

FCD/92 /2016-17

July 26<sup>th</sup> , 2016

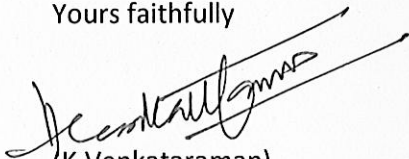
The Secretary  
The Stock Exchange, Mumbai,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI - 400 001.

Dear Sirs,

**Reg: Reviewed Financial Results of the Bank for the quarter ended 30<sup>th</sup> June 2016**

Please find enclosed the Un-Audited Financial Results and Limited Review Report of the Bank for the period ended 30<sup>th</sup> June 2016, approved by the Board on 26<sup>th</sup> July, 2016.

Yours faithfully

  
(K.Venkataraman)  
Managing Director and 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 ENDED 30th JUNE 2016**

(₹ in lakh)

Particulars	3 Months ended			Year ended
	30-Jun-16	31-Mar-16	30-Jun-15	31-Mar-16
	Reviewed	Audited	Reviewed	Audited
1. Interest earned (a)+(b)+(c)+(d)	138503	137016	135634	544339
a) Interest / discount on advances /bills	110639	108728	108254	432937
b) Income on Investments	26609	28009	26829	109578
c) Interest on balances with RBI and other interbank funds	360	89	68	224
d) Others	895	190	483	1600
2. Other Income	16228	16614	16216	70682
3. Total Income (1+2)	154731	153630	151850	615021
4. Interest Expended	90391	89752	93324	366203
5. Operating Expenses (i+ii)	36038	37990	28953	125276
(i) Employees cost	13996	13927	14852	54738
(ii) Other operating expenses	22042	24063	14101	70538
6. Total Expenditure (4+5) excluding provision and contingencies	126429	127742	122277	491479
7. Operating Profit before Provisions and Contingencies (3-6)	28302	25888	29573	123542
8. Provisions (other than tax) and Contingencies	6692	-1262	11765	32379
9. Exceptional items	0	0	0	0
10. Profit /(Loss) from Ordinary activities before tax (7-8-9)	21610	27150	17808	91163
11. Tax expense	6975	13350	4350	34400
12. Net Profit from ordinary activities after tax(10-11)	14635	13800	13458	56763
13. Extraordinary items (net of tax expense)	0	0	0	0
14. Net Profit for the period (12-13)	14635	13800	13458	56763



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Particulars	3 Months ended			Year ended
	30-Jun-16	31-Mar-16	30-Jun-15	31-Mar-16
	Reviewed	Audited	Reviewed	Audited
15. Paid-up equity share capital (FV Rs.10/-)	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%	0%	0%	0%
(ii) Capital Adequacy Ratio-Basel II	11.75%	12.26%	13.63%	12.26%
Capital Adequacy Ratio-Basel III	11.67%	12.17%	13.19%	12.17%
(iii) Earnings per share (EPS)				
a) Basic EPS before extraordinary items (not to be annualized)	12.01	11.33	11.05	46.59
b) Diluted EPS before extraordinary items (not to be annualized)	12.01	11.33	11.05	46.59
a) Basic EPS after extraordinary items (not to be annualized)	12.01	11.33	11.05	46.59
b) Diluted EPS after extraordinary items (not to be annualized)	12.01	11.33	11.05	46.59
(iv) NPA Ratios				
a) Gross NPA	70235	51118	71307	51118
b) Net NPA	30617	21617	32310	21617
c) % of Gross NPA	1.79%	1.30%	1.91%	1.30%
d) % of Net NPA	0.79%	0.55%	0.88%	0.55%
e) Return on Asset(annualized)	1.00%	0.97%	1.00%	1.03%



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(₹ in lakh)

Segment Reporting for the Quarter ended 30th June 2016				
Particulars	3 Months ended			Year ended
	30-Jun-16	31-Mar-16	30-Jun-15	31-Mar-16
Business Segments	Reviewed	Audited	Reviewed	Audited
<b>Segment Revenue</b>				
1. Treasury Operations	29502	30118	28903	124751
2. Corporate/Wholesale Banking Operations	44091	46177	43889	178607
3. Retail Banking Operations	80833	77027	78780	310566
4. Other Banking Operations	305	309	278	1098
<b>Total</b>	<b>154731</b>	<b>153631</b>	<b>151850</b>	<b>615022</b>
<b>Segment Results</b>				
1. Treasury Operations	6630	8397	4172	25685
2. Corporate/Wholesale Banking Operations	10859	10158	11140	44824
3. Retail Banking Operations	16159	12610	19838	74823
4. Other Banking Operations	277	281	254	1000
<b>Total</b>	<b>33925</b>	<b>31446</b>	<b>35404</b>	<b>146332</b>
<b>Unallocated Income/Expenses</b>	5623	5558	5831	22790
<b>Operating Profit</b>	28302	25888	29573	123542
<b>Income Taxes</b>	6975	13350	4350	34400
<b>Other Provisions</b>	6692	-1262	11765	32379
<b>Net Profit from ordinary activities</b>	<b>14635</b>	<b>13800</b>	<b>13458</b>	<b>56763</b>
<b>Extraordinary items</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Profit</b>	<b>14635</b>	<b>13800</b>	<b>13458</b>	<b>56763</b>
<b>Other Information</b>				
<b>Segment Assets</b>				
1. Treasury Operations	1436934	1325211	1369645	1325211
2. Corporate/Wholesale Banking Operations	1364254	1399159	1369567	1399159
3. Retail Banking Operations	2525129	2509279	2296845	2509279
4. Other Banking Operations	0	0	0	0
5. Unallocated Assets	516260	532723	443019	532723
<b>Total</b>	<b>5842577</b>	<b>5766372</b>	<b>5479076</b>	<b>5766372</b>



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(₹ in lakh)

Particulars	3 Months ended			Year ended
	30-Jun-16	31-Mar-16	30-Jun-15	31-Mar-16
<b>Business Segments</b>	<b>Reviewed</b>	<b>Audited</b>	<b>Reviewed</b>	<b>Audited</b>
<b>Segment Liabilities</b>				
1. Treasury Operations	1385603	1285805	1364690	1285805
2. Corporate/Wholesale Banking Operations	1233117	1267263	1218039	1267263
3. Retail Banking Operations	2282455	2273342	2042407	2273342
4. Other Banking Operations	0	0	0	0
5. Unallocated Liabilities	466842	482667	393670	482667
<b>Capital Employed</b>	<b>474560</b>	<b>457295</b>	<b>460270</b>	<b>457295</b>
<b>Total Liabilities</b>	<b>5842577</b>	<b>5766372</b>	<b>5479076</b>	<b>5766372</b>

**GEOGRAPHIC SEGMENTS:** The Bank operates only in Domestic segment.

Notes:

1) The above financial results for the quarter ended 30th June 2016 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at the meeting held on 26th July 2016. The same has 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 quarter ended 30th June 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, 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.



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4) 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](http://www.kvb.co.in/footer/pillarIII_disclosures.html). These disclosures have not been subjected to review/audit by the Statutory Central Auditors.

5) The figures for the quarter ended March 31, 2016 are the balancing figures between audited figures in respect of financial year 2015-16 and the published year to date figures upto the end of the third quarter of the financial year ended 31st March 2016.

6) In accordance with RBI guidelines, Bank has shifted Securities amounting to Rs.106.76 crore from AFS to HTM category and Rs.406.31 crore from HTM to AFS category and the resultant depreciation of Rs. 0.93 crore has been charged to Profit & Loss account during the first quarter of the current financial year.

7) 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 amortized 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 Rs.63.19 crore during the current quarter ended 30th June,2016 on proportionate basis and balance carried over as at 30th June, 2016 is Rs.374.64 crore.

8) In terms of RBI circular DBR.No.BP.BC.83/21.01.048/2014-15 dated 01st April 2015, banks are allowed to make provisions 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 Rs. 26.30 crore has been provided during the current quarter ended 30<sup>th</sup> June, 2016 and balance carried over as at the end of the quarter is Rs. 15.53 crore



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- 9) The bank has retained the classification as Standard, in respect of a borrower with total Fund based exposure of Rs. 181.62 crore as on 30-06-2016 in whose case the lenders invoked SDR and the company could not complete the process of allotment of shares within the period of 210 days on account of an ongoing litigation before Hon'ble High Court, pending receipt of clarification from RBI, on a reference made by leader of Consortium.
- 10) Provision Coverage Ratio as on 30.06.2016 is 78.49%.
- 11) The position of investor complaints is as under. No. of complaints pending at the beginning of the quarter Nil; received during the quarter - 10; disposed off during the quarter - 10; 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

Place : Karur

Date : 26.07.2016

K.Venkataraman  
Managing Director & C.E.O

"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 Quarter ended 30<sup>th</sup> June, 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.



**Head Office: #521, 3<sup>rd</sup> Main, 6<sup>th</sup> Block, 2<sup>nd</sup> Phase, BSK 3<sup>rd</sup> Stage, Bangalore 560 085**

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**Branch at : Chennai**

**✉ : [audit@abarna-ananthan.com](mailto:audit@abarna-ananthan.com)**



**Emphasis of Matter**

5. Attention is drawn to:
- Note no 7, of the Financial Statement, regarding deferment of loss of Rs. 374.64 Cr arising from the sale of certain non-performing assets to Asset Reconstruction Companies during the Financial Year 2015-16,
  - Note no. 8, of the Financial Statement, regarding deferment of loss of Rs. 15.53 Cr on account of fraud reported during the Financial Year 2015-16,
  - Note no. 9, of the Financial Statement, regarding classification of a borrower account with a balance outstanding of Rs. 181.62 Cr under Standard category.

Our conclusion is not qualified in respect of this matter.

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



**Lalitha Rameswaran  
Partner  
Membership No : 207867**

**Place: Karur  
Date : 26/07/2016**



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