified as Red Flagged Accounts by the Bank as at 31 December 2019 beyond a period of six months, being the time period stipulated for change of status for such Red Flagged Accounts in accordance with the Master Direction DBS.CO.CFMC.BC.No.1/23.04.001/2016-17 dated July 01, 2016 (Updated as on July 03, 2017) issued by the Reserve Bank of India due to the ongoing forensic audits. Based on pendency of the aforesaid forensic audits, the management is of the view that no additional provision is required to be made in the accompanying Statement for the period ended 31 December 2019. However, in absence of the sufficient appropriate evidence to support such management assessment, we are unable to comment on adjustments, if any, that may be required to be made to the provisions carried in respect of these advances and their consequential impact, if any on the accompanying Statement.

5. Based on our review conducted as above, except for the possible effects of the matter described in previous section, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in AS 25 prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), the RBI guidelines, the presentation requirements of the SEBI Circular, and other accounting principles generally accepted in India, 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 (as amended), 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 RBI in respect of income recognition, asset classification, provisioning and other related matters, except for the disclosures relating to Pillar 3 disclosure as at 31 December 2019, including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us, or that it contains any material misstatement.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

Krishnakumar Ananthasivan
Partner
Membership No. 206229

Walker Chandiok & Co. LLP Kochi

UDIN : 20206229AAAAAX1840

Place : Karur
Date : 01 February 2020

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31st DECEMBER 2019

(Rs. in lakh)

Particulars	Quarter ended			Nine months ended		Year ended
	31-12-2019	30-09-2019	31-12-2018	31-12-2019	31-12-2018	31-03-2019
	Unaudited			Unaudited		Audited
1. Interest earned (a+b+c+d)	**150378**	**153751**	**144276**	**453382**	**434223**	**581582**
a) Interest / discount on advances / bills	115236	119324	114174	352110	343510	459638
b) Income on Investments	29181	30021	29223	87415	86897	115059
c) Interest on balances with Reserve Bank of India & other interbank funds	3732	4163	549	11141	2782	4290
d) Other Interest	2229	243	330	2716	1034	2595
2. Other Income	26006	27773	25989	80763	69032	96277
3. Total Income (1+2)	**176384**	**181524**	**170265**	**534145**	**503255**	**677859**
4. Interest Expended	92657	94123	86193	277636	259864	345300
5. Operating Expenses (i+ii)	45254	44285	41571	130407	118789	161480
(i) Employees cost	22549	21299	19767	64223	54889	76117
(ii) Other operating expenses	22705	22986	21804	66184	63900	85363
6. Total Expenditure *(excluding provisions and contingencies)* (4+5)	**137911**	**138408**	**127764**	**408043**	**378653**	**506780**
7. Operating Profit *before provisions and contingencies* (3-6)	**38473**	**43116**	**42501**	**126102**	**124602**	**171079**
8. Provisions (other than tax) and Contingencies	36426	36517	40040	105940	103621	138855
9. Exceptional items	-	-	-	-	-	-
10. Profit from ordinary activities before tax (7-8-9)	**2047**	**6599**	**2461**	**20162**	**20981**	**32224**
11.Tax expense	540	266	341	5030	5896	11137
12. Net Profit from ordinary activities after tax (10-11)	1507	6333	2120	15132	15085	21087
13. Extraordinary items (net of tax expense)	-	-	-	-	-	-
14. Net Profit for the period (12-13)	**1507**	**6333**	**2120**	**15132**	**15085**	**21087**
15. Paid-up equity share capital (FV Rs. 2/- per share)	15986	15986	15986	15986	15986	15986
16. Reserves excluding Revaluation Reserve						626294

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GSTIN : 33AAACT3373J1ZD

Particulars	Quarter ended			Nine months ended		Year ended
	31-12-2019	30-09-2019	31-12-2018	31-12-2019	31-12-2018	31-03-2019
	Unaudited			Unaudited		Audited
17. Analytical Ratios						
(i) % of shares held by Government of India	-	-	-	-	-	-
(ii) Capital Adequacy Ratio - Basel III	15.87%	15.99%	14.59%	15.87%	14.59%	16.00%
(iii) Earnings per share (EPS)^ (Rs.)						
a) Basic EPS before and after extraordinary items	0.19	0.79	0.27	1.89	1.89	2.64
b) Diluted EPS before and after extraordinary items	0.19	0.79	0.27	1.89	1.89	2.64
(iv) NPA Ratios						
a) Gross NPA	442397	439103	405573	442397	405573	444957
b) Net NPA	194568	211835	229560	194568	229560	242034
c) % of Gross NPA	8.92%	8.89%	8.49%	8.92%	8.49%	8.79%
d) % of Net NPA	4.13%	4.50%	4.99%	4.13%	4.99%	4.98%
(v) Return on Asset (annualised)	0.08%	0.34%	0.12%	0.27%	0.29%	0.31%

^ *EPS not annualised for the quarter/nine months.*

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SEGMENT REPORTING FOR THE QUARTER/NINE MONTHS ENDED 31st DECEMBER 2019

(Rs. in lakh)

Business Segments	Quarter ended			Nine months ended		Year ended
	31-12-2019	30-09-2019	31-12-2018	31-12-2019	31-12-2018	31-03-2019
	Unaudited			Unaudited		Audited
Segment Revenue						
1. Treasury	38284	44326	33463	121713	94058	130725
2. Corporate/Wholesale Banking	37270	37798	39759	113443	124958	165386
3. Retail Banking	100010	98694	96458	296837	282527	379250
4. Other Banking Operations	820	706	585	2152	1712	2498
Total	**176384**	**181524**	**170265**	**534145**	**503255**	**677859**
Segment Results						
1. Treasury	9472	15224	9914	38758	21242	34590
2. Corporate/Wholesale Banking	9437	9176	10904	28907	36852	48484
3. Retail Banking	25785	24673	27278	76402	82874	109855
4. Other Banking Operations	717	621	517	1893	1525	2219
Total	**45411**	**49694**	**48613**	**145960**	**142493**	**195148**
Less: Unallocated Expenses	6938	6578	6112	19858	17891	24069
Operating Profit	**38473**	**43116**	**42501**	**126102**	**124602**	**171079**
Tax expense	540	266	341	5030	5896	11137
Other Provisions	36426	36517	40040	105940	103621	138855
Net Profit from ordinary activities	**1507**	**6333**	**2120**	**15132**	**15085**	**21087**
Extraordinary items	-	-	-	-	-	-
Net Profit	**1507**	**6333**	**2120**	**15132**	**15085**	**21087**
Segment Assets						
1. Treasury	1978272	2031770	1620475	1978272	1620475	1560418
2. Corporate/Wholesale Banking	1245554	1266351	1302805	1245554	1302805	1359870
3. Retail Banking	3466386	3443830	3297721	3466386	3297721	3498211
4. Other Banking Operations	-	-	-	-	-	-
5. Unallocated	575271	599480	538247	575271	538247	515512
Total Segment Assets	**7265483**	**7341431**	**6759248**	**7265483**	**6759248**	**6934011**
Segment Liabilities						
1. Treasury	1896941	2009300	1468041	1896941	1468041	1446291
2. Corporate/Wholesale Banking	1111004	1116766	1179811	1111004	1179811	1226053

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Business Segments	Quarter ended			Nine months ended		Year ended
	31-12-2019	30-09-2019	31-12-2018	31-12-2019	31-12-2018	31-03-2019
	Unaudited			Unaudited		Audited
3. Retail Banking	3092531	3036956	2987181	3092531	2987181	3154225
4. Other Banking Operations	-	-	-	-	-	-
5. Unallocated	513369	528279	487966	513369	487966	465162
Total (a)	**6613845**	**6691301**	**6122999**	**6613845**	**6122999**	**6291731**
Capital Employed (Segment Assets - Segment Liabilities)						
1. Treasury	81331	22470	152434	81331	152434	114127
2. Corporate/Wholesale Banking	134550	149585	122994	134550	122994	133817
3. Retail Banking	373855	406874	310540	373855	310540	343986
4. Other Banking Operations	-	-	-	-	-	-
5. Unallocated	61902	71201	50281	61902	50281	50350
Total (b)	**651638**	**650130**	**636249**	**651638**	**636249**	**642280**
Total Segment Liabilities (a+b)	**7265483**	**7341431**	**6759248**	**7265483**	**6759248**	**6934011**

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 quarter/nine months ended 31st December 2019 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at the meeting held on 01st February 2020. The same have been subjected to "Limited Review" by the Statutory Central Auditors of the Bank in line with the guidelines issued by the Reserve Bank of India and as per the listing agreement with the stock exchange.

2. There has been no change in the accounting policies followed in the preparation of interim financial results for the quarter/nine months ended 31st December 2019 as compared to those followed in the annual financial statements for the year ended 31st March 2019.

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), recoveries from advances written off, etc.

5. In accordance with RBI circular DBOD.No.BP.BC.1/21.06.201/2015-16 dated 01st July 2015, read together with RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31st March 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.

6. From quarter/half-year ended 30th September 2019, the Bank has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendments) Ordinance, 2019. Accordingly, provision for Income Tax for the quarter and nine months ended 31st December 2019 as well as re-measurement of Deferred Tax Liability and Assets have been made basis the rate prescribed in the aforesaid section.

7. In respect of certain Non-Performing Assets under Red Flag Account, there is a delay over and above the time period of six months as stipulated by the RBI vide Master Direction DBS.CO.CFMC.BC.No.1/23.04.001/2016-17 dated 1st July 2016 (updated as on 3rd July 2017) in classifying the accounts as fraud or otherwise pending completion and receipt of the forensic audit reports. These accounts which have balance outstanding of Rs.17975.07 lakhs (net of provisions) have also been referred to National Company Law tribunal under Corporate Insolvency Resolution Process for recovery/ resolution proceedings. In the opinion of the management, the provisions on these accounts made are adequate and no additional provisions are required to be made as on 31st December 2019.

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8. Provision Coverage Ratio calculated as per Reserve Bank of India guidelines is 65.43% as on 31st December 2019.

9. Previous period's /year's figures have been re-classified / regrouped wherever considered necessary to confirm to the current period's classification.

For and on behalf of Board of Directors

P R Seshadri
Managing Director & CEO

Place : Karur
Date : 1st February 2020

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