

ANNEXURE I
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2016
 (Rs in Lakhs)

		Quarter ended 31.3.2016 (Audited)	Quarter ended 31.12.2015 (Reviewed)	Quarter ended 31.03.2015 (Audited)	Year ended 31.03.2016 (Audited)	Year ended 31.03.2015 (Audited)
1	Interest Earned (a+b+c+d)	127767	123711	119635	499221	469842
a)	Interest/Discount on advances/bills	95167	90180	90255	370048	350556
b)	Income on Investments	29777	31186	27365	118990	108555
c)	Interest on balances with Reserve Bank of India and other inter bank funds	93	56	46	260	199
d)	Others	2730	2289	1969	9923	10532
2	Other Income	17001	13272	11169	54286	50699
3	TOTAL INCOME (1+2)	144768	136983	130804	553507	520541
4	Interest expended	91794	93218	90503	368934	352957
5	Operating expenses (i+ii)	27537	24597	21366	99120	95257
i)	Employees Cost	10549	11241	8256	44302	52466
ii)	Other operating expenses	16988	13356	13110	54818	42791
6	TOTAL EXPENDITURE ((4+5) (excluding provisions & Contingencies)	119331	117815	111869	468054	448214
7	Operating Profit before provisions & contingencies (3-6)	25437	19168	18935	85453	72327
8	Provisions (other than tax) and Contingencies	11250	6311	(449)	32653	21398
9	Exceptional Items	0	0	0	0	(3307)
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	14187	12857	19384	52800	54236
11	Tax Expense	3508	3166	5942	11271	9091
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	10679	9691	13442	41529	45145

		Quarter ended 31.3.2016 (Audited)	Quarter ended 31.12.2015 (Reviewed)	Quarter ended 31.03.2015 (Audited)	Year ended 31.03.2016 (Audited)	Year ended 31.03.2015 (Audited)
13	Extraordinary Items (net of tax expense)	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	10679	9691	13442	41529	45145
15	Paid up equity share capital (Face Value Rs 10/-)	18847	18847	18846	18847	18846
16	Reserves excluding revaluation reserves	350212	320060	320060	350212	320060
17	Analytical Ratios					
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%) Basel III	12.03	11.67	12.41	12.03	12.41
iii)	Earning per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized					
	- Basic EPS	5.67*	5.14*	7.13*	22.04	23.96
	- Diluted EPS	5.67*	5.14*	7.13*	22.03	23.95
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized					
	- Basic EPS	5.67*	5.14*	7.13*	22.04	23.96
	- Diluted EPS	5.67*	5.14*	7.13*	22.03	23.95
iv)	NPA Ratios					
	(a) (i) Gross NPA	118040	118655	94421	118040	94421
	(a) (ii) Net NPA	79547	79063	62355	79547	62355
	(b) (i) % of Gross NPA	3.44	3.56	2.95	3.44	2.95
	(b) (ii)% of Net NPA	2.35	2.41	1.98	2.35	1.98
	(c) Return on Assets	0.76	0.70	1.05	0.76	0.91

Notes forming part of audited financial results of the Bank for the quarter and year ended March 31, 2016

1. The above financial results for the quarter and year ended March 31, 2016 have been reviewed by the Audit Committee of the Board in their meeting held on May 19, 2016 and approved by the Board of Directors in their meetings held on May 20th, 2016. The

same has been subjected to audit by the Statutory Central Auditors of the Bank in line with the guidelines issued by Reserve Bank of India and as per 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 previous year.
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 banks 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. In accordance with UDAY (Ujwal Discom Assurance Yojna)scheme for operational and financial turnaround of Power distribution Companies (DISCOMS) during 2015-16 the bank has subscribed to Non SLR SDL Bonds of Government of Rajasthan (GOR) amounting to Rs.380.59 crores, GOR guaranteed DISCOM Bonds of Rs.149.69 crores (segment not envisaged to be converted into SDL during 2016-17) and GOR guaranteed DISCOM Bonds of Rs. 149.69 crores (segment envisaged to be converted into SDL during 2016-17) against settlement of Rajsthan DISCOM Debts of Rs. 679.97 crores.

In compliance to the RBI letter No. DBR.BP.Np.11657/21.04.132/2015-16 dated March 17, 2016 bank has made the provision as under-

- a. Rs. 22.45 crores in respect of segment not envisaged to be converted into SDL in FY 2016-17 @15% on Rs. 149.69 crores.
- b. No provision has been made for the segment of Rs.149.69 crores envisaged to be converted into SDL during 2016-17.
- c. Provision of Rs 15.50 crores has been made for diminution in the fair value of loan/DISCOM bonds for both the segments

Accordingly, a total provision of Rs.37.95 crores has been made. The DISCOM Bonds of Rs. 149.69 crores not envisaged to be converted into SDL have been classified as Non-performing Investment as per aforesaid RBI letter.

5. 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 can be amortized over two years. Accordingly, for those sales that were concluded during the current financial year, the Bank has charged to the Profit and Loss Account an amount of Rs. 16.36 crores during the year ended March 31, 2016 on proportionate basis and balance carried over as at March 31, 2016 is Rs 58.72 crores.
6. 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 conform to current period classification. The above change in classification has no impact on the profit for the year ended March 31, 2016 or the previous year.
7. 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://karnatakabank.com/ktk/BaselDisclosures.jsp#>. These disclosures have not been subjected to audit by the Statutory Central Auditors.
8. The business of the Bank has been classified into 4 segments i.e., (a) Treasury Operations; (b) Corporate & Wholesale Banking; (c) Retail Banking and (d) Other Banking Operations. Since the Bank does not have any overseas branch, reporting under geographic segment does not arise. Segment assets have been identified and

segment liabilities have been allocated on the basis of segment assets. The segment results are annexed.

9. The Board of Directors recommends a dividend of Rs. 5/- per equity share of Rs. 10/- each for the year 2015-16.
10. Non-performing Loan Provision Coverage Ratio is 48.39% as on March 31, 2016.
11. During the year ended March 31, 2016 the bank had allotted 9266 equity shares pursuant to the exercise of stock options by employees
12. Disclosure about investor complaints: Complaints at the beginning of the period Nil; Received during the period 7, Redressed during the period 7; Unresolved as on March 31, 2016 , Nil.
13. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.

[Analysis of Financial Results March 2016 Click here](#)

**P Jayarama Bhat
Managing Director & C.E.O**

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

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

**(C S Gopalakrishna)
Membership No. 014706**

**(Srinivas S Kamath)
Membership No. 201716**

**Place: Mangalore
Date: 20.05.2016**

SUMMARY BALANCE SHEET AS ON 31ST MARCH 2016

(Rs in lakhs)

	As on 31.03.2016	As on 31.03.2015
CAPITAL AND LIABILITIES		
Capital	18847	18846
Reserves and Surplus	350211	320060
Deposits	5048821	4600860
Borrowings	105148	103776
Other Liabilities and Provisions	127006	140118
TOTAL	5650033	5183660
ASSETS		
Cash and balances with Reserve Bank of India	264562	248845
Balances with Banks and Money at Call & Short Notice	39930	12571
Investments	1625665	1403167
Advances	3390245	3167999
Fixed Assets	30664	29185
Other Assets	298967	321893
TOTAL	5650033	5183660

SEGMENT RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2016

Business Segments

(Rs. in lakhs)

	Segment wise Results	3 Months ended			Year ended	
	Particulars	31.03.2016 Audited	31.12.2015 Reviewed	31.03.2015 Audited	31.03.2016 Audited	31.03.2015 Audited
(Rs. in lakhs)						
1	Segment Revenue					
	(a) Treasury Operations	33100	34120	28161	129925	124211
	(b) Corporate Banking	42575	44103	44157	174557	172821
	(c) Retail Banking	61464	53668	53775	224283	202888
	(d) Other Banking Operations	7629	5092	4711	24742	20621
	Total	144768	136983	130804	553507	520541
2	Segment Results (after Provisions before Tax)					
	(a) Treasury Operations	50	4580	2100	6794	18526
	(b) Corporate Banking	2671	3429	7397	16900	14526
	(c) Retail Banking	11738	7171	9790	34920	27157
	(d) Other Banking Operations	828	(1235)	949	(1590)	(5686)
	Total	15287	13945	20236	57024	54523
	Less: Un-allocable Expenditure	1100	1088	852	4224	3594
	Profit before Tax	14187	12857	19384	52800	50929
3	Capital employed					
	(a) Treasury Operations	138474	143232	120329	138474	120329
	(b) Corporate Banking	94711	96777	92716	94711	92716
	(c) Retail Banking	116856	114042	104526	116856	104526
	(d) Other Banking Operations	11323	12152	14316	11323	14316
	(e) Unallocated	7694	3557	7019	7694	7019
	Total	369058	369760	338906	369058	338906