



Karnataka Bank Ltd.

F. No. 1303 (H.O.)

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

29.07.2016

SECRETARIAL DEPARTMENT

HO: SEC:227: 2016-17

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

2. 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 ended 30.06.2016.

Please find enclosed copy of the unaudited financial results for the quarter-ended 30.06.2016 taken on record by the Board of Directors at the meeting held on 29.07.2016. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,


(Y V Balachandra)
COMPANY SECRETARY.



Karnataka Bank Ltd.

Your Family Bank, Across India.

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P. B. No.599, Mahaveera Circle
Kankanady
Mangalore – 575 002

Phone : 0824-2228222 Fax: 0824-2225589
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Website : www.karnatakabank.com
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ANNEXURE-1

REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016.

(Rs. in crore)

		Quarter ended 30.06.2016	Quarter ended 31.3.2016	Quarter ended 30.06.2015	Year ended 31.03.2016
		(Reviewed)	(Audited)	(Reviewed)	(Audited)
1	Interest Earned (a+b+c+d)	1260.60	1277.67	1229.05	4992.21
a)	Interest/Discount on advances/ bills	927.37	951.67	927.53	3700.48
b)	Income on Investments	312.93	297.77	277.52	1189.90
c)	Interest on balances with Reserve Bank of India and other interbank funds	1.23	0.93	0.44	2.60
d)	Others	19.07	27.30	23.56	99.23
2	Other Income	174.36	170.01	119.12	542.86
3	TOTAL INCOME (1+2)	1434.96	1447.68	1348.17	5535.07
4	Interest expended	895.91	917.94	897.73	3689.34
5	Operating expenses (i+ii)	277.13	275.37	211.42	991.20
i)	Employees Cost	128.03	105.49	100.26	443.02
ii)	Other operating Expenses	149.10	169.88	111.16	548.18
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1173.04	1193.31	1109.15	4680.54
7	Operating Profit before provisions & contingencies (3-6)	261.92	254.37	239.02	854.53
8	Provisions (other than tax) and Contingencies	136.31	112.50	115.85	326.53
9	Exceptional Items	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	125.61	141.87	123.17	528.00
11	Tax Expense	4.07	35.08	13.83	112.71
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	121.54	106.79	109.34	415.29
	Extraordinary Items (net of tax expense)	0	0	0	0



		Quarter ended 30.06.2016	Quarter ended 31.3.2016	Quarter ended 30.06.2015	Year ended 31.03.2016
14	Net Profit (+)/Loss (-) for the period (12-13)	121.54	106.79	109.34	415.29
15	Paid up equity share capital Face Value Rs 10/-)	188.47	188.47	188.46	188.47
16	Reserves excluding revaluation reserves	---	3502.12	---	3502.12
17	Analytical Ratios				
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)				
	Basel III	11.64	12.03	12.07	12.03
iii)	Earnings per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized				
	- Basic EPS	6.45*	5.67*	5.80*	22.04
	- Diluted EPS	6.45*	5.67*	5.80*	22.03
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized				
	- Basic EPS	6.45*	5.67*	5.80*	22.04
	- Diluted EPS	6.45*	5.67*	5.80*	22.03
iv)	NPA Ratios as on date				
	Gross NPA	1389.36	1180.40	1033.96	1180.40
	Net NPA	911.23	795.47	638.74	795.47
	% of Gross NPA	3.92	3.44	3.26	3.44
	% of Net NPA	2.61	2.35	2.05	2.35
	Return on Assets	0.85	0.76	0.84	0.76



SEGMENT RESULTS FOR THE QUARTER ENDED 30.06.2016

(Rs in crore)

	Particulars	Quarter ended 30.06.2016 (Reviewed)	Quarter ended 31.03.2016 (Audited)	Quarter end 30.06.2015 (Reviewed)	Year ended 31.03.2016 (Audited)
1	Segment Revenue				
	(a) Treasury Operations	363.02	331.00	298.04	1299.25
	(b) Corporate Banking	460.29	425.75	452.40	1745.57
	(c) Retail Banking	533.01	614.64	528.02	2242.83
	(d) Other Banking Operations	78.64	76.29	69.71	247.42
	Total	1434.96	1447.68	1348.17	5535.07
2	Segment Results (after Provisions before Tax)				
	(a) Treasury Operations	72.32	0.50	6.74	67.94
	(b) Corporate Banking	24.52	9.81	55.47	149.33
	(c) Retail Banking	27.36	136.53	64.39	379.53
	(d) Other Banking Operations	12.55	6.03	6.52	(26.56)
	Total	136.75	152.87	133.12	570.24
	Less: Un-allocable Expenditure	11.14	11.00	9.95	42.24
	Profit before Tax and exceptional item	125.61	141.87	123.17	528.00
3	Capital employed				
	(a) Treasury Operations	1401.50	1383.24	1350.60	1383.24
	(b) Corporate Banking	1015.84	950.11	922.64	950.11
	(c) Retail Banking	1211.11	1167.18	1081.18	1167.18
	(d) Other Banking Operations	97.98	113.11	122.72	113.11
	(e) Unallocated	85.71	76.94	21.27	76.94
	Total	3812.14	3690.58	3498.41	3690.58

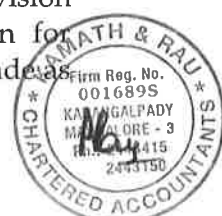
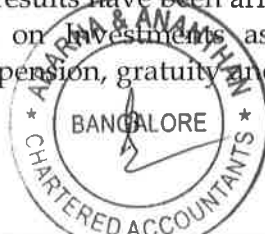
PART B: GEOGRAPHIC SEGMENTS: There is only one Segment i.e. Domestic Segment

Notes forming part of the reviewed financial results for the quarter ended June 30, 2016.

1. The above interim financial results for the quarter ended June 30, 2016 have been reviewed by the Audit Committee of the Board meeting held on July 28, 2016 and approved by the Board of Directors in their meetings held on July 29, 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 terms of RBI Circular DBR.No.BP.BC.94/21.04.048/2014-15 dated 21st May 2015, in respect of assets sold to SC/ RCs , 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 to be amortized over 2 years. Accordingly for the sales that were concluded during the previous financial year, the Bank has charged to the Profit and Loss account an amount of Rs 16.36 Crore during the year ended March 31, 2016 on proportionate basis and un-amortized balance carried over as at March 31, 2016 was Rs.58.72 Crores . Out of the said amount of Rs. 58.72 crore the bank has amortized a sum of Rs.9.38 crore during the quarter ended June 30, 2016 and the balance un-amortized portion as at June 30, 2016 is Rs.49.34 crore.

5. 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/kfk/BaselDisclosures.jsp#>. These disclosures have not been subjected to limited review by the Statutory Central Auditors.

6. Pursuant to RBI Circular DBR.BP.BC.No 31/21.04.018/2015-16 dated July 16, 2015, Bank classified deposits placed with NABARD/SIDBI/NHB for meeting shortfall in priority Sector Lending targets, under "Other Assets" which were hitherto included under "Investments". Similarly, interest income from such deposits has been classified under the head "Interest Income- Others", which was hitherto included under "Interest Income-Investments" Figures for the previous periods have also been regrouped to conform to current period classification. The above change in classification has no impact on the profit for the quarter ended June 30, 2016 or the previous year.

7. During the quarter ended June 30, 2016 the bank had allotted 2402 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 7; Disposed off during the period 7; Unresolved as on June 30, 2016: Nil.

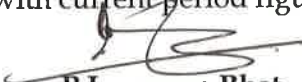
9. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.



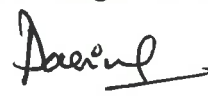
For Abarna & Ananthan
Chartered Accountants
Firm Regn No 000003S

(C S Gopalakrishna)
Membership No. 014706




P Jayarama Bhat
Managing Director & C.E.O

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


(Parineeth Rau)
Membership No. 222039



Place: Mangaluru
Date: 29.07.2016

ANNEXURE 2

REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30,2016

Particulars	(Rs. In crore)		
	Quarter ended 30.6.2016	Year ended 31.03.2016	Quarter ended 30.06.2015
Total income from operations (net)	1435	5535	1348
Net Profit / (Loss) from ordinary activities after tax	122	415	109
Net Profit / (Loss) for the period after tax (after Extraordinary items)	122	415	109
Equity Share Capital	188	188	188
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	3502	3502	3201
Earnings Per Share (before extraordinary items) (of Rs 10/- each)			
Basic:	6.45*	22.04	5.80*
Diluted	6.45*	22.03	5.80*
Earnings Per Share (After extraordinary items) (of Rs 10/- each)			
Basic	6.45*	22.04	5.80*
Diluted	6.45*	22.03	5.80*

*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 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 & CEO

Place: Mangaluru

Date: 29.07.2016



Kamath & Rau

Chartered Accountants,
Near Bunts Hostel,
Karangalpadu,
Mangaluru – 575003

Abarna & Ananthan

Chartered Accountants,
#521, 3rd Main, 6th Block,
2nd Phase, B.S.K. 3rd 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 30th June, 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 110 branches. These reports cover 60.86% 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

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Near Bunts Hostel,
Karangalpady,
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Chartered Accountants,
#521, 3rd Main, 6th Block,
2nd Phase, B.S.K. 3rd 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. 49.34 Crores arising from sale of Non-Performing Assets to Asset Reconstruction Companies during the current year. The same is in line with RBI circular DBR.NO.BP.BC 2/21.04.048/2015-16 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated 1st July, 2015.

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



Parineeth Rau
Partner
Membership No.222039



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



C.S. Gopalakrishna
Partner
Membership No. 014706



Date: 29-07-2016
Place: Mangaluru