



# 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

July 12, 2018

## SECRETARIAL DEPARTMENT

HO/SEC/230/2018-19

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 ended 30.06.2018.

Please find enclosed copy of the unaudited financial results for the quarter ended 30.06.2018 taken on record by the Board of Directors at the meeting held on 12.07.2018. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,

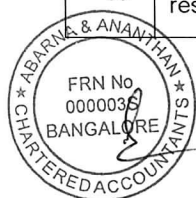
  
COMPANY SECRETARY

## ANNEXURE-1

## REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2018.

(Rs. in crore)

		Quarter ended 30.06.2018	Quarter ended 31.3.2018	Quarter ended 30.06.2017	Year ended 31.03.2018
		(Reviewed)	(Audited)	(Reviewed)	(Audited)
1	Interest Earned (a+b+c+d)	1407.64	1443.04	1330.54	5423.75
a)	Interest/Discount on advances/ bills	1105.79	1080.08	949.83	4081.93
b)	Income on Investments	270.49	267.57	332.63	1161.53
c)	Interest on balances with Reserve Bank of India and other inter Bank funds	2.02	0.78	12.22	15.87
d)	Others	29.34	94.61	35.86	164.42
2	Other Income	208.80	294.51	217.39	954.34
3	TOTAL INCOME (1+2)	1616.44	1737.55	1547.93	6378.09
4	Interest expended	939.06	901.53	906.12	3566.10
5	Operating expenses (i+ii)	308.50	360.69	332.11	1338.82
i)	Employees Cost	110.50	141.82	137.41	524.79
ii)	Other operating Expenses	198.00	218.87	194.70	814.03
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1247.56	1262.22	1238.23	4904.92
7	Operating Profit before provisions & contingencies (3-6)	368.88	475.33	309.70	1473.17
8	Provisions (other than tax) and Contingencies	222.06	541.75	198.88	1163.01
9	Exceptional Items	0.00	0.00	0.00	0.00
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	146.82	-66.42	110.82	310.16
11	Tax Expense	-16.42	-77.42	-23.03	-15.45
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	163.24	11.00	133.85	325.61
13	Extraordinary Items (net of tax expense)	0.00	0.00	0.00	0.00
14	Net Profit (+)/Loss (-) for the period (12-13)	163.24	11.00	133.85	325.61
15	Paid up equity share capital Face Value Rs 10/-)	282.62	282.62	282.62	282.62
16	Reserves excluding revaluation reserves	----	4711.32	---	4711.32



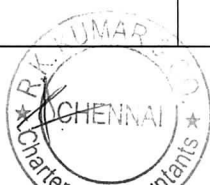
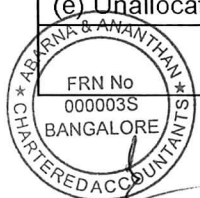
		Quarter ended 30.06.2018	Quarter ended 31.3.2018	Quarter ended 30.06.2017	Year ended 31.03.2018
17	Analytical Ratios				
i)	Percentage of shares held by Government of India	<b>Nil</b>	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)				
	Basel III	<b>11.60</b>	12.04	<b>13.02</b>	12.04
iii)	Earnings per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized				
	- Basic EPS	<b>5.78*</b>	0.39*	<b>4.74*</b>	11.52
	- Diluted EPS	<b>5.78*</b>	0.39*	<b>4.74*</b>	11.52
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized				
	- Basic EPS	<b>5.78*</b>	0.39*	<b>4.74*</b>	11.52
	- Diluted EPS	<b>5.78*</b>	0.39*	<b>4.74*</b>	11.52
iv)	NPA Ratios as on date				
	Gross NPA	<b>2296.53</b>	2376.07	<b>1690.87</b>	2376.07
	Net NPA	<b>1395.97</b>	1400.51	<b>1229.84</b>	1400.51
	% of Gross NPA	<b>4.72</b>	4.92	<b>4.34</b>	4.92
	% of Net NPA	<b>2.92</b>	2.96	<b>3.20</b>	2.96
	Return on Assets	<b>0.91</b>	0.06*	<b>0.83</b>	0.49



*[Handwritten signature]*

**SEGMENT RESULTS FOR THE QUARTER ENDED 30.06.2018**

Segment-wise Results  Particulars	Quarter ended			Year ended
	30.06.2018 Reviewed	31.03.2018 Audited	30.06.2017 Reviewed	31.03.2018 Audited
<b>Segment Revenue</b>				
(a) Treasury Operations	284.17	287.90	425.72	1404.18
(b) Corporate Banking	627.35	549.27	492.28	2174.98
(c) Retail Banking	589.04	705.40	530.73	2367.95
(d) Other Banking Operations	102.62	115.39	80.39	332.57
(e) Unallocated	13.26	79.59	18.81	98.41
<b>Income from operations</b>	<b>1616.44</b>	<b>1737.55</b>	<b>1547.93</b>	<b>6378.09</b>
<b>Segment Results (after Provisions before Tax)</b>				
(a) Treasury Operations	29.31	23.05	113.24	267.76
(b) Corporate Banking	-17.71	-362.33	-49.37	-449.42
(c) Retail Banking	106.06	188.01	29.96	392.65
(d) Other Banking Operations	29.02	17.90	10.90	50.82
(e) unallocated	0.14	66.95	6.09	48.35
<b>Total profit/(loss) before tax</b>	<b>146.82</b>	<b>-66.42</b>	<b>110.82</b>	<b>310.16</b>
<b>Segment Assets</b>				
(a) Treasury Operations	19557.40	19451.00	21945.32	19451.00
(b) Corporate Banking	26401.62	25888.90	18768.15	25888.90
(c) Retail Banking	21956.99	21662.73	20016.83	21662.73
(d) Other Banking Operations	1257.25	1360.32	1336.38	1360.32
(e) Unallocated	1429.92	2010.73	1458.77	2010.73
<b>Total</b>	<b>70603.18</b>	<b>70373.68</b>	<b>63525.45</b>	<b>70373.68</b>
<b>Segment Liabilities</b>				
(a) Treasury Operations	17946.08	17892.70	20024.12	17892.70
(b) Corporate Banking	24369.33	23948.50	17289.21	23948.50
(c) Retail Banking	20236.57	20015.57	18341.32	20015.57
(d) Other Banking Operations	1166.60	1258.38	1233.68	1258.38
(e) Unallocated	1311.21	1848.38	1329.33	1848.38
<b>Total</b>	<b>65029.79</b>	<b>64963.53</b>	<b>58217.66</b>	<b>64963.53</b>
<b>Capital employed (Segment Assets-Segment Liabilities)</b>				
(a) Treasury Operations	1611.32	1558.30	1921.20	1558.30
(b) Corporate Banking	2032.29	1940.40	1478.94	1940.40
(c) Retail Banking	1720.42	1647.16	1675.51	1647.16
(d) Other Banking Operations	90.65	101.94	102.70	101.94
(e) Unallocated	118.71	162.35	129.44	162.35
<b>Total</b>	<b>5573.39</b>	<b>5410.15</b>	<b>5307.79</b>	<b>5410.15</b>



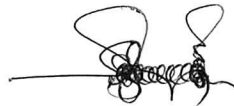
PART B: GEOGRAPHIC SEGMENTS: There is only one Segment i.e. Domestic Segment

**Notes forming part of the Unaudited financial results for the quarter ended June 30, 2018.**

1. The above interim financial results for the Quarter ended June 30, 2018 have been reviewed by the Audit Committee of the Board in the meeting held on July 12, 2018 and approved by the Board of Directors in the meeting held on July 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. 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, 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 investments held in AFS and HFT for the quarter ending June 30, 2018 equally over up to four quarters, commencing with the quarter ending June 30, 2018. Accordingly, Bank utilizing the aforesaid dispensation, made provisions to the tune of Rs 13.41 Crores for the quarter ended 30 June, 2018 and deferred an amount of Rs 40.22 Crores, which will be spread equally over the remaining three quarters.



5. The provision coverage ratio as at June 30, 2018 stood at 57.21 %.(52.02% as on June 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 quarter ended 30 June 2018: Complaints at the beginning of the period Nil; Received during the period 7. Disposed off during the period 7. Unresolved as on June 30, 2018: Nil
8. The figures for the quarter ended March 31, 2018 are the balancing figures between the audited figures in respect of the full financial year and the unaudited published year to date figures up to December 31, 2017.
9. 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



C S Gopalakrishna  
Membership No. 014706



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



B R Ashok  
Membership No. 023313




Place: Mangaluru  
Date: 12<sup>th</sup> July 2018

ANNEXURE 2			
REVIEWED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30,208			
			(Rs. In crore)
Particulars	Quarter ended 30.6.2018	Year ended 31.03.2018	Quarter ended 30.6.2017
Total income from operations (net)	1616.44	6378.09	1547.93
Net Profit / (Loss) from ordinary activities after tax	163.24	325.61	133.85
Net Profit / (Loss) for the period after tax (after Extraordinary items)	163.24	325.61	133.85
Equity Share Capital	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:	5.78*	11.52	4.74*
Diluted	5.78*	11.52	4.74*
Earnings Per Share (After extraordinary items) (of Rs 10/- each)			
Basic	5.78*	11.52	4.74*
Diluted	5.78*	11.52	4.74*
*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: <a href="http://www.bseindia.com">http://www.bseindia.com</a> , NSE: <a href="http://www.nseindia.com">http://www.nseindia.com</a> , Bank website: <a href="https://www.karnatakaBank.com/index.jsp">https://www.karnatakaBank.com/index.jsp</a>			

Place: Mangaluru  
Date: 12<sup>th</sup> July 2018

For and on behalf of Board of Directors

  
Mahabaleshwara M S

MANAGING DIRECTOR & CEO



## 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.

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### 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 ended 30<sup>th</sup> June, 2018 ("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 132 branches. These reports cover 67.56 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 provision of Rs. 40.22 crore for mark to market (MTM) losses on all investments held under AFS and HFT category by the bank for the quarter ended June 30, 2018, in terms of extant RBI guidelines;
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 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 Abarna & Ananthan**  
Chartered Accountants  
Firm Regn. No. 000003S

  
**(C S Gopalakrishna)**  
Partner  
M. No. 014706



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

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



**Place: Mangalore**  
**Dated: 12<sup>th</sup> July 2018**