

**Karnataka Bank Ltd.**

Estd : 1924

CIN : LB5110KA1924PLC001128

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

Phone : 0824 - 2228222 Fax : 0824-2225588
Website : www.karnatakabank.com
email : info@ktkbank.com

SECRETARIAL DEPARTMENT

06.06.2020

HO/SEC/41/2020-21

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

NSE Symbol: KTKBANK | 2. The General Manager
BSE Limited
Corporate Relationship Dept
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI-400 001

BSE Scrip Code: 532652 |
|---|--|


Dear Sir/Madam,

Reg: The audited financial results for the year ended March 31, 2020

Please find enclosed copy of the audited financial results for the year ended 31.03.2020 approved by the Board of Directors at the meeting held today i.e. on 06.06.2020. Also, find enclosed the Auditors report.

Further, pursuant to Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby confirm that the Auditors Report on the Audited Financial Statement of the Bank for the financial year ended March 31, 2020 is with unqualified opinion.

Thank You,
Yours faithfully,


Prasanna Patil
COMPANY SECRETARY

Karnataka Bank Ltd.

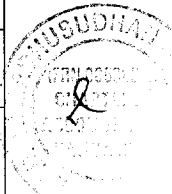
Your Family Bank, Across India.

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

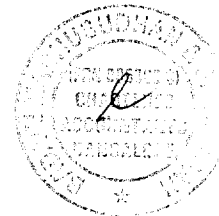
Phone : 0824-2228222 Fax: 0824-2225589
E-Mail : accts@ktkbank.com
Website : www.karnatakabank.com
CIN : L85110KA1924PLC001128

ANNEXURE -1 AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020 (Rs. in Crore)

		Quarter ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Audited)	(Reviewed)	(Audited)	(Audited)	(Audited)
1	Interest Earned (a+b+c+d)	1639.21	1621.55	1531.29	6474.77	5905.96
a)	Interest/Discount on advances/bills	1316.56	1271.28	1224.91	5155.84	4698.03
b)	Income on Investments	290.82	293.60	279.60	1160.13	1105.65
c)	Interest on balances with Reserve Bank of India and other interbank funds	3.01	11.74	3.61	44.60	16.63
d)	Others	28.82	44.93	23.17	114.20	85.65
2	Other Income	440.37	402.13	290.59	1396.05	1001.96
3	TOTAL INCOME (1+2)	2079.58	2023.68	1821.88	7870.82	6907.92
4	Interest expended	1109.91	1113.80	1050.41	4444.41	4000.84
5	Operating expenses (i+ii)	578.13	408.09	447.24	1769.64	1457.27
i)	Employees Cost	370.44	186.46	203.45	897.00	605.56
ii)	Other operating Expenses	207.69	221.63	243.79	872.64	851.71
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1688.04	1521.89	1497.65	6214.05	5458.11
7	Operating Profit before provisions & contingencies (3-6)	391.54	501.79	324.23	1656.77	1449.81
8	Provisions (other than tax) and Contingencies	356.50	314.70	217.73	1134.74	842.00
9	Exceptional Items	0.00	0.00	0.00	0.00	0.00
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	35.04	187.09	106.50	522.03	607.81
11	Tax Expense	7.73	63.95	44.77	90.25	130.57
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	27.31	123.14	61.73	431.78	477.24
13	Extraordinary Items (net of tax)	0.00	0.00	0.00	0.00	0.00
14	Net Profit (+)/Loss (-) for the period (12-13)	27.31	123.14	61.73	431.78	477.24
	Paid up equity share capital (Face Value Rs 10/-)	310.88	282.62	282.62	310.88	282.62

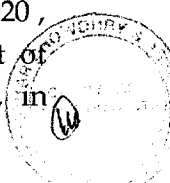
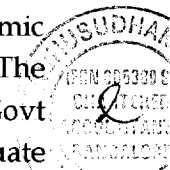


16	Reserves excluding revaluation reserves	5254.54	—	5090.45	5254.54	5090.45
17	<u>Analytical Ratios</u>					
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%) -Basel III (%)	12.66	12.40	13.17	12.66	13.17
iii)	Earnings per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized					
	- Basic EPS	0.88*	3.96*	1.99*	13.89	15.35
	- Diluted EPS	0.88*	3.96*	1.99*	13.89	15.35
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized					
	- Basic EPS	0.88*	3.96*	1.99*	13.89	15.35
	- Diluted EPS	0.88*	3.96*	1.99*	13.89	15.35
iv)	NPA Ratios as on date					
	Gross NPA	2799.93	2777.46	2456.38	2799.93	2456.38
	Net NPA	1755.01	2058.04	1616.71	1755.01	1616.71
	% of Gross NPA	4.82	4.99	4.41	4.82	4.41
	% of Net NPA	3.08	3.75	2.95	3.08	2.95
	Return on Assets	0.13	0.60	0.32	0.53	0.64



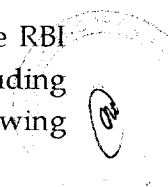
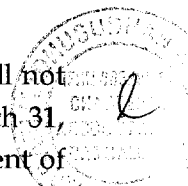
**NOTES FORMING PART OF THE AUDITED FINANCIAL RESULTS FOR THE QUARTER
AND YEAR ENDED MARCH 31, 2020**

1. The above financial results for the quarter/ year ended 31st March, 2020 have been approved by the Board of Directors at its meeting held on 6th June, 2020. The same have been audited by the Statutory Auditors of the Bank in line with the guidelines issued by the Reserve Bank of India and as per the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, who have issued an unmodified opinion on the same.
2. In the preparation of these financial results, the Bank has followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended 31st March, 2019.
3. The working results of the Bank for the quarter and year ended 31st March, 2020 have been arrived at after considering the provisions on the basis of extant guidelines / directives issued by Reserve Bank of India on Advances, exposure to entities with Un-Hedged Foreign Currency Exposure, Non Performing Investments etc, and Depreciation on Investments & Fixed Assets.
4. The provisions for Employee Benefits such as Gratuity, Pension, Leave Encashment and sick leave have been made based on the actuarial valuation in terms of Accounting Standard - 15 "Employee Benefits".
5. During the year ended 31st March, 2020, the Bank has sold securities from HTM category exceeding 5% of the book value of investments held in HTM category at the beginning of the year, with due approval. The book value of HTM investment sold during the year ended 31st March, 2020 was Rs 12705.35 crore (excluding OMO sale and UDAY bonds sale worth Rs 983.90 crore). The market value of investments under HTM category was at Rs 14279.40 crore and was higher than the book value to an extent of Rs 168.57 crore as on March 31, 2020.
6. During the year under report, the Board of Directors on 18th March, 2020 has allotted 28260881 shares as bonus equity shares in the ratio of One (1) share for every ten(10) shares held on the record date ie March 18, 2020 pursuant to the approval received from the shareholders for bonus issue through postal ballot dated March 5, 2020 by utilizing the amount standing to the credit of share premium account.
7. COVID 19 pandemic continues to spread across several countries including India resulting in a significant volatility in global and Indian financial markets and a significant decline in global and local economic activities. World Health Organization has declared COVID 19 as global pandemic. The Government of India had announced a series of lock-down measures from March 24, 2020 onwards which have been extended from time to time upto June 30, 2020. Govt of India has directed a calibrated and gradual withdrawal of lock down and partial resumption of economic activity in spite of some of the major economic centers still continuing under strict lockdown. The revival of economic activities largely depends upon the intensity and spread of the disease. Govt stimulus packages, and regulatory relief measures. The Bank has satisfactory capital and adequate liquidity to support its business growth which has already been moderated having regard to effects of COVID 19.
8. In accordance with the 'COVID-19 Regulatory packages' announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, with regard to providing relief to borrowers on account of COVID-19 pandemic whose accounts were standard as on February 29, 2020, the Bank, in



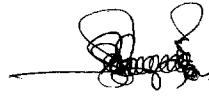
accordance with the Board approved policy had offered moratorium on repayment of loan installments and/or deferment of interest due between March 1, 2020 to August 31, 2020 including relaxation in certain parameters, to all eligible borrowers, without considering the same as restructuring. In accordance with RBI guidelines, the Bank is required to make provision @10% of outstanding advances over two quarters beginning with quarter ended March 31, 2020 in respect of such borrower accounts where asset classification benefit has been taken as per RBI guidelines. The Bank, as a prudent measure has made the entire 10% provision amounting to Rs 24.08 crore in the March quarter itself.

9. The Bank has recognized net Deferred Tax Assets as on 31st March, 2020 aggregating to Rs 440.81 Crores (PY Rs 365.06 Crores) on timing differences pertaining to surplus provision for doubtful advances, Provision for Standard Advances, Leave Encashment, Special Reserve etc in accordance with Accounting Standard - 22 on "Taxes and Income" issued by the Institute of Chartered Accountants of India.
10. During the quarter ended December 31, 2019, the land and building of the Bank were revalued to reflect the present market value based on the reports of external independent valuers and approved by the Board of Directors and Rs.62.17 crore being the net increase in value thereof have been credited to Revaluation Reserve Account. On account of this additional depreciation of Rs.4.65 crore has been included in depreciation for the period. In accordance with RBI circular DBR.No.BP.BC.83/21.06.201/2015-16 on Basel III capital regulations dated March 1, 2016, revaluation reserve has been considered in Core Equity Tier- I capital at a discount of 55%.
11. The provision coverage ratio as at 31st March, 2020 stood at 64.70% as against 58.45% as on March 31, 2019.
12. During the quarter ended 31st March 2020, the Bank recognized exposure in respect of 11 entities with outstanding balance of Rs 252.49 crores as fraud and provided in, accordance with the RBI Circular dated April 18, 2016, by debiting Rs. 63.12 Crores to Profit & Loss Account and Rs 189.37 crores to 'Revenue Reserve' under 'Reserves and Surplus', as an adjusting event as specified in AS-4 : "Events occurring after the Balance sheet date". In accordance with the said RBI Circular Rs 189.37 crores debited to Reserves & surplus will be reversed to Profit and Loss Account in the ensuing three quarters in the financial year 2020-21.
13. The Reserve Bank of India vide its letter dated EFD.CO.SO/590/02.02.005/2019-20 dated May 27, 2020 has imposed a penalty of Rs 1.00 crore for divergence in NPAs and Rs 0.20 crore for charge of non adherence to IRAC Norms pertaining to the financial year 2016-17 and 2017-18.
14. The Reserve Bank of India vide its circular dated April 17,2020, has directed that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19 pandemic. Accordingly, the Board of directors of the Bank has not recommended any dividend for the year 2019-20 (Previous year 35% i.e Rs 3.50 per equity share).
15. In accordance with RBI guidelines on 'Basel III Capital Regulations' read together with the RBI Circular dated 1st July, 2015, the consolidated Pillar 3 disclosure at 31st March, 2020 including coverage ratio and liquidity coverage ratio is made available in the Bank's web site at the following



link: <http://karnatakabank.com/ktk/BaselDisclosures.jsp#>. These disclosures have not been subjected to audit by the Statutory Central Auditors.

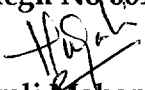
16. Disclosure about investor complaints: Complaints at the beginning of the period Nil ; Received during the period 26; Disposed off during the period 26; Unresolved as on 31st March, 2020: Nil.
17. The figures for the last quarter of the current year and for the previous year are the balancing figures between the audited figures in respect of the full financial year and the unaudited published year to date figures up to the third quarter.
18. Previous period/year figures have been re-grouped/ re-classified where necessary to conform to current period classification.



Mahabaleshwara M S
Managing Director & C.E.O

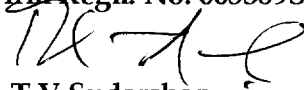


For Manohar Chowdhry & Associates
Chartered Accountants
Firm Regn No. 001997S



Murali Mohan Bhat
Membership No. 203592

For Badari Madhusudhan & Srinivasan
Chartered Accountants
Firm Regn. No. 005389S



T.V. Sudarshan
Membership No. 019108

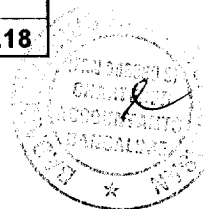
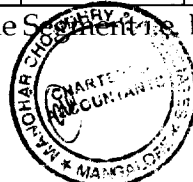


Place: Mangaluru
Date: 6th June 2020

SEGMENT RESULTS FOR THE QUARTER/YEAR ENDED 31.03.2020 (Rs in crores)

Segment wise Results	Quarter Ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Rs. in Crore)				
Segment Revenue					
(a) Treasury Operations	453.97	490.52	331.35	1625.94	1307.60
(b) Corporate Banking	859.92	731.29	773.53	3138.02	2840.48
(c) Retail Banking	638.99	673.72	602.83	2613.35	2356.29
(d) Other Banking Operations	126.70	108.15	110.22	473.51	386.34
(e) Unallocated	0.00	20.00	3.95	20.00	17.21
Income From Operations	2079.58	2023.68	1821.88	7870.82	6907.92
Segment Results (after Provisions before Tax)					
(a) Treasury Operations	190.95	221.27	87.88	574.20	343.72
(b) Corporate Banking	161.94	113.62	120.68	556.03	520.60
(c) Retail Banking	27.93	147.39	92.42	451.31	535.79
(d) Other Banking Operations	26.86	17.30	33.26	118.99	86.64
(e) Unallocated (including Provisions & Contingencies)	-372.64	-312.49	-227.74	-1178.50	-878.94
Total Profit/(Loss) before tax	35.04	187.09	106.50	522.03	607.81
Segment Assets					
(a) Treasury Operations	20953.25	22524.38	20241.60	20953.25	20241.60
(b) Corporate Banking	31237.24	29616.47	31349.71	31237.24	31349.71
(c) Retail Banking	26279.46	25723.40	23912.21	26279.46	23912.21
(d) Other Banking Operations	3163.29	2571.88	1516.43	3163.29	1516.43
(e) Unallocated	1680.25	1870.43	2025.81	1680.25	2025.81
Total	83313.49	82306.56	79045.76	83313.49	79045.76
Segment Liabilities					
(a) Treasury Operations	19359.49	20774.42	18695.78	19359.49	18695.78
(b) Corporate Banking	29073.28	27469.71	29103.22	29073.28	29103.22
(c) Retail Banking	24416.51	23821.62	22179.19	24416.51	22179.19
(d) Other Banking Operations	2941.31	2384.06	1412.54	2941.31	1412.54
(e) Unallocated	1552.45	1724.07	1869.85	1552.45	1869.85
Total	77343.04	76173.88	73260.58	77343.04	73260.58
Capital employed					
(a) Treasury Operations	1593.76	1749.96	1545.82	1593.76	1545.82
(b) Corporate Banking	2163.96	2146.76	2246.49	2163.96	2246.49
(c) Retail Banking	1862.95	1901.78	1733.02	1862.95	1733.02
(d) Other Banking Operations	221.98	187.82	103.89	221.98	103.89
(e) Unallocated	127.80	146.36	155.96	127.80	155.96
Total	5970.45	6132.68	5785.18	5970.45	5785.18

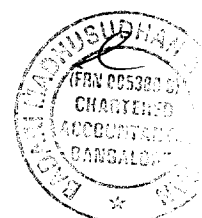
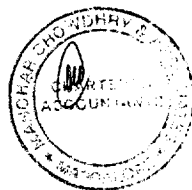
PART B: GEOGRAPHIC SEGMENTS: There is only one Domestic Segment



SUMMARY BALANCE SHEET AS ON 31ST MARCH 2020

(Rs in crores)

	As on 31.03.2020	As on 31.03.2019
CAPITAL AND LIABILITIES		
Capital	310.88	282.62
Reserves and Surplus	5659.57	5502.57
Deposits	71785.15	68452.12
Borrowings	4065.12	3325.51
Other Liabilities and Provisions	1492.77	1482.94
TOTAL	83313.49	79045.76
ASSETS		
Cash and balances with Reserve Bank of India	2756.05	3411.66
Balances with Banks and Money at Call & Short Notice	163.44	198.09
Investments	17545.34	16184.99
Advances	56964.27	54828.20
Fixed Assets	826.42	775.00
Other Assets	5057.97	3647.82
TOTAL	83313.49	79045.76



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

(Rs in Crore)

		Year Ended March 31 2020	Year Ended March 31 2019
A	<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
	Net Profit after Tax and Extra Ordinary Items	431.78	477.24
	<u>Add:</u>		
	<u>Adjustments for :</u>		
	Provision for Tax	90.25	130.57
	(Profit)/Loss on sale Fixed Assets	0.71	-0.40
	Depreciation on Fixed Assets including Lease Adjustment charges	63.76	54.17
	Provisions and Contingencies	1134.74	842.00
	Amortisation of premium on Held to Maturity Investments	76.05	62.84
	Loss on sale to SC/RC amortised during the year	0	0
	Write-off of Fixed Assets	0	0
	Operating Profit Before Working Capital Changes	1797.29	1566.42
	<u>Adjustment for :</u>		
	i) (Increase)/Decrease in Advances & Other Assets	-3608.74	-7141.08
	ii) (Increase)/Decrease in Investments	-1431.41	-851.29
	iii) Increase/(Decrease) in Deposits/Borrowings & Other Liabilities	3367.74	4403.20
	Cash Generated from Operations	124.88	-2022.75
	Less: Direct taxes paid	214.48	208.30
	Net Cash Flow from Operating Activities (A)	-89.60	-2231.05
B	<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
	Purchase of Fixed Assets	-57.53	-69.17
	Sale of Fixed Assets	1.48	1.63
	Net Cash used in Investing Activities (B)	-56.05	-67.54
	TOTAL (A+B)	-145.65	-2298.59
C	<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
	Proceeds from issue of share capital (net of expenses)	0.01	0.00
	Proceeds from long term borrowings	-425.38	2409.54
	Dividend paid (Including Tax on Dividend)	-119.24	-102.21
	Net Cash Generated from Financing Activities (C)	-544.61	2307.33
	Net Increase in Cash & Cash Equivalents (A+B+C)	-690.26	8.74
	Cash & Cash Equivalents as at the beginning of the year	3609.75	3601.01
	Cash & Cash Equivalents as at the end of the year	2919.49	3609.75

Note:

1. The Cash Flow Statement has been prepared under the Indirect Method and figures of the previous year have been re-grouped wherever necessary.
2. Cash and Cash Equivalents comprise of Cash on Hand, Balances with Reserve Bank of India, Balances with Banks and Money at Call and Short Notice.

For and on behalf of Board of Directors



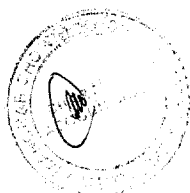
Mahabaleshwara M S

MANAGING DIRECTOR & CEO



Place: Mangaluru

Date: 6th June 2020



ANNEXURE -2

AUDITD FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED MARCH 31, 2020

(Rs in crores)

Particulars	Quarter Ended 31.03.2020	Year Ended 31.03.2020	Year ended 31.03.2019
Total income from operations (net)	2079.58	7870.82	6907.92
Net Profit / (Loss) from ordinary activities after tax	27.31	431.78	477.24
Net Profit / (Loss) for the period after tax (after Extraordinary items)	27.31	431.78	477.24
Equity Share Capital	310.88	310.88	282.62
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	—	—	5090.45
Earnings Per Share (Before extraordinary items) (of Rs 10/- each)			
Basic:	0.88*	13.89	15.35
Diluted:	0.88*	13.89	15.35
Earnings Per Share (After extraordinary items) (of Rs 10/- each)			
Basic:	0.88*	13.89	15.35
Diluted:	0.88*	13.89	15.35

*Not annualised

Note: The above is an extract of the detailed format of period ended Results filed with the Stock Exchange under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the period ended Financial Results is available on the Stock Exchange websites. BSE: <http://www.bseindia.com>, NSE: <http://www.nseindia.com>, Bank website: <https://www.karnatakabank.com/index.jsp>

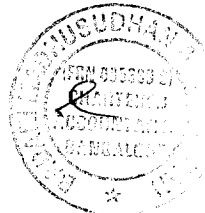
For and on behalf of Board of Directors



Mahabaleshwara M S
MANAGING DIRECTOR & CEO



Place: Mangaluru

Date: 6th June 2020

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

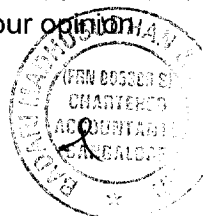
To The Board of Directors of The Karnataka Bank Ltd.

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

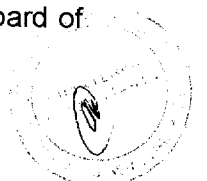
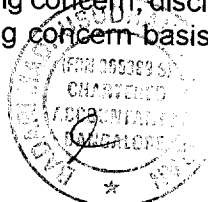
3.01 We draw your attention to

- 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 upto 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



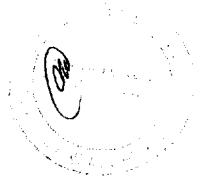
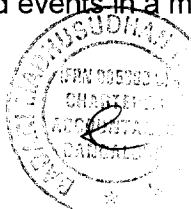
Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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.
- 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 upto 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



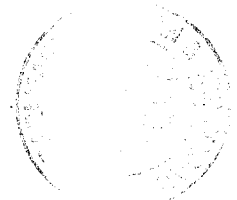
UDIN : 20203592AAAABS4967

Place: Mangalore
Date: 06.06.2020

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



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



UDIN :20019108AAAAAP7034