



# 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

October 12, 2018

## SECRETARIAL DEPARTMENT

HO/SEC/408/2018-19

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 30.09.2018.

Please find enclosed copy of the unaudited financial results for the quarter & half year ended 30.09.2018 taken on record by the Board of Directors at the meeting held on 12.10.2018. 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

(Rs. in Crore)

## REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2018.

		Quarter ended 30.09.2018	Quarter ended 30.06.2018	Quarter ended 30.09.2017	Half year ended 30.09.2018	Half year ended 30.09.2017	Year ended 31.03.2018
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
1	Interest Earned (a+b+c+d)	1452.61	1407.64	1317.93	2860.25	2648.47	5423.75
a)	Interest/Discount on advances/ bills	1152.36	1105.79	1009.50	2258.15	1959.33	4081.93
b)	Income on Investments	279.33	270.49	289.20	549.82	621.83	1161.53
c)	Interest on balances with Reserve Bank of India and other interbank funds	5.27	2.02	1.53	7.29	13.50	15.87
d)	Others	15.65	29.34	17.70	44.99	53.81	164.42
2	Other Income	201.20	208.80	247.82	410.00	465.21	954.34
3	TOTAL INCOME (1+2)	1653.81	1616.44	1565.75	3270.25	3113.68	6378.09
4	Interest expended	984.90	939.06	877.69	1923.96	1783.81	3566.10
5	Operating expenses (i+ii)	312.58	308.50	321.82	621.08	653.93	1338.82
i)	Employees Cost	110.85	110.50	124.17	221.35	261.58	524.79
ii)	Other operating Expenses	201.73	198.00	197.65	399.73	392.35	814.03
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1297.48	1247.56	1199.51	2545.04	2437.74	4904.92
7	Operating Profit before provisions & contingencies (3-6)	356.33	368.88	366.24	725.21	675.94	1473.17
8	Provisions (other than tax) and Contingencies	193.22	222.06	225.98	415.28	424.86	1163.01
9	Exceptional Items	0.00	0.00	0.00	0.00	0	0.00
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	163.11	146.82	140.26	309.93	251.08	310.16
11	Tax Expense	51.25	-16.42	46.88	34.83	23.85	-15.45
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	111.86	163.24	93.38	275.10	227.23	325.61
13	Extraordinary Items (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00



(Rs. in crore)

		Quarter ended 30.09.2018	Quarter ended 30.06.2018	Quarter ended 30.09.2017	Half year ended 30.09.2018	Half year ended 30.09.2017	Year ended 31.03.2018
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
14	Net Profit (+)/Loss (-) for the period (12-13)	111.86	163.24	93.38	275.10	227.23	325.61
15	Paid up equity share capital Face Value Rs 10/-)	282.62	282.62	282.62	282.62	282.62	282.62
16	Reserves excluding revaluation reserves	---	---	---	---	---	4711.32
17	<u>Analytical Ratios</u>						
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%) -Basel III ( % )	11.30	11.60	12.46	11.30	12.46	12.04
iii)	Earnings per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized						
	- Basic EPS	3.96*	5.78*	3.30*	9.73*	8.04*	11.52
	- Diluted EPS	3.96*	5.78*	3.30*	9.73*	8.04*	11.52
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized						
	- Basic EPS	3.96*	5.78*	3.30*	9.73*	8.04*	11.52
	- Diluted EPS	3.96*	5.78*	3.30*	9.73*	8.04*	11.52
iv)	NPA Ratios as on date						
	Gross NPA	2371.62	2296.53	1715.7	2371.62	1715.7	2376.07
	Net NPA	1497.68	1395.97	1246.81	1497.68	1246.81	1400.51
	% of Gross NPA	4.66	4.72	4.13	4.66	4.13	4.92
	% of Net NPA	3.00	2.92	3.04	3.00	3.04	2.96
	Return on Assets		0.91	0.58	0.76	0.71	0.49



**SUMMARY BALANCE SHEET AS ON SEPTEMBER 30, 2018**

(Rs in crore)

	As on	As on
	30.09.2018	30.09.2017
<b>CAPITAL AND LIABILITIES</b>		
Capital	282.62	282.62
Reserves and Surplus	5300.42	5007.21
Deposits	63884.70	56558.45
Borrowings	2807.52	1051.13
Other Liabilities and Provisions	1213.35	1509.56
<b>TOTAL</b>	<b>73488.61</b>	<b>64408.97</b>
<b>ASSETS</b>		
Cash and balances with Reserve Bank of India	3087.16	2779.09
Balances with Banks and Money at Call & Short Notice	201.91	131.32
Investments	16035.86	16734.05
Advances	49969.61	41062.23
Fixed Assets	758.47	718.41
Other Assets	3435.60	2983.87
<b>TOTAL</b>	<b>73488.61</b>	<b>64408.97</b>



**SEGMENT RESULTS FOR THE HALF YEAR ENDED 30.09.2018**

Segment wise Results	UNAUDITED					AUDITED
	Quarter Ended			Half Year Ended		Year ended
Particulars	30.09.2018	30.06.2018	30.09.2017	30.09.2018	30.09.2017	31.03.2018
	(Rs. in crores)					
<b>1 Segment Revenue</b>						
(a) Treasury Operations	298.35	284.17	385.57	582.52	811.28	1404.18
(b) Corporate Banking	686.17	627.35	505.82	1313.52	998.10	2174.98
(c) Retail Banking	584.92	589.04	609.41	1173.96	1140.14	2367.95
(d) Other Banking Operations	84.37	102.62	64.14	186.99	144.52	332.57
(e) Unallocated	0.00	13.26	0.81	13.26	19.64	98.41
<b>Total</b>	<b>1653.81</b>	<b>1616.44</b>	<b>1565.75</b>	<b>3270.25</b>	<b>3113.68</b>	<b>6378.09</b>
<b>2 Segment Results (after Provisions before Tax)</b>						
(a) Treasury Operations	30.31	29.31	94.45	59.62	207.67	267.76
(b) Corporate Banking	29.74	-17.71	-121.56	12.03	-170.93	-449.42
(c) Retail Banking	100.18	106.06	164.22	206.24	194.18	392.65
(d) Other Banking Operations	16.12	29.02	14.61	45.14	25.51	50.82
(e) Unallocated	-13.24	0.14	-11.46	-13.10	-5.35	48.35
<b>Total Profit / Loss before</b>	<b>163.11</b>	<b>146.82</b>	<b>140.26</b>	<b>309.93</b>	<b>251.08</b>	<b>310.16</b>
<b>3 Segment Assets</b>						
(a) Treasury Operations	19876.06	19557.40	20105.47	19876.06	20105.47	19451.00
(b) Corporate Banking	27885.70	26401.62	20763.59	27885.70	20763.59	25888.90
(c) Retail Banking	22728.46	21956.99	20656.22	22728.46	20656.22	21662.73
(d) Other Banking Operations	1389.29	1257.25	1284.64	1389.29	1284.64	1360.32
(e) Unallocated	1609.10	1429.92	1599.05	1609.10	1599.05	2010.73
<b>Total</b>	<b>73488.61</b>	<b>70603.18</b>	<b>64408.97</b>	<b>73488.61</b>	<b>64408.97</b>	<b>70373.68</b>
<b>Segment Liabilities</b>						
(a) Treasury Operations	18286.25	17946.08	18370.26	18286.25	18370.26	17892.70
(b) Corporate Banking	25853.70	24369.33	19158.33	25853.70	19158.33	23948.50
(c) Retail Banking	20995.31	20236.57	18950.04	20995.31	18950.04	20015.57
(d) Other Banking Operations	1290.92	1166.60	1181.56	1290.92	1181.56	1258.38
(e) Unallocated	1479.39	1311.21	1458.95	1479.39	1458.95	1848.38
<b>Total</b>	<b>67905.57</b>	<b>65029.79</b>	<b>59119.14</b>	<b>67905.57</b>	<b>59119.14</b>	<b>64963.53</b>
<b>Capital employed (Segment Assets-Segment Liabilities)</b>						
(a) Treasury Operations	1589.81	1611.32	1735.21	1589.81	1735.21	1558.30
(b) Corporate Banking	2032.00	2032.29	1605.26	2032.00	1605.26	1940.40
(c) Retail Banking	1733.15	1720.42	1706.18	1733.15	1706.18	1647.16
(d) Other Banking Operations	98.37	90.65	103.08	98.37	103.08	101.94
(e) Unallocated	129.71	118.71	140.10	129.71	140.10	162.35
<b>Total</b>	<b>5583.04</b>	<b>5573.39</b>	<b>5289.83</b>	<b>5583.04</b>	<b>5289.83</b>	<b>5410.15</b>

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

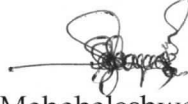


**Notes forming part of the unaudited financial results for the half year ended September 30, 2018.**

1. The above interim financial results for the Half year ended September 30, 2018 have been reviewed by the Audit Committee of the Board at the meeting held on October 11, 2018 and approved by the Board of Directors at the meeting held on October 12, 2018. 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. In 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, 2018.
3. The above interim financial results have been arrived at after considering the provision for loan losses. 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 un-hedged foreign currency exposure, Income tax, provision for arrears of salary pending negotiation & wage settlement and other contingencies are on estimated and proportionate basis and are subject to adjustments at the year end.
4. Reserve Bank of India vide RBI/2017-18/200 DBR.No. BP.BC.113/21.04.048/2017-18 dated June 15, 2018, granted Banks, the option to spread provisioning for their mark to market (MTM) losses on all the investments held under AFS and HFT categories for the quarter ended June 30, 2018 equally over up to four quarters, commencing with the quarter ended June 30, 2018. Accordingly, the Bank utilizing the aforesaid dispensation, has provided Rs 26.82 Crore up to half year ended 30 September, 2018 (including Rs 13.41 Crore provided in June 2018 Quarter) and deferred provision of Rs 26.82 Crore, which will be made good equally over the remaining two quarters of FY 2018-19.
5. Provision coverage ratio as at September 30, 2018 stood at 57.49 %.(46.94% as at September 30, 2017)



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.info.com/ktk/BaselDisclosures.jsp#>. These disclosures have not been subjected to limited review by the Statutory Central Auditors.
7. Disclosure about investor complaints for the half year ended 30 September 2018: Complaints at the beginning of the period Nil; Received during the period 30. Disposed off during the period 30. Unresolved as on September 30,2018: Nil
8. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with the current period figures.



Mahabaleshwara M S

**Managing Director & C.E.O**

For Manohar Chowdhry & Associates  
Chartered Accountants  
Firm Regn No 01997S



Murali Mohan Bhat  
(Partner)  
M No. 203592



For Badari Madusudhan & Srinivasan  
Chartered Accountants  
Firm Regn. No. 05389S



N Srinivasan  
(Partner)  
M No. 27887



Place: Mangaluru

Date: 12<sup>th</sup> October 2018

## ANNEXURE 2

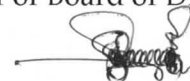
REVIEWED FINANCIAL RESULTS FOR THE QUARTER /HALF YEAR ENDED SEPTEMBER 30,2018 (Rs. In crore)

Particulars	Quarter Ended 30.09.2018 (Reviewed)	Quarter Ended 30.06.2018 (Reviewed)	Quarter Ended 30.09.2017 (Reviewed)	Half year ended 30.9.2018 (Reviewed)	Half year ended 30.9.2017 (Reviewed)	Year ended 31.03.2018 (Audited)
	Total income from operations (net)	1653.81	1616.44	1565.75	3270.25	3113.68
Net Profit / (Loss) from ordinary activities after tax	111.86	163.24	93.38	275.10	227.23	325.61
Net Profit / (Loss) for the period after tax (after Extraordinary items)	111.86	163.24	93.38	275.10	227.23	325.61
Equity Share Capital	282.62	282.62	282.62	282.62	282.62	282.62
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	----	----	----	----	----	4711.32
Earnings Per Share (before extraordinary items) (of Rs 10/- each)						
Basic:	3.96*	5.78*	3.30*	9.73*	8.04*	11.52
Diluted	3.96*	5.78*	3.30*	9.73*	8.04*	11.52
Earnings Per Share (After extraordinary items) (of Rs 10/- each)						
Basic	3.96*	5.78*	3.30*	9.73*	8.04*	11.52
Diluted	3.96*	5.78*	3.30*	9.73*	8.04*	11.52

\*Not annualized

Note: The above is an extract of the detailed format of half year ended Results filed with the Stock Exchange under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the half year ended 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: 12<sup>th</sup> October 2018



**Manohar Chowdhry & Associates**  
Chartered Accountants,  
102, MICASA,  
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Mangaluru 575 004  
Tel: 0824 - 2988383  
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**Badari, Madhusudhan & Srinivasan**  
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Bengaluru-560027  
Tel: 080-22277714,41142536  
Email: [bmscas@gmail.com](mailto:bmscas@gmail.com)

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## Limited Review Report on the Interim Financial Results

### Review report 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, 2018 ("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 disclosures relating to "Pillar 3 under Basel III Capital Regulations", "Leverage Ratio" and "Liquidity Coverage Ratio" as have been disclosed on the Bank's website and in respect of which a link has been provided in the aforesaid Statement have not been reviewed by us. 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. 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 is limited primarily to inquiries of the Bank's personnel and analytical procedures applied to the 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. Without qualifying our conclusion, we draw attention to Note No. 4 regarding exercise of the option by the Bank for spreading the provision for Mark to Market (MTM) losses for the quarter ended June 30, 2018, over four quarters resulting in carry forward of unamortized MTM losses of Rs 26.82 crore as at September 30, 2018 for amortization in the remaining quarters of the current financial year.



4. Based on our review conducted as mentioned in paragraph 2 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 the 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 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.

**For Manohar Chowdhry & Associates**

Chartered Accountants

FR No. 001997S



**(Murali Mohan Bhat)**

**Partner**

**M. No. 203592**



**For Badari, Madhusudhan & Srinivasan**

Chartered Accountants

FRNo. 005389S



**(N. Srinivasan)**

**Partner**

**M. No. 027887**



**Place: Mangalore**

**Date: 12.10.2018**