KVB **Karur Vysya Bank**
Smart way to bank

IRC: F-48:76:853:2017 25.09.2017

The Manager,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, 'G' Block,
Bandra- Kurla Complex,
Bandra (East), Mumbai 400 051

Dear Sir,

Sub: Limited Review Financial Statements for the quarter ended June 30, 2017.
Ref: In continuation of our Intimation vide letter No. FCD/133/2017-18 dated 28th July 2017.

******

We advise that Board of Directors of the Bank at their meeting held on 25th September 2017 approved the Limited Review Financial Statements of the Bank for the quarter ended June 30, 2017. The same is for the purpose of inclusion of the Limited Review Financial Statements in the Letter of Offer to be filed with Stock Exchange for the proposed Rights issue of the Bank along with Employee Reservation Portion. A copy of the Limited Review Financial Statements is enclosed along with the review report of Auditors.

Please take on record of the same under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Yours faithfully,

Srinivasarao M
Company Secretary &
Asst. General Manager

THE KARUR VYSYA BANK LIMITED
Investor Relations Cell, Registered & Central Office,
Erode Road, Karur - 639002
✆ : 04324 - 269440 -44 Fax:225700
E-mail: kvbshares@kvbmail.com
Website: www.kvb.co.in
CIN : L65110TN1916PLC001295

REORMATTED FINACIAL STATEMENTS EXAMINATION REPORT

To,
The Board of Director,
The Karur Vysya Bank Limited
Registered & Central Office
Erode Road,
Karur 639002

Dear Sirs,

1. We are engaged to report on the reformatted financial statements ("**Financial Statements**") of The Karur Vysya Bank Limited ("**Bank**") for the quarter ended June 30, 2017 annexed to this report for the purpose of inclusion in the Letter Of Offer (herein after referred to as the "**Offering Document**") prepared by the Bank in connection with the proposed Rights issue of its equity shares along with a reservation for the eligible employees of the Bank("**Rights Issue**") in accordance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009,as amended from time to time (the "**SEBI ICDR Regulations**").The preparation of the financial statements is the responsibility of the company's management.

   Our responsibility is to report on the statements based on our procedures.

2 We have examined such statements taking in to consideration:

   (a) the terms of reference dated August 11,2017 received from Bank, in connection with the Offering Document being issued by the Bank for the Rights Issue of its equity shares; and
   (b) the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.

3 We report that the figures disclosed in the "Financial Statements" of the Bank have been extracted by the Management from the financial statements of the Bank for the quarter ended June 30, 2017 that had been approved by the Board of Directors of the Bank. The financial statements for the quarter ended June 30, 2017 have been subjected to limited review by us and in respect of which we have issued an unqualified opinion.

4 For the purpose of this report, we have not performed any additional audit procedures on the above referred limited reviewed financial statements of the Bank for the quarter ended June 30, 2017, including evaluating the possible impact, if any, of subsequent events on the earlier audited financial statements of the Bank.

5 The "Financial Statements" annexed to this report are extracted from the limited reviewed financial statements for the quarter ended June 30, 2017. These "Financial Statements" have been prepared using the same set of accounting policies used for preparing the audited financial statements as at March 31, 2017.

ABARNA & ANANTHAN FRN No 000003S BANGALORE CHARTERED ACCOUNTANTS

Head Office: #521, 3rd Main, 6th Block, 2nd Phase, BSK 3rd Stage, Bangalore 560 085
☎ : +91 8880097322 / 080 26426022 / 🖷: 2672 7430
Branches at : Chennai & Mumbai
✉: audit@abarna-ananthan.com

6 In our opinion, the financial information contained in this report have been prepared in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Section 129 of the Companies Act, 2013 and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement) Regulations, 2009 as amended from time to time.

7 At the Bank's request, we have also examined the following information proposed to be included in the Offering Document prepared by the Management and annexed to this report:
(i) Accounting Ratios, and
(ii) Capitalization statement.

8 This report should not in any way construed as a re-reading of any of the previous audit report issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.

9 This report is intended solely for your information and for inclusion in the Offering Document in connection with the proposed Rights issue by the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

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

S Ananthan
Partner
Membership No.: 026379

Place:-Karur
Date: September 25, 2017

THE KARUR VYSYA BANK LTD.
CENTRAL OFFICE, ERODE ROAD, KARUR 639002
BALANCE SHEET AS ON 30TH JUNE 2017

(₹ in crore)

	SCHEDULE	AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
CAPITAL & LIABILITIES			
Capital	1	121.86	121.86
Reserves & Surplus	2	5125.00	4623.73
Deposits	3	54668.17	50714.83
Borrowings	4	1180.05	1786.68
Other Liabilities and Provisions	5	1433.48	1382.75
TOTAL		**62528.55**	**58629.85**
ASSETS			
Cash and Bank Balances with Reserve Bank of India	6	3107.30	2626.26
Balances with Banks and Money at call and short notice	7	733.86	285.68
Investments	8	15190.93	14568.90
Advances	9	41697.72	38893.83
Fixed Assets	10	426.80	415.90
Other Assets	11	1371.96	1839.29
TOTAL		**62528.55**	**58629.85**
Contingent Liabilities	12	11527.11	10746.47
Bills for collection		3029.29	2785.91

The schedules referred to above form an integral part of Balance Sheet.

For and on behalf of Board of Directors

P.R. Seshadri
Managing Director & CEO

T. Sivarama Prasad
Chief Financial Officer

Place : Karur
Date : 25.09.2017

THE KARUR VYSYA BANK LTD. FCD C.O.

For Abarna & Ananthan

Chartered Accountants

S. Ananthan
Partner
M. No 26371

ABARNA & ANANTHAN CHARTERED ACCOUNTANTS FRN No 0000035 BANGALORE

THE KARUR VYSYA BANK LTD.
CENTRAL OFFICE, ERODE ROAD, KARUR 639002
PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED 30TH JUNE 2017

(₹ in crore)

	SCHEDULE	Q E 30.06.2017 ₹	Q E 30.06.2016 ₹
I INCOME			
Interest earned	13	1384.08	1385.04
Other Income	14	236.30	162.26
TOTAL		**1620.38**	**1547.31**
II EXPENDITURE			
Interest expended	15	845.51	903.91
Operating expenses	16	325.46	297.19
Provisions and Contingencies		301.44	199.86
TOTAL		**1472.41**	**1400.96**
III PROFIT			
Net Profit from ordinary activities		**147.97**	**146.35**
Exceptional item		Nil	Nil
Net Profit for the quarter		**147.97**	**146.35**
Profit brought forward		193.31	2.20
TOTAL		**341.28**	**148.55**
IV APPROPRIATIONS			
Transfers to			
Statutory Reserve		Nil	Nil
Capital Reserve		Nil	Nil
Revenue & Other Reserves		Nil	Nil
Investment Reserve		Nil	Nil
Special Reserve U/s 36(1)(viii) of IT Act		Nil	Nil
Proposed Dividend (Including Interim Dividend)		Nil	Nil
Dividend Tax			
		Nil	Nil
BALANCE OF PROFIT		341.28	148.55
TOTAL		**341.28**	**148.55**
Basic Earnings Per Share	(in ₹)	2.43	(*) 12.01
Diluted Earnings Per Share *(Face value Rs. 2/- per share as of June 2017 & Rs. 10/- per share as of June 2016)*	(in ₹)	2.43	(*) 12.01

(*) Face value of Rs.10/- each

For and on behalf of Board of Directors

P.R. Seshadri
Managing Director & CEO

T. Sivarama Prasad
Chief Financial Officer

Place : Karur
Date : 25.09.2017

THE KARUR VYSYA BANK LTD. FCD C.O.

For Abarna & Ananthan

Chartered Accountants

S. Ananthan
Partner
M. No 26379

ABARNA & ANANTHAN CHARTERED ACCOUNTANTS FRN No 000003S BANGALORE

(₹ in crore)

SCHEDULE 1 - CAPITAL	AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
Authorised Capital		
100,00,00,000 Equity Shares of Rs.2 each (20,00,00,000) Equity Shares of Rs. 10 each)	**200.00**	**200.00**
Issued Capital:		
60,97,26,285 Equity Shares of Rs. 2/- each / 12,19,45,257 Equity Shares of ` 10/-each	**121.95**	**121.95**
Subscribed & Paid up Capital:		
60,93,22,270 Equity Shares of Rs. 2/- each	**121.86**	
12,18,64,454 Equity shares of Rs. 10/- each		121.86
TOTAL	**121.86**	**121.86**

SCHEDULE 2 - RESERVES AND SURPLUS		AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
I Statutory Reserve			
Opening Balance		1568.53	1416.53
Addition during the quarter		Nil	Nil
	TOTAL	**1568.53**	**1416.53**
II Capital Reserve			
Opening Balance		168.76	94.89
Addition during the quarter		Nil	Nil
	TOTAL	**168.76**	**94.89**
III Share Premium			
Opening Balance		1214.92	1214.92
Add : Addition during the quarter (ESOS 2011-234845 @ 457.65)		Nil	Nil
	TOTAL	**1214.92**	**1214.92**
IV Revenue and Other Reserve			
a) General Reserve			
Opening Balance		1454.96	1460.50
Add : Write back of unamortise Fraud provision		Nil	Nil
Add: Addition during the quarter		63.19	Nil
	TOTAL	**1518.15**	**1460.50**
b) Investment Reserve			
Opening Balance		53.34	53.34
Addition during the quarter		Nil	Nil
	TOTAL	**53.34**	**53.34**
c) Employee Stock Option outstanding			
Opening Balance		Nil	Nil
	TOTAL	Nil	Nil

ABARNA & ANANTHAN CHARTERED ACCOUNTANTS FRN No 000003S BANGALORE

KARUR VYSYA BANK LTD. FCD C.O.

d) Special Reserve U/s 36(1) (viii) of IncomeTax Act, 1961		
Opening Balance	260.00	235.00
Addition during the quarter		
Add: transferred from General Reserve		
TOTAL	**260.00**	**235.00**
V Balance of Profit :	341.28	148.55
TOTAL I, II, III, IV & V	**5124.99**	**4623.73**

SCHEDULE 3 - DEPOSITS	**AS ON 30.06.2017** ₹	**AS ON 30.06.2016** ₹
A I. Demand Deposits :		
i) From Banks	16.08	21.82
ii) From Others	5854.98	4227.22
TOTAL	**5871.05**	**4249.04**
II. Savings Bank Deposits	10073.68	8069.12
III. Term Deposits		
i) From Banks	4.74	23.06
ii) From Others	38718.70	38373.60
TOTAL	**38723.44**	**38396.66**
TOTAL I, II & III	**54668.17**	**50714.83**
B Deposits from Branches :		
i) In India	54668.17	50714.83
ii) Outside India	Nil	Nil
TOTAL	**54668.17**	**50714.83**

SCHEDULE 4 - BORROWINGS	**AS ON 30.06.2017** ₹	**AS ON 30.06.2016** ₹
I Borrowings in India		
i) Reserve Bank of India	Nil	200.00
ii) Other Banks	Nil	Nil
iii) Other Institutions and Agencies	886.23	1245.05
iv) Other borrowings Subordinated debt bonds	150.00	150.00
TOTAL	**1036.23**	**1595.05**
II Borrowings outside India	143.81	191.63
TOTAL I & II	**1180.05**	**1786.68**
Secured Borrowings included in I and II above	401.15	846.95

ABARNA & ANANTHAN CHARTERED ACCOUNTANTS FRN No 000003S BANGALORE

THE KARUR VYSYA BANK LTD. FCD C.O.

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS	AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
I Bills Payable	391.82	241.21
II Inter Office Adjustments (Net)	Nil	Nil
III Interest Accrued	183.79	254.94
IV Deferred Tax	37.88	172.89
V Other liabilities (including provisions)	819.98	713.70
TOTAL I, II, III, IV & V	**1433.48**	**1382.75**

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA	AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
I Cash in Hand (Including Foreign Currency Notes)	683.42	487.84
II Balances with Reserve Bank of India In Current Account	2423.88	2138.42
TOTAL I & II	**3107.30**	**2626.26**

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICES		AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
I In India			
i) Balances with Banks :			
a) In Current Accounts		41.79	50.04
b) In Other Deposit Accounts		300.72	0.44
ii) Money at Call and Short Notice with Banks			
(a) in RBI Reverse Repo		Nil	Nil
(b) with Banks		Nil	Nil
(c) with Other Institution		Nil	Nil
	TOTAL	**342.51**	**50.48**
II Outside India			
In Current Accounts		Nil	Nil
In Other Deposit Accounts		391.35	235.20
	TOTAL	**391.35**	**235.20**
TOTAL I & II		**733.86**	**285.68**

ABARNA & ANANTHAN CHARTERED ACCOUNTANTS FRN No 000003S BANGALORE

KARUR VYSYA BANK LTD. FCD C.O.

SCHEDULE 8 - INVESTMENTS	AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
I Investments in India		
Break-up		
i) Government Securities	12812.57	12718.10
ii) Other Approved Securities	Nil	Nil
iii) Shares	115.41	96.20
iv) Debentures and Bonds	1015.66	620.21
v) Subsidiaries & Joint Ventures	Nil	Nil
vi) Mutual Fund Units & Others	1247.29	1134.38
	15190.93	**14568.90**
I Investments in India	15293.08	14620.97
Less : Provision for Investment Depreciation	102.15	52.07
TOTAL	**15190.93**	**14568.90**
II Investments outside India	Nil	Nil
TOTAL I & II	**15190.93**	**14568.90**

SCHEDULE 9 - ADVANCES	AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
A i) Bills purchased and discounted	1593.13	1360.94
ii) Cash Credits, Overdrafts and Loans repayable on demand	32007.43	29376.81
iii) Term Loans	8097.15	8156.08
TOTAL	**41697.72**	**38893.83**
B i) Secured by tangible assets (incl. Book Debts)	40983.67	37327.08
ii) Covered by Bank / Government guarantees	449.16	1250.78
iii) Unsecured	264.89	315.96
TOTAL	**41697.72**	**38893.83**
C I Advances in India		
i) Priority Sector	18917.59	16601.92
ii) Public Sector	923.79	1814.42
iii) Banks	Nil	Nil
iv) Others	21856.33	20477.48
TOTAL	**41697.72**	**38893.83**
C II Advances outside India	Nil	Nil
TOTAL CI & CII	**41697.72**	**38893.83**

ABARNA & ANANTHAN CHARTERED ACCOUNTANTS FRN No 000003S BANGALORE

THE KARUR VYSYA BANK LTD. FCD C.O.

SCHEDULE 10 - FIXED ASSETS	AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
I Premises : (After Depreciation)	160.11	155.55
II Building under construction	0.15	4.46
III Other Fixed Assets (including Furniture & Fixtures) : (After Depreciation)	266.54	255.89
TOTAL	**426.80**	**415.90**
TOTAL I, II & III	**426.80**	**415.90**

SCHEDULE 11 - OTHER ASSETS	AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
I Inter Office Adjustments (Net)	88.05	67.01
II Interest Accrued	306.98	297.35
III Tax paid in advance / Tax deducted at source (Net)	Nil	284.65
IV Stationery and Stamps	7.68	7.73
V Deferred Tax	Nil	Nil
VI Non Banking Assets acquired in satisfaction of claims	Nil	Nil
VII Others	969.25	1182.55
TOTAL	**1371.96**	**1839.29**

SCHEDULE 12 - CONTINGENT LIABILITIES	AS ON 30.06.2017 ₹	AS ON 30.06.2016 ₹
I Claims against the Bank not acknowledged as debts	1.53	3.53
II Liability on account of outstanding		
a) Forward Exchange Contracts	5197.60	5121.84
b) Derivatives (Including Forex Derivation)	Nil	Nil
III Guarantees given on behalf of constituents in India	3415.07	3125.82
IV Acceptances, Endorsements and other Obligations	2562.94	2424.71
V Other items for which the Bank is contingently liable	349.98	70.56
TOTAL	**11527.11**	**10746.47**

ABARNA & ANANTHAN CHARTERED ACCOUNTANTS FRN No 000003S BANGALORE

KARUR VYSYA BANK LTD. FCD C.O.

SCHEDULE 13 - INTEREST EARNED	Q E 30.06.2017 ₹	Q E 30.06.2016 ₹
I Interest / discount on advances/bills	1088.55	1106.39
II Income on Investments	274.15	266.09
III Interest on balances with Reserve Bank of India & other inter-bank funds	18.75	3.60
IV Others	2.63	8.96
TOTAL	**1384.08**	**1385.04**

SCHEDULE 14 - OTHER INCOME	Q E 30.06.2017 ₹	Q E 30.06.2016 ₹
I Commission, Exchange and Brokerage	161.07	124.17
II Profit/Loss on sale of investments - Net	47.00	15.12
III Profit on sale of land, buildings and other assets	0.18	0.08
IV Profit on exchange transactions - Net	10.64	10.08
V Miscellaneous Income	17.40	12.82
TOTAL	**236.30**	**162.26**

SCHEDULE 15 - INTEREST EXPENDED	Q E 30.06.2017 ₹	Q E 30.06.2016 ₹
I Interest on Deposits	822.16	878.33
II Interest on Reserve Bank of India/	Nil	Nil
Inter-bank borrowings	3.97	4.50
III Others	19.38	21.09
TOTAL	**845.50**	**903.91**

SCHEDULE 16 - OPERATING EXPENSES	Q E 30.06.2017 ₹	Q E 30.06.2016 ₹
I Payments to and Provisions for employees	151.45	139.96
II Rent, Taxes and Lighting	38.10	27.72
III Printing and Stationery	4.08	1.95
IV Advertisement and Publicity	3.49	5.91
V Depreciation on Bank's Property	19.77	20.01
VI Directors' fees, allowances and expenses	0.38	0.31
VII Auditors' fees and expenses (including branch auditors fees and expenses)	-0.12	0.21
VIII Law Charges	0.43	0.23
IX Postages, Telegrams, Telephones, etc.	6.17	3.56
X Repairs and maintenance	12.83	8.48
XI Insurance	11.95	16.30
XII Other Expenditure	76.93	72.52
TOTAL	**325.45**	**297.19**

ABARNA & ANANTHAN CHARTERED ACCOUNTANTS FRN No 000003S BANGALORE

THE KARUR VYSYA BANK LTD. FCD C.O.

(₹ in Crore)

CASH FLOW STATEMENT	As at 30.06.2017	As at 30.06.2016
	₹	₹
Cash Flow from Operating Activities		
Net Profit as per Profit and Loss account	147.97	146.35
Adjustments for		
Exceptional items	Nil	Nil
Depreciation	19.78	20.01
Interest Paid on TIER II Bond issued	3.69	3.68
Provisions and Contingencies	297.43	199.86
Provision for Leave Encashment	8.04	6.84
Amortization of HTM Securities	7.70	5.22
Provision for Impairment on investments	4.01	0.00
Profit / (Loss) on Sale of Investments	-47.00	-15.12
Profit / (Loss) on Sale of Assets	-0.18	-0.08
Operating Profit before Working Capital changes	441.45	366.76
(Increase) /Decrease in Operating Assets		
Purchase and Sale of Investments	-298.30	-1330.61
Funds Advanced to Customers	-945.53	102.26
Other Operating Assets	-136.94	193.64
	-939.32	-667.94
Increase / (Decrease) in Operating Liabilities		
Deposits from Customers	968.36	635.93
Borrowings from Banks	-515.60	213.44
Other Operating Liabilities	66.12	-11.69
Cash generated from Operations	-420.45	169.73
Direct Taxes Paid	-52.00	-30.00
Net Cash Generated from Operations	-472.45	139.73
Cash Flow from Investing Activities		
Purchase of Fixed Assets	-27.96	-15.86
Sale of Fixed Assets / Other Assets	0.18	0.15
Net Cash Generated from Investing Activities	-27.79	-15.71

THE KARUR VYSYA BANK LTD. FCD C.O.

ABARNA & ANANTHAN CHARTERED ACCOUNTANTS FRN No 000003S BANGALORE

Cash Flow from Financing Activities		
Proceeds from Share Capital	Nil	Nil
Proceeds from Share Premium	Nil	Nil
Interest paid on TIER II Bond issued	-3.69	-3.68
Dividend paid (Incl Interim dividend and Dividend Distribution Tax)	Nil	Nil
Net Cash Flow from Financing Activities	-3.69	-3.68
Cash Flow From Operating Activities	-472.45	139.73
Cash Flow from investing Activities	-27.79	-15.71
Cash Flow from Financing Activities	-3.69	-3.68
Increase in Cash & Cash Equivalent	-503.93	120.34
Cash and Cash Equivalents at the beginning of the Quarter/Year	4345.09	2791.60
Cash and Cash Equivalents at the end of the Quarter / Year	3841.16	2911.94

The above Cash Flow Statement is followed based on indirect method.

For and on behalf of Board of Directors

P.R. Seshadri
Managing Director & CEO

T. Sivarama Prasad
Chief Financial Officer

Place : Karur
Date : 25.09.2017

THE KARUR VYSYA BANK LTD. FCD C.O.

For Abarna & Ananthan
Chartered Accountants

S. Ananthan
Partner
M. No 26379

ABARNA & ANANTHAN CHARTERED ACCOUNTANTS FRN No 000003S BANGALORE