

**KARNATAKA BANK LTD REGD. & HEAD OFFICE MANGALORE 575002**

**REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED 30.06.2015**

(Rs. in Lakhs)

		Quarter ended 30.06.2015 (Reviewed)	Quarter ended 31.3.2015 (Audited)	Quarter ended 30.06.2014 (Reviewed)	Year ended 31.03.2015 (Audited)
1	Interest Earned (a+b+c+d)	122905	119635	112454	469842
a)	Interest/Discount on advances/ bills	92753	90255	84111	350556
b)	Income on Investments	29934	29708	28168	118463
c)	Interest on balances with Reserve Bank of India and other inter bank funds	44	46	44	198
d)	Others	174	(374)	131	625
2	Other Income	11912	11169	12970	50699
3	TOTAL INCOME (1+2)	134817	130804	125424	520541
4	Interest expended	89773	90503	84633	352957
5	Operating expenses (i+ii)	21142	21366	21987	95257
i)	Employees Cost	10026	8256	12381	52466
ii)	Other operating Expenses	11116	13110	9606	42791
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	110915	111869	106620	448214
7	Operating Profit before provisions & contingencies (3-6)	23902	18935	18804	72327
8	Provisions (other than tax) and Contingencies	11585	(449)	5594	21398
9	Exceptional Items	0	0	(3307)	(3307)
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	12317	19384	16517	54236
11	Tax Expense	1383	5942	4354	9091
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	10934	13442	12163	45145
13	Extraordinary Items (net of tax expense)	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	10934	13442	12163	45145
15	Paid up equity share capital Face Value Rs 10/-)	18846	18846	18843	18846
16	Reserves excluding revaluation reserves	—	—	—	320060



		Quarter ended 30.06.2015	Quarter ended 31.3.2015	Quarter ended 30.06.2014	Year ended 31.03.2015
<b>17</b>	<b>Analytical Ratios</b>				
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)				
	Basel II	12.33	12.67	13.05	12.67
	Basel III	12.07	12.41	12.97	12.41
iii)	Earning per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized				
	- Basic EPS	5.80*	7.13*	6.46*	23.96
	- Diluted EPS	5.80*	7.13*	6.45*	23.95
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized				
	- Basic EPS	5.80*	7.13*	6.46*	23.96
	- Diluted EPS	5.80*	7.13*	6.45*	23.95
iv)	NPA Ratios as on date				
	Gross NPA	103396	94421	99928	94421
	Net NPA	63874	62355	68117	62355
	% of Gross NPA	3.26	2.95	3.43	2.95
	% of Net NPA	2.05	1.98	2.37	1.98
	Return on Assets	0.84	1.05	1.02	0.91
<b>18</b>	<b>Public Shareholding</b>				
	No of shares	188449257	188446755	188418789	188446755
	Percentage of share holding	100%	100%	100%	100%
<b>19</b>	<b>Promoters and Promoter group shareholding</b>				
	a) Pledged /encumbered				
	-Number of shares	NA	NA	NA	NA
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	NA	NA	NA	NA
	-Percentage of shares (as a % of the total share capital of the company)	NA	NA	NA	NA
	b) Non-encumbered				
	-Number of shares	NA	NA	NA	NA
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	NA	NA	NA	NA
	-Percentage of shares (as a % of the total share capital of the company)	NA	NA	NA	NA



**SEGMENT RESULTS FOR THE QUARTER ENDED 30.06.2015**

Particulars	Quarter ended 30.06.2015 (Reviewed)	Quarter ended 31.03.2015 (Audited )	Quarter end 30.06.2014 (Reviewed)	Year ended 31.03.2015 (Audited)
<b>(Rs. in Lakhs)</b>				
<b>1 Segment Revenue</b>				
(a) Treasury Operations	31987	30504	32221	134119
(b) Corporate Banking	45240	44157	43052	172821
(c) Retail Banking	52802	53775	46151	202888
(d) Other Banking Operations	4788	2368	4000	10713
<b>Total</b>	<b>134817</b>	<b>130804</b>	<b>125424</b>	<b>520541</b>
<b>2 Segment Results (after Provisions before Tax)</b>				
(a) Treasury Operations	(477)	759	4389	12490
(b) Corporate Banking	5033	7536	3566	12533
(c) Retail Banking	4954	9890	3224	21543
(d) Other Banking Operations	3802	2051	3008	7957
<b>Total</b>	<b>13312</b>	<b>20236</b>	<b>14187</b>	<b>54523</b>
<b>Less: Un-allocable Expenditure</b>	<b>995</b>	<b>852</b>	<b>977</b>	<b>3594</b>
<b>Profit before Tax and exceptional item</b>	<b>12317</b>	<b>19384</b>	<b>13210</b>	<b>50929</b>
<b>3 Capital employed</b>				
(a) Treasury Operations	147326	136479	136555	136479
(b) Corporate Banking	92264	94259	88443	94259
(c) Retail Banking	108118	106061	90472	106061
(d) Other Banking Operations	6	7	13	7
(e) Unallocated	2127	2100	1803	2100
<b>Total</b>	<b>349841</b>	<b>338906</b>	<b>317386</b>	<b>338906</b>

PART B - GEOGRAPHIC SEGMENTS: There is only one Segment i.e. Domestic



**Notes forming part of the reviewed financial results for the quarter ended June 30, 2015**

1. The above interim financial results for the quarter ended June 30, 2015 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors in their meetings held on July 17, 2015. The same has been subjected to limited review by the Statutory Central Auditors of the Bank in line with the guidelines issued by the Reserve Bank of India and as per the Listing Agreement with the Stock Exchanges
2. For 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 March 31, 2015.
3. The above interim financial results have been arrived at after considering the provision for loan losses and Depreciation on Investments as per RBI Guidelines. Provision for employees' retirement benefits like pension, gratuity and Leave encashment has been made as per Actuarial valuations. Provision for exposure to entity with the un-hedged foreign currency exposure, Income tax and other contingencies are on estimated and proportionate basis and are subject to adjustments at the year end.
4. In terms of RBI circular DBR.NO.BP.BC 94/21.04.048/2014-15 dated May 21, 2015 in respect of assets sold to SC/RCs, during the quarter ended June 30,2015 the shortfall arrived at by deducting the sale consideration and the provision held as on the date of the sale from the outstanding amount, is being amortized over two years. Accordingly, the Bank has charged to the Profit and Loss Account an amount of Rs. 156.25 lakhs during the quarter ended June 30, 2015 on proportionate basis and balance carried over as at June 30, 2015 is Rs 1093.71 lakhs.
5. In accordance with the RBI circular DBOD.NO.BP.BC 88/21.06.201/2012-13 dated March 28, 2013 Banks have been advised to make quarterly Pillar III disclosure under Basel III capital requirements with effect from Sept 30, 2013. The disclosures are made available on its web site at the following link: <http://ktkbank.com/ktk/BaselDisclosures.jsp#>. These disclosures have not been subjected to limited review by the Statutory Central Auditors.
6. During the quarter ended June 30, 2015 the bank had allotted 2502 equity shares pursuant to the exercise of stock options by certain employees.



7. Disclosure about investor complaints: Complaints at the beginning of the period Nil; Received during the period 8; Disposed off during the period 8; Unresolved as on June 30, 2015, Nil.
8. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.

Place: Mangalore  
Date: 17.07.2015



P Jayarama Bhat  
Managing Director & C.E.O



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Chartered Accountants,  
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Mangaluru – 575003

**Abarna & Ananthan**  
Chartered Accountants,  
#521, 3<sup>rd</sup> Main, 6<sup>th</sup> Block,  
2<sup>nd</sup> Phase, B.S.K. 3<sup>rd</sup> Stage,  
Bengaluru - 560085

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE BOARD OF  
DIRECTORS OF THE KARNATAKA BANK LIMITED**

We have reviewed the accompanying statement of unaudited financial results of The Karnataka Bank Limited for the quarter ended June 30, 2015, except for disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. 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. Our responsibility is to report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In the conduct of our Review we have relied on the review reports received in respect of 96 branches. These reports cover 56.75% of the advances portfolio of the Bank. Apart from these reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.



**Kamath & Rau**

Chartered Accountants,  
Near Bunts Hostel,  
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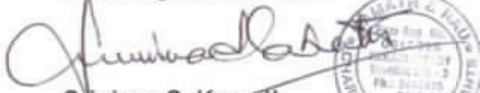
**Abarna & Ananthan**

Chartered Accountants,  
#521, 3<sup>rd</sup> Main, 6<sup>th</sup> Block,  
2<sup>nd</sup> Phase, B.S.K. 3<sup>rd</sup> Stage,  
Bengaluru - 560085

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying interim statement of unaudited financial results prepared in accordance with applicable Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement 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.

Without qualifying our opinion, we draw attention to Note No. 4 of the financial statements, regarding deferment of loss/shortfall of Rs. 1,093.71 Lakhs arising from sale of Non-Performing Assets to Asset Reconstruction Companies during the current quarter.

For Kamath & Rau  
Chartered Accountants  
Firm Regn.No.001689S



Srinivas S. Kamath  
Partner  
Membership No.201716

Date: July 17, 2015  
Place: Mangalore

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



C.S. Gopalakrishna  
Partner  
Membership No. 014706

