

**KARNATAKA BANK LTD ,REGD & HEAD OFFICE MANGALURU -575002**

**ANNEXURE-1**

**AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2017**

**(Rs. in crore)**

		Quarter ended			Year ended	
		31.03.2017 Audited	31.12.2016 Reviewed	31.03.2016 Audited	31.03.2017 Audited	31.03.2016 Audited
1	Interest Earned (a+b+c+d)	1294.50	1323.93	1277.67	5185.40	4992.21
a)	Interest/Discount on advances/ bills	903.52	983.58	951.67	3793.56	3700.48
b)	Income on Investments	372.29	305.06	297.77	1298.23	1189.90
c)	Interest on balances with Reserve Bank of India and other interbank funds	0.19	0.17	0.93	2.19	2.60
d)	Others	18.50	35.12	27.30	91.42	99.23
2	Other Income	311.69	133.59	170.01	809.34	542.86
3	TOTAL INCOME (1+2)	1606.19	1457.52	1447.68	5994.74	5535.07
4	Interest expended	942.33	947.42	917.94	3694.78	3689.34
5	Operating expenses (i+ii)	334.59	338.24	275.37	1304.16	991.20
i)	Employees Cost	122.71	176.75	105.49	601.03	443.02
ii)	Other operating Expenses	211.88	161.49	169.88	703.13	548.18
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1276.92	1285.66	1193.31	4998.94	4680.54
7	Operating Profit before provisions & contingencies (3-6)	329.27	171.86	254.37	995.80	854.53
8	Provisions (other than tax) and Contingencies	160.40	100.60	112.50	527.85	326.53
9	Exceptional Items	0.00	0.00	0.00	0.00	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	168.87	71.26	141.87	467.95	528.00
11	Tax Expense	30.50	2.74	35.08	15.69	112.71
12	Net Profit (+)/Loss (-) from Ordinary	138.37	68.52	106.79	452.26	415.29

		Quarter ended			Year ended	
		31.03.2017 Audited	31.12.2016 Reviewed	31.03.2016 Audited	31.03.2017 Audited	31.03.2016 Audited
	activities after Tax					
13	Extraordinary Items (net of tax )	0.00	0.00	0.00	0.00	0
14	Net Profit (+)/Loss (-) for the period (12-13)	138.37	68.52	106.79	452.26	415.29
15	Paid up equity share capital ( Face value Rs 10/-)	282.62	282.62	188.46	282.62	188.46
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	4436.44	----	3502.12	4436.44	3502.12
17	Analytical Ratios					
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)	13.30	13.19	12.03	13.30	12.03
iii)	Earnings per share (EPS) (Rs) before extraordinary items( Net of Tax Expenses) <b>* Not Annualized.</b>					
	- Basic EPS	4.90*	2.98*	5.06*	19.38	19.68
	- Diluted EPS	4.90*	2.98*	5.06*	19.38	19.68
	Earnings per share (EPS) (Rs) after extraordinary items( Net of Tax Expenses) <b>* Not Annualized.</b>					
	- Basic EPS	4.90*	2.98*	5.06*	19.38	19.68
	- Diluted EPS	4.90*	2.98*	5.06*	19.38	19.68
iv)	NPA Ratios as on date					
	Gross NPA	1581.59	1560.23	1180.40	1581.59	1180.40
	Net NPA	974.73	1065.66	795.47	974.73	795.47
	% of Gross NPA	4.21	4.30	3.44	4.21	3.44
	% of Net NPA	2.64	2.99	2.35	2.64	2.35
	Return on Assets	0.85	0.44	0.76	0.74	0.76

**Notes forming part of the audited financial results for the quarter and year ended March 31, 2017**

1. The above financial results for the quarter/ year ended March 31, 2017 have been reviewed by the Audit Committee of the Board in its meeting held on May 12, 2017 and approved by the Board of Directors in its meeting held on May 13, 2017. The same have been audited 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 financial results have been arrived at after considering the provision for loan losses, provision for un-hedged foreign currency exposure and depreciation on investment consistent with the bank's policy read with RBI guidelines. Provision for employees' retirement benefits like pension and gratuity and other contingencies for the current period have been estimated and provided for. Provision for income tax has been made on actual basis.
4. As per RBI guidelines, Bank has spread over the short fall of Rs 75.08 Crore in the sale value of the financial assets over the Net Book Value on sale of assets to Securitization Companies / Reconstruction Companies over a period of 8 quarters during FY 2015-16, out of which Rs. 53.90 crore has 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 to Securitization Companies / Reconstruction Companies during FY2016-17, the bank has amortized a sum of Rs.36.80 crore up to March 31, 2017, leaving an unamortized sum of Rs.57.32 crore. Aggregate unamortized amount as on March 31, 2017 is Rs. 78.50 crore.
5. 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 audit by the Statutory Central Auditors.

6. There are no stock Options outstanding as the Employee Stock Options scheme of the Bank has come to an end on October 21, 2016.
7. During the year ended March 31, 2017, the bank has issued 9,42,35,441 equity shares of Rs 10 each at a price of Rs 70 per share including the premium of Rs 60 per share in the ratio of 1:2 (ie ONE equity share for every TWO equity shares held as on the record date i.e October 25, 2016) aggregating Rs 659.65 crore on rights basis. After keeping in abeyance entitlements to the extent of 98575 shares, the Board has allotted 9,41,36,866 equity shares on December 8, 2016.
8. During the year ended March 31, 2017 the Land and Buildings of the bank were revalued to reflect the present market value based on the reports of external independent valuers and approved by the Board of Directors and Rs.423.53 crore being the net increase in value thereof have been credited to Revaluation Reserve Account. On account of this, additional depreciation of Rs. 3.14 crore has been included in depreciation of the period. In accordance with RBI circular DBR.No.BP.BC.83/21.06.201/2015-16 on Basel III capital regulations dated March 1, 2016, revaluation reserve has been considered in Core Equity Tier- I capital at a discount of 55%.
9. The Board of Directors at its meeting May 13, 2017, proposed a dividend at Rs 4 per equity share (ie., 40%) on expanded capital (previous year at Rs 5 per share (ie., 50%)) subject to the approval of members at the ensuing Annual General Meeting . In accordance with the revised Accounting Standard (AS) -4 ' Contingencies and Events occurring after the Balance Sheet Date' as notified by the Ministry of Corporate Affairs through amendments to companies (Accounting Standards) Amendment Rules ,2016 dated March 30, 2016, the Bank has not accounted proposed dividend of Rs 113.04 crore (previous year Rs 94.23 crore ) and corporate dividend tax of Rs 23.01 crore (previous year Rs 19.18 crore ) as a liability , as at March 31, 2017 . In arriving at the capital fund for the computation of CRAR as of March 31 ,2017 the Bank has reduced proposed dividend and corporate dividend tax thereon.
10. The provision coverage ratio as at 31<sup>st</sup> March 2017 stood at 54%.(48.39% as on March 31, 2016)
11. During the year, the Bank has sold Government Securities from Held to Maturity category exceeding 5% of the book value of the investments held in HTM category at the beginning of the

year. As on 31<sup>st</sup> March 2017, the book value of SLR investments held under the Held to Maturity category was Rs 11520.31 crores, which shows Mark –to- Market appreciation of Rs 165.76 crores.

12. Tax provisions including deferred tax liability for the financial year 2016-17 have been computed as per Income Computation and Disclosure Standards (ICDS) notified u/s 145 (2) of the Income Tax ,1961 on 29<sup>th</sup> September 2016.
13. The Reserve Bank of India (RBI) vide DBR.BP.BC.No. 63/21.04.018/2016-17 dated 18<sup>th</sup> April 2017, has prescribed certain additional disclosure to be made under “Notes to Accounts” for the reference period i e , FY 2015-16 . Neither the additional provisioning requirements assessed by RBI nor the additional Gross NPA’s identified by RBI exceeds 15 percent of the published net profits after tax and incremental Gross NPA’s respectively of the Bank.
14. Disclosure about investor complaints: Complaints at the beginning of the period 1; Received during the period 49; Disposed off during the period 50; Unresolved as on Mar 31, 2017: Nil.
15. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.

**[Analysis of Financial Results March 2017 Click here](#)**

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: 13<sup>th</sup> May 2017

**SEGMENT RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2017**

Segmentwise Results  Particulars	3 Months ended			Year ended	
	31.03.2017 Audited	31.12.2016 Reviewed	31.03.2016 Audited	31.03.2017 Audited	31.03.2016 Audited
	<b>(Rs. in Crore)</b>				
<b>Segment Revenue</b>					
(a) Treasury Operations	541.00	354.41	331.00	1642.55	1299.25
(b) Corporate Banking	416.93	470.72	425.75	1814.36	1745.57
(c) Retail Banking	569.87	587.78	614.64	2281.72	2242.83
(d) Other Banking Operations	78.39	44.61	76.29	256.11	247.42
<b>Total</b>	<b>1606.19</b>	<b>1457.52</b>	<b>1447.68</b>	<b>5994.74</b>	<b>5535.07</b>
<b>Segment Results (after Provisions before Tax)</b>					
(a) Treasury Operations	220.86	55.44	0.50	442.87	67.94
(b) Corporate Banking	-63.27	0.26	-7.45	-56.12	134.83
(c) Retail Banking	36.27	53.48	162.21	165.19	394.03
(d) Other Banking Operations	-12.34	-23.24	-2.38	-34.23	-26.56
<b>Total</b>	<b>181.52</b>	<b>85.94</b>	<b>152.88</b>	<b>517.71</b>	<b>570.24</b>
<b>Less: Unallocable Expenditure</b>	12.64	14.68	11.01	49.76	42.24
<b>Profit before Tax and exceptional items</b>	<b>168.88</b>	<b>71.26</b>	<b>141.87</b>	<b>467.95</b>	<b>528.00</b>
<b>Capital employed</b>					
(a) Treasury Operations	2027.23	2182.81	1384.74	2027.23	1384.74
(b) Corporate Banking	1314.61	1205.94	933.17	1314.61	933.17
(c) Retail Banking	1589.10	1516.69	1182.50	1589.10	1182.50
(d) Other Banking Operations	105.27	109.83	113.23	105.27	113.23
(e) Unallocated	106.37	67.74	76.94	106.37	76.94
<b>Total</b>	<b>5142.58</b>	<b>5083.01</b>	<b>3690.58</b>	<b>5142.58</b>	<b>3690.58</b>

ANNEXURE 2			
AUDITED FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED MARCH 31, 2017			
Particulars	(Rs in Crore)		
	Quarter ended 31.03.2017	Year ended 31.03.2017	Quarter ended 31.03.2016
Total income from operations (net)	1606.19	5994.74	1447.68
Net Profit / (Loss) from ordinary activities after tax	138.38	452.26	106.79
Net Profit / (Loss) for the period after tax (after Extraordinary items)	138.38	452.26	106.79
Equity Share Capital	282.62	282.62	188.46
Reserves excluding Revaluation Reserve (as shown in the Balance Sheet of previous year)	4436.44	4436.44	3502.12
Earnings Per Share (before extraordinary items) (of Rs 10/- each)			
Basic :	4.90*	19.38	5.06*
Diluted:	4.90*	19.38	5.06*
Earnings Per Share (after extraordinary items) (of Rs 10/- each)			
Basic :	4.90*	19.38	5.06*
Diluted:	4.90*	19.38	5.06*
*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/year ended 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>			

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

For and on behalf of Board of Directors

Place: Mangaluru

Mahabaleshwara M S

Date: 13<sup>th</sup> May 2017.

MANAGING DIRECTOR & CEO

**SUMMARY BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2017**

(Rs in crores)

	<b>As on</b>	<b>As on</b>
	<b>31.03.2017</b>	<b>31.03.2016</b>
<b>CAPITAL AND LIABILITIES</b>		
Capital	282.62	188.46
Reserves and Surplus	4859.97	3502.12
Deposits	56733.11	50488.21
Borrowings	832.62	1051.48
Other Liabilities and Provisions	1418.23	1270.06
<b>TOTAL</b>	<b>64126.55</b>	<b>56500.33</b>
<b>ASSETS</b>		
Cash and balances with Reserve Bank of India	2929.27	2645.62
Balances with Banks and Money at Call & Short Notice	344.76	399.30
Investments	20219.73	16256.65
Advances	37003.65	33902.45
Fixed Assets	720.57	306.64
Other Assets	2908.57	2989.67
<b>TOTAL</b>	<b>64126.55</b>	<b>56500.33</b>