

Karnataka Bank Ltd.

Your Family Bank, Across India.

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REVIEWED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPT 30, 2015

(Rs. in Lakhs)

		Quarter ended			Half year ended		Year ended
		30.09.2015 Reviewed	30.06.2015 Reviewed	30.09.2014 Reviewed	30.09.2015 Reviewed	30.09.2014 Reviewed	31.03.2015 Audited
1	Interest Earned (a+b+c+d)	124838	122905	117567	247743	230021	469842
a)	Interest/Discount on advances/ bills	91948	92753	86844	184701	170955	350556
b)	Income on Investments	30276	27751	27935	58027	53516	108556
c)	Interest on balances with Reserve Bank of India and other interbank funds	67	44	80	111	124	198
d)	Others	2547	2357	2708	4904	5426	10532
2	Other Income	12101	11912	10277	24013	23247	50699
3	TOTAL INCOME (1+2)	136939	134817	127844	271756	253268	520541
4	Interest expended	94149	89773	87840	183922	172473	352957
5	Operating expenses (i+ii)	25844	21142	23742	46986	45729	95257
i)	Employees Cost	12486	10026	13057	22512	25438	52466
ii)	Other operating Expenses	13358	11116	10685	24474	20291	42791
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	119993	110915	111582	230908	218202	448214
7	Operating Profit before provisions & contingencies (3-6)	16946	23902	16262	40848	35066	72327
8	Provisions (other than tax) and Contingencies	3507	11585	8364	15092	13958	21398

		Quarter ended			Half year ended		Year ended
		30.09.2015 Reviewed	30.06.2015 Reviewed	30.09.2014 Reviewed	30.09.2015 Reviewed	30.09.2014 Reviewed	31.03.2015 Audited
9	Exceptional Items	0	0	0	0	-3307	(3307)
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	13439	12317	7898	25756	24415	54236
11	Tax Expense	3214	1383	-948	4597	3406	9091
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	10225	10934	8846	21159	21009	45145
13	Extraordinary Items (net of tax)	0	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	10225	10934	8846	21159	21009	45145
15	Paid up equity share capital (Face value Rs 10/-)	18846	18846	18845	18846	18845	18846
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	----	----	----	----	----	320060
17	Analytical Ratios						
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)						
	Basel II	11.95	12.33	12.31	11.95	12.31	12.67
	Basel III	11.70	12.07	12.08	11.70	12.08	12.41
iii)	Earnings per share (EPS) (Rs) before extraordinary items(Net of Tax Expenses) * Not Annualized.						
	- Basic EPS	5.43*	5.80*	4.69*	11.23*	11.15*	23.96
	- Diluted EPS	5.43*	5.80*	4.69*	11.23*	11.14*	23.95
	Earnings per share (EPS) (Rs) after extraordinary						

		Quarter ended			Half year ended		Year ended
		30.09.2015 Reviewed	30.06.2015 Reviewed	30.09.2014 Reviewed	30.09.2015 Reviewed	30.09.2014 Reviewed	31.03.2015 Audited
	items(Net of Tax Expenses) * Not Annualized.						
	- Basic EPS	5.43*	5.80*	4.69*	11.23*	11.15*	23.96
	- Diluted EPS	5.43*	5.80*	4.69*	11.23*	11.14*	23.95
iv)	NPA Ratios as on date						
	Gross NPA	104367	103396	106088	104367	106088	94421
	Net NPA	63528	63874	70224	63528	70224	62355
	% of Gross NPA	3.18	3.26	3.53	3.18	3.53	2.95
	% of Net NPA	1.96	2.05	2.37	1.96	2.37	1.98
	Return on Assets	0.76	0.84	0.72	0.80	0.87	0.91
18	Public Shareholding						
	No of shares	188455340	188449257	188438974	188455340	188438974	188446755
	Percentage of share holding	100%	100%	100%	100%	100%	100%
19	Promoters and Promoter group shareholding						
	a) Pledged /encumbered						
	-Number of shares	NA	NA	NA	NA	NA	NA
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	NA	NA	NA	NA	NA	NA
	-Percentage of shares (as a % of the total share capital of the company.	NA	NA	NA	NA	NA	NA
	b) Non-encumbered						
	-Number of shares	NA	NA	NA	NA	NA	NA
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	NA	NA	NA	NA	NA	NA
	-Percentage of shares (as a % of the total share	NA	NA	NA	NA	NA	NA

		Quarter ended			Half year ended		Year ended
		30.09.2015 Reviewed	30.06.2015 Reviewed	30.09.2014 Reviewed	30.09.2015 Reviewed	30.09.2014 Reviewed	31.03.2015 Audited
	capital of the company.						

SUMMARY BALANCE SHEET AS ON SEPTEMBER 30, 2015

(Rs in lakhs)

	As on 30.09.2015	As on 30.09.2014
CAPITAL AND LIABILITIES		
Capital	18846	18845
Reserves and Surplus	341223	307396
Deposits	4887202	4419644
Borrowings	113679	138669
Other Liabilities and Provisions	124600	127814
TOTAL	5485550	5012368
ASSETS		
Cash and balances with Reserve Bank of India	250130	216381
Balances with Banks and Money at Call & Short Notice	14003	8476
Investments	1639457	1484229
Advances	3244291	2971763
Fixed Assets	29823	26038
Other Assets	307846	305481
TOTAL	5485550	5012368

SEGMENT RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30,2015

Segment wise Results	UNAUDITED					AUDITED
	Quarter Ended			Half Year Ended		Year ended
Particulars	30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
(Rs. in lakhs)						
1 Segment Revenue						
(a) Treasury Operations	32901	29804	30149	62705	59783	124211
(b) Corporate Banking	42639	45240	42862	87879	85914	172821
(c) Retail Banking	56349	52802	50250	109151	96401	202888
(d) Other Banking Operations	5050	6971	4583	12021	11170	20621
Total	136939	134817	127844	271756	253268	520541
2 Segment Results (after Provisions before Tax)						
(a) Treasury Operations	1491	674	1083	2165	7104	18526
(b) Corporate Banking	5251	5547	3060	10798	6850	14526
(c) Retail Banking	9572	6439	7376	16011	11314	27158
(d) Other Banking Operations	-1835	652	-2693	-1183	-2255	-5687
Total	14479	13312	8826	27791	23013	54523
Less: Un-allocable Expenditure	1040	995	928	2035	1905	3594
Profit before Tax and exceptional items	13439	12317	7898	25756	21108	50929
3 Capital employed						
(a) Treasury Operations	143855	147164	139944	143855	139944	136308
(b) Corporate Banking	99454	92264	88121	99454	88121	94260
(c) Retail Banking	114451	108118	96112	114451	96112	106061
(d) Other Banking Operations	171	168	187	171	187	177
(e) Unallocated	2138	2127	1877	2138	1877	2100
Total	360069	349841	326241	360069	326241	338906

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

Notes forming part of the un-audited financial results for the quarter and half year ended Sept 30, 2015

1. The above interim financial results for the quarter and half year ended Sept 30, 2015 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors in their meetings held on October 30, 2015. 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 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, 2015.
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 and Leave encashment 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 circular DBR.NO.BP.BC 94/21.04.048/2014-15 dated May 21, 2015 in respect of assets sold to SC/RCS, the shortfall arrived at by deducting the sale consideration and the provision held as on the date of the sale from the outstanding amount to be amortized over two years. Accordingly, for a sale that was concluded in the first quarter, the Bank has charged to the Profit and Loss Account an amount of Rs. 312.50 lakhs for the half year ended Sept 30, 2015 on proportionate basis and balance carried over as at Sept 30, 2015 is Rs 937.46 lakhs.
5. Pursuant to RBI Circular DBR.BP.BC.No 31/21.04.018/2015-16 dated July 16, 2015, Bank classified deposits placed with NABARD/SIDBI/NHB for meeting shortfall in priority Sector Lending targets, under "Other Assets" which were hitherto included under "Investments". Similarly, interest income from such deposits has been classified under the head "Interest Income- Others", which was hitherto included under "Interest

Income- Investments” Figures for the previous periods have also been regrouped to confirm to current period classification. The above change in classification has no impact on the profit for the half year ended Sept 30, 2015 or the previous periods.

6. In accordance with the RBI circular DBR.No. BP.BC 1/21.06.201/2015-16 dated 1st July 2015 on ‘Basel III Capital Regulations ‘ and RBI circular DBR.No BP.BC 80/21.06.201/2014-15 dated March 31, 2015 on ‘Prudential Guidelines On Capital Adequacy and Liquidity Standards Amendments’, Banks are required to make Pillar III disclosures including Leverage Ratio and Liquidity Coverage Ratio under the Basel III Framework. The Bank has made these disclosures which are available on its web site at the following link: <http://ktkbank.com/ktk/BaselDisclosures.jsp#>. These disclosures have not been subjected to limited review by the Statutory Central Auditors.
7. During the half year ended Sept 30, 2015 the bank had allotted 8585 equity shares pursuant to the exercise of stock options by certain employees.
8. Disclosure about investor complaints: Complaints at the beginning of the period Nil; Received during the period 19; Disposed off during the period 19; Unresolved as on Sept 30, 2015, Nil.
9. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.

[Analysis of Financial Results-September 2015-Click here](#)

P Jayarama Bhat
Managing Director & C.E.O

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

(Abarna Bhaskar)
Membership No. 025145

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

(Srinivas S. Kamath)
Membership No. 201716

Place: Mangalore
Date: 30.10.2015