



Karur Vysya Bank

Smart way to bank

FCD/ 229 /2016-17

October 27th, 2016

The Secretary
The Stock Exchange, Mumbai.
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI - 400 001.

Dear Sirs,

Reg: Un-audited Financial Results of the Bank for the period ended 30th September 2016.

Please find enclosed the Un-Audited Financial Results and Limited Review Report of the Bank for the half-year ended 30th September, 2016, approved by the Board on 27th October, 2016.

Yours faithfully

(K. Venkatafaman)
Managing Director & CEO

Encl: as above.

THE KARUR VYSYA BANK LIMITED

Finance & Control Department

Central Office, Erode Road, KARUR - 639 002.

☎ (04324) 269326, 269328

Fax : 225595

E.mail : fcd@kvbmail.com



REVIEWED FINANCIAL RESULTS FOR THE QUARTER/ HALF YEAR ENDED 30TH SEPTEMBER 2016

(₹ in Lakhs)

Particulars	3 Months ended			Half Year Ended		Year ended
	30-09-16	30-06-16	30-09-15	30-09-16	30-09-15	31-03-16
	Reviewed			Reviewed		Audited
1. Interest earned (a)+(b)+(c)+(d)	139292	138503	136453	277795	272087	544339
a) Interest / discount on advances /bills	110809	110639	108388	221448	216642	432937
b) Income on Investments	26253	26609	27537	52862	54366	109578
c) Interest on balances with RBI and other interbank funds	1589	360	47	1949	115	224
d) Others	641	895	481	1536	964	1600
2. Other Income	21785	16228	20574	38013	36790	70682
3. Total Income (1+2)	161077	154731	157027	315808	308877	615021
4. Interest Expended	89796	90391	92711	180187	186035	366203
5. Operating Expenses (i+ii)	39331	36038	28792	75369	57745	125276
(i) Employees cost	15439	13996	13304	29435	28156	54738
(ii) Other operating expenses	23892	22042	15488	45934	29589	70538
6. Total Expenditure (4+5) excluding provision and contingencies	129127	126429	121503	255556	243780	491479
7. Operating Profit before Provisions and Contingencies (3-6)	31950	28302	35524	60252	65097	123542
8. Provisions (other than tax) and Contingencies	11919	6692	12602	18611	24367	32379
9. Exceptional items	0	0	0	0	0	0
10. Profit /(Loss) from Ordinary activities before tax (7-8-9)	20031	21610	22922	41641	40730	91163
11. Tax expense	7400	6975	8700	14375	13050	34400
12. Net Profit from ordinary activities after tax(10-11)	12631	14635	14222	27266	27680	56763
13. Extraordinary items (net of tax expense)	0	0	0	0	0	0
14. Net Profit for the period (12-13)	12631	14635	14222	27266	27680	56763



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Particulars	3 Months ended			Half Year Ended		Year ended
	30-09-16	30-06-16	30-09-15	30-09-16	30-09-15	31-03-16
	Reviewed			Reviewed		Audited
15. Paid-up equity share capital (FV Rs.10/-)	12186	12186	12186	12186	12186	12186
16. Reserves excluding Revaluation Reserve (as per balance sheet of previous accounting year)						445109
17. Analytical Ratios						
(i) % of shares held by Government of India	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(ii) Capital Adequacy Ratio-Basel II	11.48%	11.75%	13.10%	11.48%	13.10%	12.26%
Basel III	11.44%	11.67%	13.00%	11.44%	13.00%	12.17%
(iii) Earnings per share (EPS)						
a) Basic EPS before extraordinary items (not to be annualized)	10.37	12.01	11.67	22.37	22.72	46.59
b) Diluted EPS before extraordinary items (not to be annualized)	10.37	12.01	11.67	22.37	22.72	46.59
a) Basic EPS after extraordinary items (not to be annualized)	10.37	12.01	11.67	22.37	22.72	46.59
b) Diluted EPS after extraordinary items (not to be annualized)	10.37	12.01	11.67	22.37	22.72	46.59
(iv) NPA Ratios						
a) Gross NPA	90274	70235	73204	90274	73204	51118
b) Net NPA	56514	30617	35452	56514	35452	21617
c) % of Gross NPA	2.29%	1.79%	1.96%	2.29%	1.96%	1.30%
d) % of Net NPA	1.44%	0.79%	0.96%	1.44%	0.96%	0.55%
e) Return on Asset(annualized)	0.86%	1.00%	1.03%	0.93%	1.02%	1.03%



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Statement of Assets and Liabilities as on 30th September 2016

(₹ in Lakhs)

Capital and Liabilities	As on 30.09.2016 (Reviewed)	As on 30.09.2015 (Reviewed)	As on 31.03.2016 (Audited)
Capital	12186	12186	12186
Reserves and Surplus	476558	440742	445109
Deposits	5200213	4671506	5007890
Borrowings	146640	330613	157324
Other Liabilities and Provision	128184	120531	143863
Total	5963781	5575578	5766372
Assets			
Cash & Balances with RBI	271126	247986	252906
Balances with Banks and Money at Call	135202	7249	26254
Investments	1438497	1426037	1322167
Advances	3911704	3696855	3908438
Fixed Assets	42373	41123	42012
Other Assets	164879	156328	214595
Total	5963781	5575578	5766372

Segment Reporting for the period ended 30th September 2016

Business Segments	3 Months ended			Half Year Ended		Year ended
	30-09-16	30-06-16	30-09-15	30-09-16	30-09-15	31-03-16
	Reviewed			Reviewed		Audited
Segment Revenue						
1. Treasury Operations	36711	29502	35030	66213	63933	124751
2. Corporate/Wholesale Banking Operations	43055	44091	43617	87146	87506	178607
3. Retail Banking Operations	81076	80833	78126	161909	156906	310566
4. Other Banking Operations	235	305	254	540	532	1098
Total	161077	154731	157027	315808	308877	615022



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(₹ in Lakhs)

Business Segments	3 Months ended			Half Year Ended		Year ended
	30-09-16	30-06-16	30-09-15	30-09-16	30-09-15	31-03-16
	Reviewed			Reviewed		Audited
Segment Results						
1. Treasury Operations	12917	6630	9887	19547	14059	25685
2. Corporate/Wholesale Banking Operations	9858	10859	11270	20717	22410	44824
3. Retail Banking Operations	14917	16159	19819	31076	39657	74823
4. Other Banking Operations	211	277	231	488	485	1000
Total	37903	33925	41207	71828	76611	146332
Unallocated Income/Expenses	5953	5623	5683	11576	11514	22790
Operating Profit	31950	28302	35524	60252	65097	123542
Income Taxes	7400	6975	8700	14375	13050	34400
Other Provisions	11919	6692	12602	18611	24367	32379
Net Profit from ordinary activities	12631	14635	14222	27266	27680	56763
Extraordinary items	0	0	0	0	0	0
Net Profit	12631	14635	14222	27266	27680	56763
Other Information						
Segment Assets						
1. Treasury Operations	1488569	1436934	1426080	1488569	1426080	1325211
2. Corporate/Wholesale Banking Operations	1366683	1364254	1389014	1366683	1389014	1399159
3. Retail Banking Operations	2545021	2525129	2307841	2545021	2307841	2509279
4. Other Banking Operations	0	0	0	0	0	0
5. Unallocated Assets	563508	516260	452643	563508	452643	532723
Total	5963781	5842577	5575578	5963781	5575578	5766372

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Business Segments	3 Months ended			Half Year Ended		Year ended
	30-09-16	30-06-16	30-09-15	30-09-16	30-09-15	31-03-16
	Reviewed			Reviewed		Audited
Segment Liabilities						
1. Treasury Operations	1430618	1385603	1494649	1430618	1494649	1285805
2. Corporate/Wholesale Banking Operations	1235316	1233117	1214371	1235316	1214371	1267263
3. Retail Banking Operations	2299778	2282455	2017777	2299778	2017777	2273342
4. Other Banking Operations	0	0	0	0	0	0
5. Unallocated Liabilities	509325	466842	395852	509325	395852	482667
Capital Employed	488744	474560	452929	488744	452929	457295
Total Liabilities	5963781	5842577	5575578	5963781	5575578	5766372

GEOGRAPHIC SEGMENTS: The Bank operates only in Domestic segment.

Notes:

1) The above financial results for the period ended 30th September 2016 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at the meeting held on 27th October 2016. 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 30th September 2016 as compared to those followed in the preceding financial year ended 31st March 2016.

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 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.



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- 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 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.
- 6) 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 half year ended September 2016 an excess provision of ₹ 9.43 crore was written back.
- 7) 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).
- 8) In terms of RBI circular DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015 in respect of asset 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 ₹126.38 crore during the period ended 30th September, 2016 (₹63.19 crore for the current quarter) and balance carried over as at 30th September, 2016 is ₹311.45 crore.
- 9) 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 period ended 30th September 2016 (₹15.53 crore for the current quarter) and balance carried over as at the end of the quarter is Nil.



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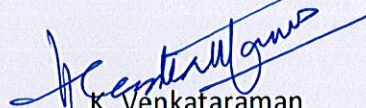
10) Provision Coverage Ratios is 68.26 % as on 30th September 2016.

11) The position of investor complaints is as under;

No. of complaints pending at the beginning of the quarter Nil ; received during the quarter 12 ; disposed off during the quarter 12 ; pending at the end of the quarter Nil.

12) Figures of the corresponding period have been re-classified / regrouped wherever considered necessary.

For and on behalf of Board of Directors


K. Venkataraman
Managing Director & CEO

Place: Karur

Date: 27.10.2016

"As per our report of even date"

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



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 period ended 30th September, 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 8, of the Financial Statement, regarding deferment of loss of Rs. 311.45 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**



**Lalitha Rameswaran
Partner
Membership No : 207867**

**Place: Karur
Date : 27/10/2016**



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