

 **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

15.07.2017

SECRETARIAL DEPARTMENT

HO/SEC/248/2017-18

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 ended 30.06.2017.

Please find enclosed copy of the unaudited financial results for the quarter ended 30.06.2017 taken on record by the Board of Directors at the meeting held on 15.07.2017. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,


COMPANY SECRETARY

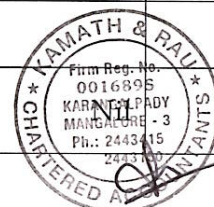
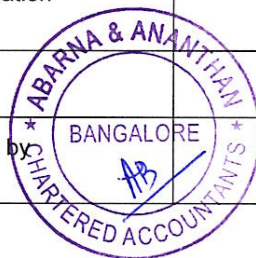
KARNATAKA BANK LTD HEAD OFFICE MANGALURU 575002

ANNEXURE-1

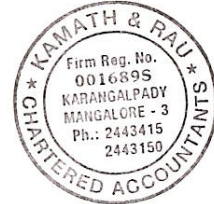
REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2017.

(Rs. in crore)

		Quarter ended 30.06.2017	Quarter ended 31.3.2017	Quarter ended 30.06.2016	Year ended 31.03.2017
		(Reviewed)	(Audited)	(Reviewed)	(Audited)
1	Interest Earned (a+b+c+d)	1330.54	1294.50	1260.60	5185.40
a)	Interest/Discount on advances/ bills	949.83	903.52	927.37	3793.56
b)	Income on Investments	332.63	350.18	311.56	1271.16
c)	Interest on balances with Reserve Bank of India and other interBank funds	11.97	22.30	2.60	29.26
d)	Others	36.11	18.50	19.07	91.42
2	Other Income	217.39	311.69	174.36	809.34
3	TOTAL INCOME (1+2)	1547.93	1606.19	1434.96	5994.74
4	Interest expended	906.12	942.33	895.91	3694.78
5	Operating expenses (i+ii)	332.11	334.59	277.13	1304.16
i)	Employees Cost	137.41	122.71	128.03	601.03
ii)	Other operating Expenses	194.70	211.88	149.10	703.13
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1238.23	1276.92	1173.04	4998.94
7	Operating Profit before provisions & contingencies (3-6)	309.70	329.27	261.92	995.80
8	Provisions (other than tax) and Contingencies	198.88	160.40	136.31	527.85
9	Exceptional Items	0.00	0.00	0.00	0.00
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	110.82	168.87	125.61	467.95
11	Tax Expense	-23.03	30.50	4.07	15.69
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	133.85	138.37	121.54	452.26
13	Extraordinary Items (net of tax expense)	0.00	0.00	0.00	0.00
14	Net Profit (+)/Loss (-) for the period (12-13)	133.85	138.37	121.54	452.26
15	Paid up equity share capital Face Value Rs 10/-)	282.62	282.62	188.47	282.62
16	Reserves excluding revaluation reserves	---	4436.44	---	4436.44
17	Analytical Ratios				
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil



		Quarter ended 30.06.2017	Quarter ended 31.3.2017	Quarter ended 30.06.2016	Year ended 31.03.2017
ii)	Capital Adequacy Ratio (%)				
	Basel III	13.02	13.30	11.64	13.30
iii)	Earnings per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized				
	- Basic EPS	4.74*	4.90*	5.76*	19.38
	- Diluted EPS	4.74*	4.90*	5.76*	19.38
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized				
	- Basic EPS	4.74*	4.90*	5.76*	19.38
	- Diluted EPS	4.74*	4.90*	5.76*	19.38
iv)	NPA Ratios as on date				
	Gross NPA	1690.87	1581.59	1389.36	1581.59
	Net NPA	1229.84	974.73	911.23	974.73
	% of Gross NPA	4.34	4.21	3.92	4.21
	% of Net NPA	3.20	2.64	2.61	2.64
	Return on Assets	0.83	0.85	0.85	0.74

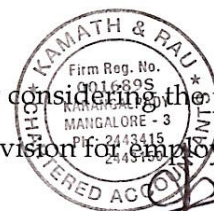


	Particulars	Quarter ended 30.06.2017 (Reviewed)	Quarter ended 31.03.2017 (Audited)	Quarter end 30.06.2016 (Reviewed)	Year ended 31.03.2017 (Audited)
1	Segment Revenue				
	(a) Treasury Operations	444.54	541.00	363.02	1642.55
	(b) Corporate Banking	492.28	416.93	460.29	1814.36
	(c) Retail Banking	530.73	569.87	533.01	2281.72
	(d) Other Banking Operations	80.39	78.39	78.64	256.11
	Total	1547.94	1606.19	1434.96	5994.74
2	Segment Results (after Provisions before Tax)				
	(a) Treasury Operations	132.05	220.86	72.32	442.87
	(b) Corporate Banking	-49.37	-63.27	24.52	-56.12
	(c) Retail Banking	29.96	36.27	27.36	165.19
	(d) Other Banking Operations	10.90	-12.34	12.55	-34.23
	Total	123.54	181.52	136.75	517.71
	Less: Un-allocable Expenditure	12.72	12.64	11.14	49.76
	Profit before Tax and exceptional item	110.82	168.88	125.61	467.95
3	Capital employed				
	(a) Treasury Operations	1918.76	2027.23	1401.50	2027.23
	(b) Corporate Banking	1476.86	1314.61	1015.84	1314.61
	(c) Retail Banking	1680.33	1589.10	1211.11	1589.10
	(d) Other Banking Operations	102.55	105.27	97.98	105.27
	(e) Unallocated	129.29	106.37	85.71	106.37
	Total	5307.79	5142.58	3812.14	5142.58

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, 2017.**

- The above interim financial results for the Quarter ended June 30, 2017 have been reviewed by the Audit Committee of the Board in the meeting held on July 15, 2017 and approved by the Board of Directors in the meeting held on July 15, 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.
- 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.
- 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



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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, Bank had spread over the shortfall of Rs. 75.08 crore in the sale of the financial assets during the FY 2015-16 to Securitisation Companies/Reconstruction Companies, over a period of eight quarters, out of which Rs 53.90 Crore had been amortized up to March 31, 2017 leaving an unamortized sum of Rs 21.18 Crore. Further, out of the total shortfall of Rs.94.12 crore, on account of financial assets sold during FY 2016-17 to Securitisation Companies/Reconstruction Companies, which was permitted to be amortized over a period of four quarters , the Bank had amortized a sum of Rs. 36.80 crore up to March 31, 2017, leaving an unamortized sum of Rs 57.32 crore. The aggregate unamortized amount of Rs 78.50 Crore had been drawn down from Revenue Reserve during the year ended March 31, 2017.

During the quarter ended June 30, 2017, the Bank has charged an amount of Rs 31.35 Crore to the Profit and Loss Account by credit to Revenue Reserve and the balance will be amortised in the subsequent quarters.

5. Interest on Reverse Repo transactions which were hitherto included under the head "Interest earned on Investments" is now included under the head "Interest earned on Balances with Reserve Bank of India and InterBank 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 ended June 30, 2017 or the previous period.
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#>. 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 26; Disposed off during the period 26; Unresolved as on June 30, 2017: Nil.



8. Corresponding previous periods 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

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



Abarna Bhaskar
Membership No. 025145



Srinivas S Kamath
Membership No. 201716



Place: Mangaluru
Date: 15th July 2017

ANNEXURE 2

REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30,2017

Particulars	(Rs. In crore)		
	Quarter ended 30.6.2017	Year ended 31.03.2017	Quarter ended 30.6.2016
Total income from operations (net)	1547.94	5994.74	1434.95
Net Profit / (Loss) from ordinary activities after tax	133.85	452.26	121.54
Net Profit / (Loss) for the period after tax (after Extraordinary items)	133.85	452.26	121.54
Equity Share Capital	282.62	282.62	188.47
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:	4.74*	19.38	5.76*
Diluted	4.74*	19.38	5.76*
Earnings Per Share (After extraordinary items) (of Rs 10/- each)			
Basic	4.74*	19.38	5.76*
Diluted	4.74*	19.38	5.76*

*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

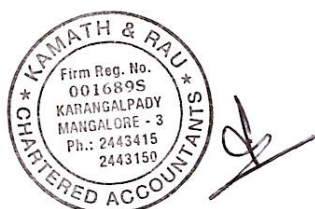


Mahabaleshwara M S

MANAGING DIRECTOR & CEO

Place: Mangaluru

Date: 15th July 2017



Kamath & Rau

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

Abarna&Ananthan

Chartered Accountants,
#521, 3rd Main, 6th Block,
2nd Phase, B.S.K. 3rd Stage,
Bengaluru – 560085

**INDEPENDENT AUDITORS' 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 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 123 branches. These reports cover 64.15% 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

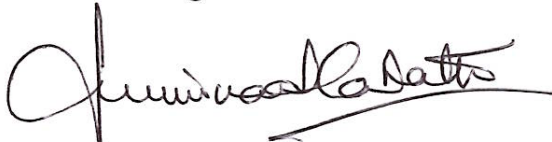
Chartered Accountants,
Near Bunts Hostel,
Karangalpady,
Mangaluru – 575003

Abarna&Ananthan

Chartered Accountants,
#521, 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. 47.15Crores 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 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



Srinivas S Kamath
Partner
Membership No.201716

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



Abarna Bhaskar
Partner
Membership No. 025145

Date: 15.07.2017
Place: Mangaluru

