

Karnataka Bank Ltd.

Your Family Bank. Across India

Regd. & Head Office
P. B. No.599, Mahaveera Circle
Kankanady
Mangaluru – 575 002

Phone : 0824-2228182 Fax: 0824-2225588
E-Mail : comsec@ktkbank.com
Website : www.karnatakabank.com
CIN : L85110KA1924PLC001128

16.06.2020

SECRETARIAL DEPARTMENT

HO/SEC/48/2020-21

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza,C-1, Block G
Bandra-Kurla Complex
Bandra (E),
MUMBAI-400 051

The General Manager
BSE Limited
Corporate Relationship Dept.
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI-400 001

Dear Sir,

**Reg: Audited financial results for the quarter and year ended March 31, 2020-
Independent Auditors report.**

We refer to the Audited financial results of the Bank for the quarter and year ended March 31, 2020, submitted to the exchanges on 06.06.2020 along with the Independent Auditors' report. In this connection, we wish to inform that in Para No. 6.01 of the Independent Auditors' Report the second sentence was inadvertently left out. The Independent Auditors' Report after incorporating the complete paragraph is enclosed for your records/information.

Thank You,
Yours faithfully,


Prasanna Patil
COMPANY SECRETARY

Manohar Chowdhry & Associates
Chartered Accountants,
102, MICASA,
Bejai Main Road
Mangaluru 575 004
Tel: 0824 - 2210883
Email: mangalore@mea.co.in

Badari, Madhusudhan & Srinivasan
Chartered Accountants,
Kantha Court,
Lalbagh Road
Bengaluru-560027
Tel: 080-22277714,41142536
Email: bmscas@gmail.com

Independent Auditor's Report on the Financial Results of the Karnataka Bank Ltd pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015

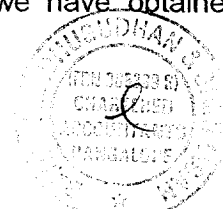
To The Board of Directors of The Karnataka Bank Ltd.

Opinion

- 1.01 We have audited the accompanying annual Financial Results of The Karnataka Bank Limited ("The Bank") for the quarter and year ended 31st March 2020 attached herewith, being submitted by the Bank pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") except for the disclosures relating to Pillar 3 disclosure as at 31st March 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 Financial Results and have not been audited by us.
- 1.02 In our opinion and to the best of our information and according to the explanations given to us, these Financial Results:
- are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard except for the disclosures relating to Pillar 3 disclosure as at 31st March 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 Financial Results and have not been audited by us; and
 - give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards, RBI guidelines and other accounting principles generally accepted in India of the net profit and other financial information for the quarter and year ended 31st March 2020.

Basis for Opinion

- 2.01 We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act") issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Results, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter

3.01 We draw your attention to

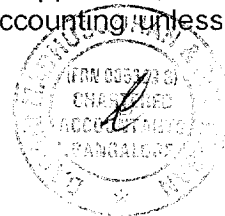
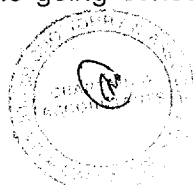
- a) Note No.7 of the accompanying financial statements which describes the uncertainties due to outbreak of novel coronavirus (COVID 19). In view of these uncertainties, the impact on the Bank's financial statements is significantly dependent on future developments.
- b) Note No. 8 of the accompanying financial statements wherein the Bank has recognized Provision on loans that were overdue but Standard as at 29th February 2020, for which moratorium benefit has been granted, based on the days past due status as on that date in accordance with the Reserve Bank of India COVID 19 Regulatory Package.
- c) Note No. 12 to the financial results relating to deferment of provision of Rs. 189.37 crores pertaining to certain fraud accounts identified in the quarter ended 31st March 2020 and to be charged to the Profit and Loss Account in the three quarters of FY 2020-21, in terms of RBI Circular DBR No. BP.BC.92/21.04.048/2015-16 dated April 18, 2016.

3.02 Our opinion is not modified in respect of these matters.

Board of Directors' Responsibility for the Financial Results

4.01 These annual Financial Results have been prepared on the basis of the annual financial statements and reviewed quarterly financial results up to the end of the third quarter. The Bank's Board of Directors are responsible for the preparation of these Financial Results that give a true and fair view of the net profit and other financial information in accordance with the recognition and measurement principles laid down in Accounting Standards prescribed under section 133 under the Act read with relevant rules issued thereunder in so far as they apply to Banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act/Banking Regulations Act, 1949 for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

4.02 In preparing the Financial Results, the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the



Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

4.03 The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

5.01 Our objectives are to obtain reasonable assurance about whether the Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Results. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Results, including the disclosures, and whether the Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.



- 5.02 We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 5.03 We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

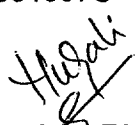
Other Matters

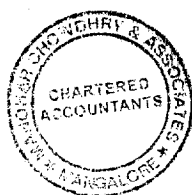
- 6.01 We did not audit the financial statements/information of 824 Branches/Offices included in the financial statements of the Bank whose financial statements / financial information cover 53% of total advances, 57% of non performing assets, 78% of deposits as on 31st March 2020 and 45% of revenue for the year ended 31st March 2020.

The financial statements/information of these Branches have been audited by the Branch Auditors' whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures pertaining to such Branches is based solely on the report of the Branch Auditors'.

- 6.02 The annual financial results include the results for the quarter ended 31st March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.
- 6.03 Our opinion on the financial results is not modified in respect of the above matters.

for Manohar Chowdhry & Associates
Chartered Accountants
FR No. 001997S

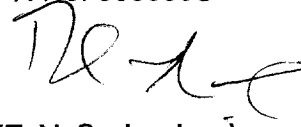

(Murali Mohan Bhat)
Partner
M. No. 203592

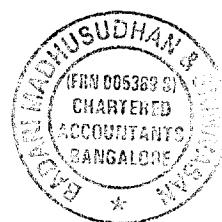


UDIN : 20203592AAAABS4967

Place: Mangalore
Date: 06.06.2020

for Badari, Madhusudhan & Srinivasan
Chartered Accountants
FR No. 005389S


(T. V. Sudarshan)
Partner
M. No. 019108



UDIN :20019108AAAAAP7034