



Karur Vysya Bank

Smart way to bank

FCD/ 116 /2018-19

July 25, 2018

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 ended 30th June 2018.

Please find enclosed herewith the un-audited Financial Results and Limited Review Report of the Bank for the quarter ended 30th June 2018, approved by the Board at its meeting held on July 25, 2018.

Yours faithfully

(P R Seshadri)
Managing Director & C E O



THE KARUR VYSYA BANK LIMITED

Finance & Control Department

Central Office, Erode Road, KARUR - 639 002.

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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 30th June, 2018 ("the Statement"), excluding the "Pillar 3 disclosures including leverage ratio and liquidity coverage 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 prepared and submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The preparation and fair presentation of this Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. It 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, circulars and guidelines issued by Reserve Bank of India (RBI) from time to time 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 misstatement. A review is limited primarily to inquiries of the 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. *Without qualifying our conclusion, we draw attention to Note No.7 of the unaudited financial statements regarding exercise of the option by the Bank by spreading the provision for Mark to Market (MTM) losses over four quarters resulting into carrying forward of unprovided MTM losses of Rs.76.56 crore as at June 30, 2018 for providing for in the remaining quarters, in terms of extant RBI guidelines.*



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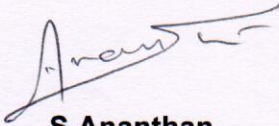
Branch at : Chennai & Mumbai

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CHARTERED ACCOUNTANTS
ABARNA & ANANTHAN

5. 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 applicable 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 issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

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



**S Ananthan
Partner
Membership No. 026379**



**Place: Karur
Date: July 25, 2018**

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REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2018
(Rs. in lakh)

Particulars	3 Months ended			Year ended
	30-Jun-18	31-Mar-18	30-Jun-17	31-Mar-18
	Reviewed	Audited	Reviewed	Audited
1. Interest earned (a+b+c+d)	144253	149088	138408	569965
a) Interest / discount on advances / bills	113427	110493	108855	442081
b) Income on Investments	28952	29392	27415	112293
c) Int. on balances with RBI & other interbank funds	1505	2183	1875	7721
d) Other Interest	369	7020	263	7870
2. Other Income	25487	20865	23630	89993
3. Total Income (1+2)	169740	169953	162038	659958
4. Interest Expended	85891	84799	84551	340154
5. Operating Expenses (i+ii)	37887	37183	32546	142072
(i) Employees cost	17856	17920	15145	63908
(ii) Other operating expenses	20031	19263	17401	78164
6. Total Expenditure (4+5) (excluding provisions and contingencies)	123778	121982	117097	482226
7. Operating Profit before provisions and contingencies (3-6)	45962	47971	44941	177732
8. Provisions (other than tax) and Contingencies	42267	39417	23344	127367
9. Exceptional items	0	0	0	0
10. Profit from ordinary activities before tax (7-8-9)	3695	8554	21597	50365
11. Tax expense	(896)	3498	6800	15798
12. Net Profit from ordinary activities after tax (10-11)	4591	5056	14797	34567
13. Extraordinary items (net of tax expense)	0	0	0	0
14. Net Profit for the period (12-13)	4591	5056	14797	34567
15. Paid-up equity share capital (FV Rs.2/-)	14533	14533	12186	14533
16. Reserves excluding Revaluation Reserve (as per balance sheet of previous accounting year)				611886
17. Analytical Ratios				
(i) % of shares held by Government of India	0%	0%	0%	0%
(ii) Capital Adequacy Ratio - Basel III	14.08%	14.43%	11.71%	14.43%
(iii) Earnings per share (EPS)^ (Rs.)				
a) Basic EPS before and after extraordinary items	0.60	0.66	2.27	4.98
b) Diluted EPS before and after extraordinary items	0.60	0.66	2.27	4.98
(iv) NPA Ratios				
a) Gross NPA	356339	301576	180701	301576
b) Net NPA	208832	186283	118916	186283
c) % of Gross NPA	7.44%	6.56%	4.27%	6.56%
d) % of Net NPA	4.50%	4.16%	2.85%	4.16%
(v) Return on Asset (annualised)	0.27%	0.30%	0.95%	0.53%

^ EPS not annualized for the quarter. EPS for the previous period / year has been re-stated after considering the rights issue undertaken during the previous year.



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SEGMENT REPORTING FOR THE QUARTER ENDED 30TH JUNE 2018
(Rs. in lakh)

Particulars	3 Months ended			Year ended
	30-Jun-18	31-Mar-18	30-Jun-17	31-Mar-18
Business Segments	Reviewed	Audited	Reviewed	Audited
Segment Revenue				
1. Treasury Operations	32477	33697	35057	134522
2. Corporate/Wholesale Banking Operations	43610	43259	44536	170986
3. Retail Banking Operations	93059	92438	82048	352660
4. Other Banking Operations	594	559	397	1790
Total	169740	169953	162038	659958
Segment Results				
1. Treasury Operations	7990	9305	11614	38284
2. Corporate/Wholesale Banking Operations	14086	14706	14721	55514
3. Retail Banking Operations	29109	29171	23658	104555
4. Other Banking Operations	531	504	359	1618
Total	51716	53686	50352	199971
Less: Unallocated Income/Expenses				
	5754	5715	5411	22239
Operating Profit	45962	47971	44941	177732
Tax expense	(896)	3498	6800	15798
Other Provisions	42267	39417	23344	127367
Net Profit from ordinary activities	4591	5056	14797	34567
Extraordinary items	0	0	0	0
Net Profit	4591	5056	14797	34567
Other Information				
Segment Assets				
1. Treasury Operations	1690160	1655543	1549165	1655543
2. Corporate/Wholesale Banking Operations	1443321	1402984	1435867	1402984
3. Retail Banking Operations	3197261	3077030	2733905	3077030
4. Other Banking Operations	0	0	0	0
5. Unallocated Assets	496834	557355	533919	557355
Total Segment Assets	6827576	6692912	6252856	6692912
Segment Liabilities				
1. Treasury Operations	1569236	1559607	1449971	1559607
2. Corporate/Wholesale Banking Operations	1299957	1255173	1305869	1255173
3. Retail Banking Operations	2879705	2752878	2486610	2752878
4. Other Banking Operations	0	0	0	0
5. Unallocated Liabilities	447667	498834	485720	498834
Total (a)	6196565	6066492	5728170	6066492
Capital Employed (Segment Assets - Segment Liabilities)				
1. Treasury Operations	120924	95936	99194	95936
2. Corporate/Wholesale Banking Operations	143364	147811	129998	147811
3. Retail Banking Operations	317556	324152	247295	324152
4. Other Banking Operations	0	0	0	0
5. Unallocated Liabilities	49167	58521	48199	58521
Total (b)	631011	626420	524686	626420
Total Segment Liabilities (a+b)	6827576	6692912	6252856	6692912

GEOGRAPHIC SEGMENTS: The Bank operates only in Domestic segment.




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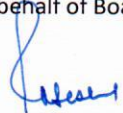
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Notes:

1. The above financial results for the period ended 30th June 2018 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors at the meeting held on 25th July 2018. 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 June 2018 as compared to those followed in the preceding financial year ended 31st March 2018.
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 has 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.
4. The figures for the quarter ended March 31, 2018 are the balancing figures between audited figures in respect of financial year 2017-18 and the published year to date figures upto the end of the third quarter of the financial year ended 31st March 2018.
5. 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), income from priority sector lending certificates, recoveries from advances written off.
6. In accordance with 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.
7. Reserve Bank of India vide circulars DBR No. BP.BC.101/21.04.043/2017-18 dated 2nd April 2018 and DBR No. BP.BC.113 / 21.04.048 / 2017-18 dated 15th June 2018 granted Banks, the option to spread provisioning for mark-to-market losses on investments held in AFS and HFT for the quarters ended December 31, 2017, March 31, 2018 and June 30, 2018 equally over upto four quarters, commencing with the quarter in which the loss was incurred. Accordingly, the Bank has charged the proportionate unamortised MTM loss of Rs. 9.05 crore pertaining to the quarters ended December 31, 2017 and March 31, 2018 and proportionate MTM loss of Rs.21.05 crore relating to the quarter ended June 30, 2018 to the profit and loss account during the quarters ended June 30, 2018 and balance amount of Rs.76.56 crore will be spread over the next three quarters.
8. Provision Coverage Ratio is 56.50 % as on 30th June 2018.
9. 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 of during the quarter 12; pending at the end of the quarter Nil.
10. Figures of the corresponding period have been re-classified / regrouped wherever considered necessary.

For and on behalf of Board of Directors

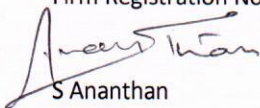

P R Seshadri
Managing Director & CEO



Place: Karur
Date: 25.07.2018

"As per our report of even date"

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



S Ananthan
Partner
Membership No. 026379

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