



# 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

13.10.2017

## SECRETARIAL DEPARTMENT

HO/SEC/431/2017-18

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: The unaudited financial results for the quarter & half year ended 30.09.2017.

Please find enclosed copy of the unaudited financial results for the quarter & half year ended 30.09.2017 taken on record by the Board of Directors at the meeting held on 13.10.2017. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,

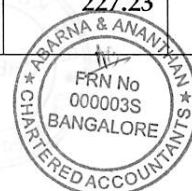
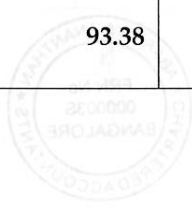
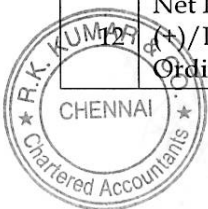
  
COMPANY SECRETARY

KARNATAKA BANK LTD , REGD & HEAD OFFICE , MAHAVEERA CIRCLE MANGALURU 575002  
ANNEXURE-1

REVIEWED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED SEPTEMBER, 2017.

(Rs. in crore)

		Quarter ended (Unaudited)			Half year ended (Unaudited)		Year ended (Audited)
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
1	Interest Earned (a+b+c+d)	1317.93	1330.54	1306.37	2648.47	2566.97	5185.40
a)	Interest/Discount on advances/ bills	1009.50	949.83	979.09	1959.33	1906.46	3793.56
b)	Income on Investments	289.20	332.63	306.58	621.83	618.14	1271.16
c)	Interest on balances with Reserve Bank of India and other interBank funds	1.53	11.97	1.97	13.50	4.57	29.26
d)	Others	17.70	36.11	18.73	53.81	37.80	91.42
2	Other Income	247.82	217.39	189.70	465.21	364.06	809.34
3	TOTAL INCOME (1+2)	1565.75	1547.93	1496.07	3113.68	2931.03	5994.74
4	Interest expended	877.69	906.12	909.12	1783.81	1805.03	3694.78
5	Operating expenses (i+ii)	321.82	332.11	354.20	653.93	631.33	1304.16
i)	Employees Cost	124.17	137.41	173.54	261.58	301.57	601.03
ii)	Other operating Expenses	197.65	194.70	180.66	392.35	329.76	703.13
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1199.51	1238.23	1263.32	2437.74	2436.36	4998.94
7	Operating Profit before provisions & contingencies (3-6)	366.24	309.70	232.75	675.94	494.67	995.80
8	Provisions (other than tax) and Contingencies	225.98	198.88	130.55	424.86	266.86	527.85
9	Exceptional Items	0.00	0.00	0	0.00	0	0.00
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	140.26	110.82	102.20	251.08	227.81	467.95
11	Tax Expense	46.88	-23.03	-21.62	23.85	-17.55	15.69
	Net Profit (+)/ Loss (-) from Ordinary	93.38	133.85	123.82	227.23	245.36	452.26



		Quarter ended (Unaudited)			Half year ended (Unaudited)		Year ended (Audited)
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
	activities after Tax (10-11)						
13	Extraordinary Items (net of tax expense)	0.00	0.00	0	0.00	0	0.00
14	Net Profit (+)/Loss (-) for the period (12-13)	93.38	133.85	123.82	227.23	245.36	452.26
15	Paid up equity share capital Face Value Rs 10/-)	282.62	282.62	188.48	282.62	188.48	282.62
16	Reserves excluding revaluation reserves	---	---	---		---	4436.44
17	Analytical Ratios						
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)						
	Basel III	12.46	13.02	11.19	12.46	11.19	13.30
iii)	Earnings per share (EPS) (Rs) before						
	- Basic EPS	3.30*	4.74*	5.87*	8.04*	11.63*	19.38
	- Diluted EPS	3.30*	4.74*	5.87*	8.04*	11.63*	19.38
	Earnings per share (EPS) (Rs) after						
	- Basic EPS	3.30*	4.74*	5.87*	8.04*	11.63*	19.38
	- Diluted EPS	3.30*	4.74*	5.87*	8.04*	11.63*	19.38
iv)	NPA Ratios as on						
	Gross NPA	1715.70	1690.87	1344.50	1715.70	1344.50	1581.59
	Net NPA	1246.81	1229.84	961.36	1246.81	961.36	974.73
	% of Gross NPA	4.13	4.34	3.64	4.13	3.64	4.21
	% of Net NPA	3.04	3.20	2.63	3.04	2.63	2.64
	Return on Assets	0.58	0.83	0.84	0.71	0.84	0.74



**SUMMARY BALANCE SHEET AS ON SEPTEMBER 30, 2017**

(Rs in crore)

	As on	As on
	30.09.2017	30.09.2016
<b>CAPITAL AND LIABILITIES</b>		
Capital	282.62	188.48
Reserves and Surplus	5007.21	3747.53
Deposits	56558.45	53095.83
Borrowings	1051.13	1026.24
Other Liabilities and Provisions	1574.37	1326.67
<b>TOTAL</b>	<b>64473.78</b>	<b>59384.75</b>
<b>ASSETS</b>		
Cash and balances with Reserve Bank of India	2779.09	2727.47
Balances with Banks and Money at Call & Short Notice	131.32	77.52
Investments	16734.05	16735.86
Advances	41127.04	36610.88
Fixed Assets	718.41	302.28
Other Assets	2983.87	2930.74
<b>TOTAL</b>	<b>64473.78</b>	<b>59384.75</b>



SEGMENT RESULTS FOR THE QUARTER/HALF YEAR ENDED 30.09.2017

Segment wise Results	UNAUDITED					AUDITED
	Quarter Ended			Half Year Ended		Year ended
Particulars	30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
	(Rs. in crores)					
<b>1 Segment Revenue</b>						
(a) Treasury Operations	386.38	444.54	384.12	830.92	747.14	1642.55
(b) Corporate Banking	505.82	492.28	446.18	998.10	906.47	1814.36
(c) Retail Banking	609.41	530.73	611.30	1140.14	1144.31	2281.72
(d) Other Banking Operations	64.14	80.38	54.47	144.52	133.11	256.11
<b>Total</b>	<b>1565.75</b>	<b>1547.93</b>	<b>1496.07</b>	<b>3113.68</b>	<b>2931.03</b>	<b>5994.74</b>
<b>2 Segment Results (after Provisions before Tax)</b>						
(a) Treasury Operations	95.26	132.05	94.25	227.31	166.57	442.87
(b) Corporate Banking	-121.56	-49.37	-106.58	-170.93	- 82.06	-246.97
(c) Retail Banking	164.22	29.96	137.03	194.18	164.39	357.89
(d) Other Banking Operations	14.61	10.90	-11.20	25.51	1.35	-36.08
<b>Total</b>	<b>152.53</b>	<b>123.54</b>	<b>113.50</b>	<b>276.07</b>	<b>250.25</b>	<b>517.71</b>
<b>Less: Un-allocable Expenditure</b>	<b>12.27</b>	<b>12.72</b>	<b>11.30</b>	<b>24.99</b>	<b>22.44</b>	<b>49.76</b>
<b>Profit before Tax and exceptional items</b>	<b>140.26</b>	<b>110.82</b>	<b>102.20</b>	<b>251.08</b>	<b>227.81</b>	<b>467.95</b>
<b>3 Capital employed</b>						
(a) Treasury Operations	1733.43	1918.76	1432.90	1733.43	1432.90	2027.23
(b) Corporate Banking	1603.41	1476.86	1069.64	1603.41	1069.64	1314.61
(c) Retail Banking	1710.07	1680.33	1253.98	1710.07	1253.98	1589.10
(d) Other Banking Operations	102.97	102.55	88.41	102.97	88.41	105.27
(e) Unallocated	139.96	129.29	91.07	139.96	91.07	106.37
<b>Total</b>	<b>5289.84</b>	<b>5307.79</b>	<b>3936.00</b>	<b>5289.84</b>	<b>3936.00</b>	<b>5142.58</b>

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



**Notes forming part of the reviewed financial results for the quarter/half year ended September 30, 2017.**

1. The above interim financial results for the Quarter/half year ended September 30, 2017 have been reviewed by the Audit Committee of the Board in the meeting held on October 12, 2017 and approved by the Board of Directors in the meeting held on October 13, 2017. 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 SEBI (LODR) Regulations, 2015.
2. For the preparation of these financial results, the Bank has followed the same accounting policies and generally accepted practices adopted in the preparation of audited financial statements for the year ended March 31, 2017.
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, leave encashment and unused sick leave 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 guidelines, the Bank had opted to spread the net shortfall on account of sale of assets to Reconstruction companies during the financial year 2015-16 and 2016-17 over a period of 8/ 4 quarters and consequently a sum of Rs 56.07 Crore has been charged to the Profit & Loss account for the half year ended September 30, 2017 by corresponding reversal of the proportionate debit made earlier to Revenue and other reserves. The unamortized amount of Rs 22.43 Crore will be amortised in the subsequent quarters.
5. Interest on Reverse Repo transactions which until 31<sup>st</sup> March 2017 was included under the head "Interest earned on Investments" is now included under the head "Interest earned on Balances with Reserve Bank of India and Inter Bank funds" pursuant to RBI guidelines. Figures for the previous periods have been regrouped / reclassified to conform to current period's classification. The above regrouping / reclassification has no impact on the profit of the Bank for the quarter/half year ended September 30, 2017 or the previous periods.



6. In terms of RBI circular DBR No BP.BC 1/21.06.201/2015-16 dated July 1, 2015, Pillar III disclosures under Basel III Capital Regulations have been made available on our web site at the following link: [http://karnatakaBank.com/ktk/ BaselDisclosures.jsp#](http://karnatakaBank.com/ktk/BaselDisclosures.jsp#). These disclosures have not been subjected to limited review by the Statutory Central Auditors.
7. Disclosure about investor complaints: Complaints at the beginning of the period Nil; Received during the period -23. Disposed off during the period- 23. Unresolved as on September 30, 2017: Nil
8. Corresponding previous period's figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.



Mahabaleshwara M S  
Managing Director & C.E.O

For Abarna & Ananthan  
Chartered Accountants  
Firm Regn No 000003S



Abarna Bhaskar  
Membership No. 025145

For R K Kumar & Co  
Chartered Accountants  
Firm Regn. No. 001595S



B R Ashok  
Membership No. 023313

Place: Mangaluru

Date: 13<sup>th</sup> October 2017





## ANNEXURE 2

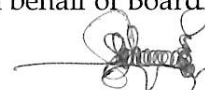
## REVIEWED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED SEPTEMBER, 2017.

						(Rs. In crore)
Particulars	Quarter Ended 30.09.2017 (Unaudited)	Quarter Ended 30.06.2017 (Unaudited)	Quarter Ended 30.09.2016 (Unaudited)	Half year ended 30.9.2017 (Unaudited)	Half year ended 30.09.2016 (Unaudited)	Year ended 31.03.2017 (Audited)
Total income from operations (net)	1565.75	1547.93	1496.07	3113.68	2931.03	5994.74
Net Profit / (Loss) from ordinary activities after tax	93.38	133.85	123.82	227.23	245.36	452.26
Net Profit / (Loss) for the period after tax (after Extraordinary items)	93.38	133.85	123.82	227.23	245.36	452.26
Equity Share Capital	282.62	282.62	188.48	282.62	188.48	282.62
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	----	---	-----	-----	-----	4436.44
Earnings Per Share (before extraordinary items) (of Rs 10/- each)						
Basic:	3.30*	4.74*	5.87*	8.04*	11.63*	19.38
Diluted	3.30*	4.74*	5.87*	8.04*	11.63*	19.38
Earnings Per Share (After extraordinary items) (of Rs 10/- each)						
Basic	3.30*	4.74*	5.87*	8.04*	11.63*	19.38
Diluted	3.30*	4.74*	5.87*	8.04*	11.63*	19.38

\*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



Mahabaleshwara M S

MANAGING DIRECTOR &amp; CEO

Place: Mangaluru

Date: 13<sup>th</sup> October 2017



## ABARNA & ANANTHAN

Chartered Accountants  
# 521, 3<sup>rd</sup> Main, 6<sup>th</sup> Block, 2<sup>nd</sup> Phase  
BSK 3<sup>rd</sup> Stage,  
Bangalore 560085

## R.K. KUMAR & CO

Chartered Accountants  
Second floor, Congress Building,  
573, Mount Road,  
Chennai – 600 006.

### Independent Auditor's Review Report on Review of Interim Financial Results

#### To The Board of Directors of The Karnataka Bank Ltd

1. We have reviewed the accompanying statement of Unaudited Financial Results of **The Karnataka Bank Limited** ("The Bank") for the quarter and half year ended 30<sup>th</sup> September 2017 ("the Statement"), excluding the Pillar 3 disclosures, leverage ratio and liquidity coverage ratio under Basel III Capital Regulations disclosed on the Bank's website and in respect of which a link has been provided in the Statement, being prepared and submitted by the Bank pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The preparation and fair presentation of the Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. It 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 in so far as they apply to Banking Companies, circulars and guidelines issued by the Reserve Bank of India from time to time and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review of the Statement 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 is limited primarily to inquiries of the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. In the conduct of our Review we have relied on the reports in respect of non-performing assets received from concurrent auditors of 126 branches. These reports cover 64.48 per cent 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.



## ABARNA & ANANTHAN


Chartered Accountants  
# 521, 3<sup>rd</sup> Main, 6<sup>th</sup> Block, 2<sup>nd</sup> Phase  
BSK 3<sup>rd</sup> Stage,  
Bangalore 560085

## R.K. KUMAR & CO

Chartered Accountants  
Second floor, Congress Building,  
573, Mount Road,  
Chennai – 600 006.

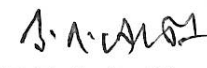
4. *Without qualifying our report, we draw attention to Note No. 4 of the unaudited financial statements regarding deferment of loss by the bank, in terms of extant RBI guidelines, to the extent of Rs. 22.43 Crore on sale of advances to Asset Reconstruction Companies.*
5. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable Accounting Standards along with the other accounting principles generally accepted in India in so far as they apply to the Banking companies and guidelines issued by Reserve Bank of India from time to time, 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 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.

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

  
**(Abarna Bhaskar)**  
Partner  
M. No. 025145



**For R K Kumar & Co.,**  
Chartered Accountants  
Firm Regn. No. 001595S

  
**(B R Ashok)**  
Partner  
M. No. 023313



**Place: Mangalore**  
**Dated: 13<sup>th</sup> Oct 2017**

