



Karur Vysya Bank

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FCD/Q3/RES/204/2021

Feb. 11, 2021

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 2020.**

Please find enclosed copy of the Un-audited Financial Results for the quarter/nine months ended December 31, 2020. The results were duly approved by the Board of Directors at its meeting held today.

We also enclose a copy of Limited Review Report submitted by M/s. Walker Chandiook & Co. LLP (Registration No. 001076N/N500013), Statutory Auditors of the Bank for the quarter/nine months ended December 31, 2020.

This is for your kind information.

Yours faithfully

Srinivasarao M
Company Secretary &
Asst. General Manager

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 Financial Results and Year to Date Results of the Bank 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 2020 and the year to date results for the period 1 April 2020 to 31 December 2020, 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 2020, 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'), and other accounting principles generally accepted in India, and is in compliance with the presentation and disclosure 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. 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.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

Walker Chandiook & Co LLP

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 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, 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 2020, 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.
5. We draw attention to Note 6, of the accompanying Statement, which describes the uncertainties due to the outbreak of COVID 19 and management's evaluation of its impact on the operations of the Bank. In view of these uncertainties, the impact on the Bank's financial results is significantly dependent on future developments. Further, the aforesaid note describes the impact of non-classification of certain borrower accounts as Non-Performing Assets, as a consequence of an interim order of the Honourable Supreme Court of India dated 3 September 2020 passed in multiple writ petitions referred to in the said note.

Our conclusion is not modified in respect of the above matter.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013



Krishnakumar Ananthasivan

Partner

Membership No. 206229

UDIN No. 21206229AAAAAI5080



Place: Kochi

Date: 11 February 2021

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31st DECEMBER 2020

Particulars	(Rs. in lakh)					
	Quarter ended			Nine months ended		Year ended
	31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
	Unaudited			Unaudited		Audited
1. Interest earned (a+b+c+d)	135031	139470	150378	412111	453382	598998
a) Interest/discount on advances/bills	110465	114030	115236	335706	352110	466505
b) Income on investments	23455	24619	29181	72209	87415	114967
c) Interest on balances with Reserve Bank of India & other interbank funds	843	653	3732	3584	11141	14076
d) Other interest	268	168	2229	612	2716	3450
2. Other income (Refer note 4 below)	25149	27156	26006	84018	80763	115462
3. Total income (1+2)	160180	166626	176384	496129	534145	714460
4. Interest expended	76673	79321	92657	237420	277636	364204
5. Operating expenses (i+ii)	57816	42429	45254	140754	130407	174171
(i) Employees cost	36828	22055	22549	80247	64223	85665
(ii) Other operating expenses	20988	20374	22705	60507	66184	88506
6. Total expenditure (excluding provisions and contingencies) (4+5)	134489	121750	137911	378174	408043	538375
7. Operating profit (before provisions and contingencies) (3-6)	25691	44876	38473	117955	126102	176085
8. Provisions (other than tax) and contingencies	20121	28473	36426	82351	105940	148867
9. Exceptional items	-	-	-	-	-	-
10. Profit from ordinary activities before tax (7-8-9)	5570	16403	2047	35604	20162	27218
11. Tax expense	2107	4914	540	10102	5030	3716
12. Net profit from ordinary activities after tax (10-11)	3463	11489	1507	25502	15132	23502
13. Extraordinary items (net of tax expense)	-	-	-	-	-	-
14. Net profit for the period (12-13)	3463	11489	1507	25502	15132	23502


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GSTIN : 33AAACT3373J1ZD



Particulars	Quarter ended			Nine months ended		Year ended
	31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
	Unaudited			Unaudited		Audited
15. Paid-up equity share capital (FV Rs. 2/- per share)	15986	15986	15986	15986	15986	15986
16. Reserves excluding revaluation reserve						644041
17. Analytical ratios						
(i) % of shares held by Government of India	-	-	-	-	-	-
(ii) Capital adequacy ratio - Basel III (%)	18.52	18.41	15.87	18.52	15.87	17.17
(iii) Earnings per share (EPS)^ (Rs.)						
a) Basic EPS before and after extraordinary items	0.43	1.44	0.19	3.19	1.89	2.94
b) Diluted EPS before and after extraordinary items	0.43	1.44	0.19	3.19	1.89	2.94
(iv) NPA Ratios						
a) Gross NPA	384247	399843	442397	384247	442397	421277
b) Net NPA	126311	142820	194568	126311	194568	180865
c) % of Gross NPA	7.37	7.93	8.92	7.37	8.92	8.68
d) % of Net NPA	2.55	2.99	4.13	2.55	4.13	3.92
(v) Return on asset (annualised) (%)	0.19	0.63	0.08	0.47	0.27	0.32

^ EPS not annualised for the quarter/nine months.



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SEGMENT REPORTING FOR THE QUARTER/NINE MONTHS ENDED 31st DECEMBER 2020

Business Segments	(Rs. in lakh)					
	Quarter ended			Nine months ended		Year ended
	31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
	Unaudited			Unaudited		Audited
Segment revenue						
1. Treasury	30614	38098	38284	113258	121713	166896
2. Corporate/Wholesale banking	31168	30970	37270	93564	113443	150547
3. Retail banking	97654	96847	100010	287481	296837	393881
4. Other banking operations	744	711	820	1826	2152	3136
Total	160180	166626	176384	496129	534145	714460
Segment results						
1. Treasury	8561	14344	9472	42720	38758	57825
2. Corporate/Wholesale banking	4821	8254	9437	21066	28907	39259
3. Retail banking	17215	27183	25785	69183	76402	102577
4. Other banking operations	516	555	717	1362	1893	2760
Total	31113	50336	45411	134331	145960	202421
Less : Unallocated expenses (net)	5422	5460	6938	16376	19858	26336
Operating profit	25691	44876	38473	117955	126102	176085
Tax expense	2107	4914	540	10102	5030	3716
Other provisions	20121	28473	36426	82351	105940	148867
Net profit from ordinary activities	3463	11489	1507	25502	15132	23502
Extraordinary items	-	-	-	-	-	-
Net profit	3463	11489	1507	25502	15132	23502
Segment assets						
1. Treasury	1837265	1862604	1978272	1837265	1978272	1738669
2. Corporate/Wholesale banking	1203033	1149529	1245554	1203033	1245554	1213077
3. Retail banking	3748212	3632652	3466386	3748212	3466386	3396734
4. Other banking operations	-	-	-	-	-	-
5. Unallocated	471255	472687	575271	471255	575271	479337
Total segment assets	7259765	7117472	7265483	7259765	7265483	6827817



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Business Segments	(Rs. in lakh)					
	Quarter ended			Nine months ended		Year ended
	31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
	Unaudited			Unaudited		Audited
Segment liabilities						
1. Treasury	1676339	1710762	1896941	1676339	1896941	1607550
2. Corporate/Wholesale banking	1086600	1033496	1111004	1086600	1111004	1087141
3. Retail banking	3385706	3266230	3092531	3385706	3092531	3043627
4. Other banking operations	-	-	-	-	-	-
5. Unallocated	425590	424917	513369	425590	513369	429472
Total (a)	6574235	6435405	6613845	6574235	6613845	6167790
Capital employed (Segment assets - Segment liabilities)						
1. Treasury	160926	151842	81331	160926	81331	131119
2. Corporate/Wholesale banking	116433	116033	134550	116433	134550	125936
3. Retail banking	362506	366422	373855	362506	373855	353107
4. Other banking operations	-	-	-	-	-	-
5. Unallocated	45665	47770	61902	45665	61902	49865
Total (b)	685530	682067	651638	685530	651638	660027
Total segment liabilities (a+b)	7259765	7117472	7265483	7259765	7265483	6827817

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.

Notes:

1. The above financial results for the quarter/nine months ended 31st December 2020 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at the meeting held on 11th February 2021. 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 (RBI) 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 these financial results for the quarter/nine months ended 31st December 2020 as compared to those followed in the financial statements for the year ended 31st March 2020.



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3. The Bank has made provisions in accordance with 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 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, profit on bullion business etc.
5. In accordance with RBI circular DBOD.No.BP.BC.1/21.06.201/2015-16 dated 1st 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, the 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. COVID-19 pandemic continues to have a significant impact and volatility in the global and domestic economies and consequently the extent to which the same will impact the Bank's operations and financial position remain uncertain and is dependent on several factors including, inter-alia, measures initiated by the Government of India and RBI to mitigate the effects of the pandemic. There is improvement in economic activity consequent to the relaxations of restrictions by Government. The Bank's management continues to closely monitor the day-to-day operations, business and liquidity position as well as adequacy of capital.

RBI vide circular DOR.No.BP.BC.72/21.04.048/2019-20 dated 23rd May 2020 read with circulars DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 and DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March 2020 announced 'COVID-19 Regulatory Package' which envisaged grant of various relief measures to borrowers whose accounts were classified as Standard Assets as on 29th February 2020. Accordingly, Board approved a policy for implementation of the said package including, inter-alia, grant of moratorium on the payment of installments and/or deferment of interest falling due between 1st March 2020 and 31st August 2020 as well as relaxation of certain other parameters, to eligible borrowers.

As on 30th September 2020, the Bank was maintaining provision against the likely impact of COVID-19 amounting to Rs. 21529 lakh. Out of this, during the current quarter, the Bank has utilized Rs. 1404 lakh for creation of RBI mandated provision for advances restructured under "Resolution framework for COVID-19 related stress" and Rs. 6456 lakh for provision in respect of accounts which have not been classified as NPA pursuant to interim order of Honourable Supreme Court.




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The Honourable Supreme Court of India in a writ petition in the matter of Gajendra Sharma Vs. Union of India & Anr. vide its interim order dated 3rd September 2020, has directed Banks that the accounts which were not declared NPA till 31st August 2020 shall not be classified as NPA till further orders. Pursuant to the order, the Bank has not classified any account that was not classified as NPA as on 31st August 2020 as per the prudential IRAC norms of RBI, as NPA after 31st August 2020. During the current quarter, the Bank has made additional provision of Rs. 6525 lakh (Rs. 472 lakh for the quarter ended 30th September 2020) for certain accounts which otherwise would have become NPA had there been no Supreme Court order directing banks not to classify any account as NPA and Rs. 5732 lakh has been provided for certain accounts for which resolution framework have been invoked.

However, if the Bank had classified borrower accounts as NPA after 31st August 2020, the Bank's proforma Gross NPA ratio and proforma Net NPA ratio would have been 9.07% and 4.08% respectively as at 31st December 2020. The Bank has also not recognized the unrealized interest on these accounts and not considered these accounts as NPA for computation of capital adequacy ratio as at 31st December 2020.

The aggregate of the above provisions including provision for likely impact of COVID-19 and RBI mandated provision as on 31st December 2020 is Rs. 34258 lakh and provisions held by the Bank against the potential impact of COVID-19 are in excess of the RBI prescribed norms.

7. Hitherto, the Bank was making payment for proposed wage revision based on certain estimates. Pursuant to the 11th Bipartite Settlement and Joint Note dated 11th November 2020 entered into between Indian Banks' Association and Workmen Unions and Officers' Associations respectively, Bank has assessed the impact of wage revision and has created an additional provision of Rs. 17464 lakh during the quarter ended 31st December 2020 and Rs. 2355 lakh for the half year ended 30th September 2020.
8. Provision Coverage Ratio as on 31st December 2020, calculated as per the guidelines of RBI, is 77.35% (previous period 65.43%).
9. Previous period's/year's figures have been re-classified/regrouped wherever considered necessary to confirm to the current period's/year's classification.

For and on behalf of Board of Directors



B Ramesh Babu
Managing Director & CEO

Place: Karur

Date: 11th February 2021



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