



# Karnataka Bank Ltd.

Estd : 1924

CIN : L85110KA1924PLC001128

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

09.11.2016

## SECRETARIAL DEPARTMENT

HO/SEC/429/2016-17

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,  
Bombay Stock Exchange Limited  
Corporate Relationship Dept  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI-400 001

Dear Sir,

Reg: The unaudited financial results for the quarter & half year ended 30.09.2016.

Please find enclosed copy of the unaudited financial results for the quarter & half year ended 30.09.2016 taken on record by the Board of Directors at the meeting held on 09.11.2016. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,

  
COMPANY SECRETARY

**ANNEXURE -1**
**REVIEWED FINANCIAL RESULTS FOR THE QUARTER/ HALF YEAR ENDED SEPT 30, 2016**

(Rs. in crores)

		Quarter ended			Half year ended		Year ended
		30.09.2016 Reviewed	30.06.2016 Reviewed	30.09.2015 Reviewed	30.09.2016 Reviewed	30.09.2015 Reviewed	31.03.2016 Audited
1	Interest Earned (a+b+c+d)	1306.37	1260.60	1248.38	2566.97	2477.43	4992.21
a)	Interest/Discount on advances/ bills	979.09	927.37	919.48	1906.46	1847.01	3700.48
b)	Income on Investments	307.95	312.93	302.76	620.88	580.27	1189.90
c)	Interest on balances with Reserve Bank of India and other interbank funds	0.60	1.23	0.67	1.83	1.11	2.60
d)	Others	18.73	19.07	25.47	37.80	49.04	99.23
2	Other Income	189.70	174.36	121.01	364.06	240.13	542.86
3	TOTAL INCOME (1+2)	1496.07	1434.96	1369.39	2931.03	2717.56	5535.07
4	Interest expended	909.12	895.91	941.49	1805.03	1839.22	3689.34
5	Operating expenses (i+ii)	354.20	277.13	258.44	631.33	469.86	991.20
i)	Employees Cost	173.54	128.03	124.86	301.57	225.12	443.02
ii)	Other operating Expenses	180.66	149.10	133.58	329.76	244.74	548.18
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1263.32	1173.04	1199.93	2436.36	2309.08	4680.54
7	Operating Profit before provisions & contingencies (3-6)	232.75	261.92	169.46	494.67	408.48	854.53
8	Provisions (other than tax) and Contingencies	130.55	136.31	35.07	266.86	150.92	326.53
9	Exceptional Items	0	0	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	102.20	125.61	134.39	227.81	257.56	528.00
	Provision for tax expense	-21.62	4.07	32.14	-17.53	27.71	27.71



		Quarter ended			Half year ended		Year ended
		30.09.2016 Reviewed	30.06.2016 Reviewed	30.09.2015 Reviewed	30.09.2016 Reviewed	30.09.2015 Reviewed	31.03.2016 Audited
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	123.82	121.54	102.25	245.36	211.59	415.29
13	Extraordinary Items (net of tax )	0	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	123.82	121.54	102.25	245.36	211.59	415.29
15	Paid up equity share capital ( Face value Rs 10/-)	188.48	188.47	188.46	188.48	188.46	188.47
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	---	---	---	---	---	3502.12
17	Analytical Ratios						
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)	11.19	11.64	11.70	11.19	11.70	12.03
iii)	Earnings per share (EPS) (Rs) before extraordinary items( Net of Tax Expenses) * Not Annualized.						
	- Basic EPS	6.57*	6.45*	5.43*	13.02*	11.23*	22.04
	- Diluted EPS	6.57*	6.45*	5.43*	13.02*	11.23*	22.03
	Earnings per share (EPS) (Rs) after extraordinary items( Net of Tax Expenses) * Not Annualized.						
	- Basic EPS	6.57*	6.45*	5.43*	13.02*	11.23*	22.04
	- Diluted EPS	6.57*	6.45*	5.43*	13.02*	11.23*	22.03
iv)	NPA Ratios as on date						
	Gross NPA	1344.50	1389.36	1043.67	1344.50	1043.67	1180.40
	Net NPA	961.36	911.23	635.28	961.36	635.28	795.47
	% of Gross NPA	3.64	3.92	3.18	3.64	3.18	3.44
	% of Net NPA	2.63	2.61	1.96	2.63	1.96	2.35
	Return on Assets	0.84	0.85	0.76	0.84	0.80	0.76



SUMMARY BALANCE SHEET AS ON SEPTEMBER 30, 2016

(Rs in crore)

	As on 30.09.2016	As on 30.09.2015
<b>CAPITAL AND LIABILITIES</b>		
Capital	188.48	188.46
Reserves and Surplus	3747.53	3412.23
Deposits	53095.83	48872.02
Borrowings	1026.24	1136.79
Other Liabilities and Provisions	1326.67	1246.00
<b>TOTAL</b>	<b>59384.75</b>	<b>54855.50</b>
<b>ASSETS</b>		
Cash and balances with Reserve Bank of India	2727.47	2501.30
Balances with Banks and Money at Call & Short Notice	77.52	140.03
Investments	16735.86	16394.57
Advances	36610.88	32442.91
Fixed Assets	302.28	298.23
Other Assets	2930.74	3078.46
<b>TOTAL</b>	<b>59384.75</b>	<b>54855.50</b>



**SEGMENT RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30,2016**

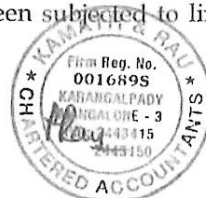
Segment wise Results	UNAUDITED					AUDITED
	Quarter Ended			Half Year Ended		Year ended
Particulars	30.09.2016	30.06.2016	30.09.2015	30.09.2016	30.09.2015	31.03.2016
	(Rs. in crores)					
<b>1 Segment Revenue</b>						
(a) Treasury Operations	384.12	363.02	329.01	747.14	627.05	1299.25
(b) Corporate Banking	446.18	460.29	426.39	906.47	878.79	1745.57
(c) Retail Banking	611.30	533.01	563.49	1144.31	1091.51	2242.83
(d) Other Banking Operations	54.47	78.64	50.50	133.11	120.21	247.42
<b>Total</b>	<b>1496.07</b>	<b>1434.96</b>	<b>1369.39</b>	<b>2931.03</b>	<b>2717.56</b>	<b>5535.07</b>
<b>2 Segment Results (after Provisions before Tax)</b>						
(a) Treasury Operations	94.25	72.32	14.91	166.57	21.65	67.94
(b) Corporate Banking	-8.50	24.52	54.04	16.02	107.98	149.33
(c) Retail Banking	38.95	27.36	97.23	66.31	163.04	379.53
(d) Other Banking Operations	-11.20	12.55	-21.39	1.35	-17.68	-26.56
<b>Total</b>	<b>113.50</b>	<b>136.75</b>	<b>144.79</b>	<b>250.25</b>	<b>277.91</b>	<b>570.24</b>
<b>Less: Un-allocable Expenditure</b>	<b>11.30</b>	<b>11.14</b>	<b>10.40</b>	<b>22.44</b>	<b>20.35</b>	<b>42.24</b>
<b>Profit before Tax and exceptional items</b>	<b>102.20</b>	<b>125.61</b>	<b>134.39</b>	<b>227.81</b>	<b>257.56</b>	<b>528.00</b>
<b>3 Capital employed</b>						
(a) Treasury Operations	1432.90	1401.50	1370.02	1432.90	1370.02	1383.24
(b) Corporate Banking	1069.64	1015.84	938.44	1069.64	938.44	950.11
(c) Retail Banking	1253.98	1211.11	1085.64	1253.98	1085.64	1167.18
(d) Other Banking Operations	88.41	97.98	124.28	88.41	124.28	113.11
(e) Unallocated	91.07	85.71	82.31	91.07	82.31	76.94
<b>Total</b>	<b>3936.00</b>	<b>3812.14</b>	<b>3600.69</b>	<b>3936.00</b>	<b>3600.69</b>	<b>3690.58</b>

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



Notes forming part of the un-audited financial results for the quarter and half year ended Sept 30, 2016

1. The above interim financial results for the half year ended Sept 30, 2016 have been reviewed by the Audit Committee of the Board in their meeting held on November 8, 2016 and approved by the Board of Directors in their meetings held on November 9, 2016. 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, 2016.
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 term of RBI guidelines, Banks can spread over any shortfall, if the sale value of the financial assets sold to SC/RCs is lower than NBV, over a period of eight/four quarters. Accordingly Bank has spread the shortfall of Rs. 75.08 crore over a period of 8 quarters during FY 2015-16, out of which Rs. 35.12 crore has been amortized up to Sept 30, 2016 leaving an unamortized sum of Rs. 39.96 crore. Further, out of the total shortfall of Rs.26.52 crore on account of financial assets sold to SC/RCs during FY2016-17, the bank has amortized a sum of Rs.6.63 crore up to Sept 30, 2016, leaving an unamortized sum of Rs.19.89 crore. Aggregate unamortized amount as on Sept 30, 2016 is Rs. 59.85 crore.
5. During the quarter ended September 30, 2016, the Bank has recognized Deferred Tax Asset (DTA) which includes Rs.47.68 crore in respect of the provision on such standard assets which inter alia include Restructured Standard assets and other advances that have been allowed to be classified as standard assets by RBI.
6. In terms of RBI circular DBR No BP.BC 1/21.06.201/2015-16 dated 1st July 2015 banks are required to make Pillar III disclosures under Basel III Capital Regulations. The Bank has made these disclosures which are available on our web site at the following link: <http://karnatakabank.com/ktk/BaselDisclosures.jsp#>. These disclosures have not been subjected to limited review by the Statutory Central Auditors.



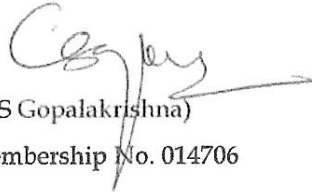
7. During the half year ended Sept 30, 2016 the bank had allotted 13060 equity shares pursuant to the exercise of stock options by certain employees.
8. Disclosure about investor complaints: Complaints at the beginning of the period Nil; Received during the period 13; Disposed off during the period 13; Unresolved as on Sept 30, 2016: Nil.
9. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.



P Jayarama Bhat  
Managing Director & C.E.O

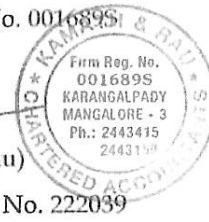



For Abarna & Ananthan  
Chartered Accountants  
Firm Regn No 000003S



(C S Gopalakrishna)  
Membership No. 014706

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



(Parineeth Rau)  
Membership No. 222039

Place: Mangaluru

Date: 09.11.2016





## ANNEXURE 2

## REVIEWED FINANCIAL RESULTS FOR THE QUARTER /HALF YEAR ENDED SEPTEMBER 30,2016

						Rs. In crore
Particulars	Quarter Ended 30.09.2016 (Reviewed)	Quarter Ended 30.06.2016 (Reviewed)	Quarter Ended 30.09.2015 (Reviewed)	Half year ended 30.9.2016 (Reviewed)	Half year ended 30.09.2015 (Reviewed)	Year ended 31.03.2016 (Audited)
Total income from operations (net)	1496.07	1434.96	1369.39	2931.03	2717.56	5535.07
Net Profit / (Loss) from ordinary activities after tax	123.82	121.54	102.25	245.36	211.59	415.29
Net Profit / (Loss) for the period after tax (after Extraordinary items)	123.82	121.54	102.25	245.36	211.59	415.29
Equity Share Capital	188.48	188.47	188.46	188.48	188.46	188.47
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	3502.12	3502.12	3200.60	3502.12	3200.60	3502.12
Earnings Per Share (before extraordinary items) (of Rs 10/- each)						
Basic:	6.57*	6.45*	5.43*	13.02*	11.23*	22.04
Diluted	6.57*	6.45*	5.43*	13.02*	11.23*	22.03
Earnings Per Share (After extraordinary items) (of Rs 10/- each)						
Basic	6.57*	6.45*	5.43*	13.02*	11.23*	22.04
Diluted	6.57*	6.45*	5.43*	13.02*	11.23*	22.03

\*Not annualized

Note: The above is an extract of the detailed format of Quarterly Results filed with the Stock Exchange under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly/Half yearly 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

P. Jayarama Bhat

MANAGING DIRECTOR &amp; CEO





**Kamath & Rau**

Chartered Accountants,  
Near Bunts Hostel,  
Karangalpady,  
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**

1. We have reviewed the accompanying statement of unaudited financial results of The Karnataka Bank Limited ("the Bank") for the Quarter ended 30<sup>th</sup> September, 2016 ("the Statement"), excluding the 'Basel III - Pillar 3 Disclosures' 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, 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 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. 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 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.
3. In the conduct of our Review we have relied on the review reports received in respect of 125 branches. These reports cover 64.33% 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,  
Karangalpady,  
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

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 aforesaid standards and other accounting principles generally accepted in India, 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 relevant prudential norms prescribed by the Reserve Bank of India in respect of Income Recognition, Asset Classification, Provisioning and other related matters.
5. Without qualifying our opinion, we draw attention to Note No. 4 of the financial statements, regarding deferment of loss/shortfall of Rs. 59.85 Crores arising from sale of Non-Performing Assets to Asset Reconstruction Companies. The same is in line with RBI circular DBR.NO.BP.BC.102/21.04.048/2015-16 dated 13<sup>th</sup> June, 2016 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances–Spread over of Shortfall on Sale of NPAs to SCs/RCS.

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


Parineeth Rau  
Partner  
Membership No.222039

Date: 09.11.2016  
Place:Mangaluru

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


C.S. Gopalakrishna  
Partner  
Membership No. 014706