

KARNATAKA BANK LTD HEAD OFFICE MANGALURU- 575002

AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

(Rs. in crore)

		Quarter ended			Year ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		(Audited)	(Reviewed)	(Audited)	(Audited)	(Audited)
1	Interest Earned (a+b+c+d)	1531.29	1514.42	1443.04	5905.96	5423.75
a)	Interest/Discount on advances/ bills	1224.91	1214.97	1080.08	4698.03	4081.93
b)	Income on Investments	279.60	276.23	267.57	1105.65	1161.53
c)	Interest on balances with Reserve Bank of India and other interbank funds	3.61	5.73	0.78	16.63	15.87
d)	Others	23.17	17.49	94.61	85.65	164.42
2	Other Income	290.59	301.37	294.51	1001.96	954.34
3	TOTAL INCOME (1+2)	1821.88	1815.79	1737.55	6907.92	6378.09
4	Interest expended	1050.41	1026.47	901.53	4000.84	3566.10
5	Operating expenses (i+ii)	447.24	388.95	360.69	1457.27	1338.83
i)	Employees Cost	203.45	180.76	141.82	605.56	524.79
ii)	Other operating Expenses	243.79	208.19	218.87	851.71	814.04
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1497.65	1415.42	1262.22	5458.11	4904.92
7	Operating Profit before provisions & contingencies (3-6)	324.23	400.37	475.33	1449.81	1473.16
8	Provisions (other than tax) and Contingencies	217.73	208.99	541.75	842.00	1163.01
9	Exceptional Items	0.00	0.00	0.00	0.00	0.00
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	106.50	191.38	-66.42	607.81	310.16
11	Tax Expense	44.77	50.97	-77.42	130.57	-15.45
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	61.73	140.41	11.00	477.24	325.61
13	Extraordinary Items (net of tax)	0.00	0.00	0.00	0.00	0.00
14	Net Profit (+)/Loss (-) for the period (12-13)	61.73	140.41	11.00	477.24	325.61

(Rs. in crore)

		Quarter ended			Year ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		(Audited)	(Reviewed)	(Audited)	(Audited)	(Audited)
15	Paid up equity share capital Face Value Rs 10/-)	282.62	282.62	282.62	282.62	282.62
16	Reserves excluding revaluation reserves	5090.45	---	4711.32	5090.45	4711.32
17	<u>Analytical Ratios</u>					
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%) -Basel III (%)	13.17	11.98	12.04	13.17	12.04
iii)	Earnings per share (EPS) (Rs)					
	Basic & Diluted EPS before extraordinary items (Net of Tax Expenses) * Not Annualized	2.18*	4.97*	0.39*	16.89	11.52
	Basic & Diluted EPS after extraordinary items (Net of Tax Expenses) * Not Annualized	2.18*	4.97*	0.39*	16.89	11.52
iv)	<u>NPA Ratios as on date</u>					
	Gross NPA	2456.38	2345.93	2376.07	2456.38	2376.07
	Net NPA	1616.71	1560.94	1400.51	1616.71	1400.51
	% of Gross NPA	4.41	4.45	4.92	4.41	4.92
	% of Net NPA	2.95	3.00	2.96	2.95	2.96
	Return on Assets	0.32	0.74	0.06	0.64	0.49

**NOTES FORMING PART OF THE AUDITED FINANCIAL RESULTS FOR THE QUARTER
AND YEAR ENDED MARCH 31, 2019**

1. The above financial results for the quarter/ year ended 31st March, 2019 have been approved by the Board of Directors at its meeting held on 13th May, 2019. The same have been audited by the Statutory Auditors of the Bank in line with the guidelines issued by the Reserve Bank of India and as per the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, who have issued a unmodified opinion on the same.
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 31st March, 2018
3. The working results of the bank for the quarter and year ended 31st March 2019 have been arrived at after considering the provisions on the basis of extant guidelines / directives issued by Reserve Bank of India on Advances, exposure to entities with Un-Hedged Foreign Currency Exposure, Non Performing Investments, Depreciation on Investments & Fixed Assets and on Standard MSME borrowers.
4. The provisions for Employee Benefits such as Gratuity, Pension, Leave Encashment and sick leave have been made based on the actuarial valuation in terms of Accounting Standard - 15 "Employee Benefits".
5. Pursuant to the RBI guidelines RBI/2017-18/200 DBR No. BP.BC.113/21.04.048/2017-18 dated June 15, 2018 permitting to spread provisioning for Mark to Mark losses all the investments held under AFS and HFT categories for the quarter ended June 30, 2018 equally over upto four quarters the Bank has provided the residual deferred amount of Rs 13.48 crores during the quarter.
6. Tax provisions for the financial year 2018-19 have been computed as per Income Tax Act, 1961.
7. The Bank has recognized net Deferred Tax Assets as on 31st March, 2019 aggregating to Rs 337.47 Crores (PY Rs 381.07 Crores) on timing differences pertaining to surplus provision for doubtful advances, Provision for Standard Advances, Leave Encashment, Special Reserve etc in accordance with Accounting Standard - 22 on "Taxes and Income" issued by the Institute of Chartered Accountants of India.
8. The Board of Directors at its meeting held on 13th May, 2019, proposed a dividend at Rs 3.50 per equity share (ie., 35% on the paid up capital) (previous year at Rs 3 per share (ie., 30%)) subject to the requisite 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 30th March, 2016, the Bank has not accounted the proposed dividend of Rs 98.91 Crore (previous year Rs 84.78 Crore) and corporate dividend tax of Rs 20.33 Crore (previous year Rs 17.42 Crore) as a liability , as at 31st March, 2019 . In arriving at the capital fund for the computation of CRAR as of 31st March, 2019 the Bank has reduced the proposed dividend and corporate dividend tax thereon.

9. The provision coverage ratio as at 31st March 2019 stood at 58.45%.(54.56% as on March 31, 2018)
10. Bank has raised Rs 320 crores under Tier II capital by issue of Basel III compliant subordinated debt instrument, on private placements during the quarter. The total amount raised during the year by issue of such instruments is Rs 720 crores.
11. In terms of the RBI Circular DBR.BP.BC.No. 63/21.04.018/2016-17 dated 18th April 2017, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts wherever either a) the additional provisioning for NPA's addressed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period and b) the additional Gross NPAs identified by RBI exceed 15% of the published incremental Gross NPAs for the reference period. Based on above , no disclosure on divergence in asset classification and provisioning for NPA's is required with respect to RBI's annual supervisory process for FY2018.
12. In accordance with RBI guidelines on 'Basel III Capital Regulations' read together with the RBI Circular dated 1st July, 2015, the consolidated Pillar 3 disclosure at 31st March, 2019 including leverage ratio and liquidity coverage ratio is made available in the Bank's 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.
13. Disclosure about investor complaints: Complaints at the beginning of the period 1 ; Received during the period 8; Disposed off during the period 9; Unresolved as on 31st March, 2019: Nil.
14. The figures for the last quarter of the current year and for the previous year 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 the third quarter.
15. Previous period/year figures have been re-grouped/ re-classified where necessary to conform to current period classification.

-Sd-

Mahabaleshwara M S
Managing Director & C.E.O

For Manohar Chowdhry & Associates
Chartered Accountants
Firm Regn No 001997S

For Badari Madhusudhan & Srinivasan
Chartered Accountants
Firm Regn. No. 005389S

-Sd-

Murali Mohan Bhat
Membership No. 203592

-Sd-

N Srinivasan
Membership No. 027887

Place: Mangaluru
Date: 13th May 2019

SEGMENT RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2019

Segment-wise Results	3 Months ended			Year ended	
	31.03.2019 Audited	31.12.2018 Reviewed	31.03.2018 Audited	31.03.2019 Audited	31.03.2018 Audited
	(Rs. in Crore)				
Segment Revenue					
(a) Treasury Operations	331.35	393.73	287.90	1307.60	1404.18
(b) Corporate Banking	773.53	753.43	549.27	2840.48	2174.98
(c) Retail Banking	602.83	579.50	705.40	2356.29	2367.95
(d) Other Banking Operations	110.22	89.13	115.39	386.34	332.57
(e) Unallocated	3.95	-	79.59	17.21	98.41
Income from operations	1821.88	1815.79	1737.55	6907.92	6378.09
Segment Results (after Provisions before Tax)					
(a) Treasury Operations	88.53	144.91	23.05	293.06	267.76
(b) Corporate Banking	-8.89	25.22	-218.96	28.36	-449.42
(c) Retail Banking	2.85	26.76	44.64	235.84	392.65
(d) Other Banking Operations	34.02	8.32	17.90	87.48	50.82
(e) unallocated	-10.01	-13.83	66.95	-36.93	48.35
Total profit/(loss) before tax	106.50	191.38	-66.42	607.81	310.16
Segment Assets					
(a) Treasury Operations	20241.60	19457.70	19451.00	20241.60	19451.00
(b) Corporate Banking	31349.71	29609.81	25888.90	31349.71	25888.90
(c) Retail Banking	23912.21	23070.07	21662.73	23912.21	21662.73
(d) Other Banking Operations	1516.43	1543.48	1360.32	1516.43	1360.32
(e) Unallocated	2025.81	1653.27	2010.73	2025.81	2010.73
Total	79045.76	75334.33	70373.68	79045.76	70373.68
Segment Liabilities					
(a) Treasury Operations	18695.78	17898.84	17892.70	18695.78	17892.70
(b) Corporate Banking	29103.22	27444.03	23948.50	29103.22	23948.50
(c) Retail Banking	22179.19	21315.79	20015.57	22179.19	20015.57
(d) Other Banking Operations	1412.54	1432.45	1258.38	1412.54	1258.38
(e) Unallocated	1869.85	1519.78	1848.38	1869.85	1848.38
TOTAL	73260.58	69610.89	64963.53	73260.58	64963.53
Capital employed (Segment Assets-Segment Liabilities)					
(a) Treasury Operations	1545.82	1558.86	1558.30	1545.82	1558.30
(b) Corporate Banking	2246.49	2165.78	1940.40	2246.49	1940.40
(c) Retail Banking	1733.02	1754.28	1647.16	1733.02	1647.16
(d) Other Banking Operations	103.89	111.03	101.94	103.89	101.94
(e) Unallocated	155.96	133.49	162.35	155.96	162.35
TOTAL	5785.18	5723.44	5410.15	5785.18	5410.15

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

KARNATAKA BANK LTD HEAD OFFICE MANGALURU- 575002**AUDITED FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED MARCH 31, 2019**

Particulars	(Rs in Crore)		
	Quarter ended 31.03.2019	Year ended 31.03.2019	Year ended 31.03.2018
Total income from operations (net)	1821.88	6907.92	6378.09
Net Profit / (Loss) from ordinary activities after tax	61.73	477.24	325.61
Net Profit / (Loss) for the period after tax (after Extraordinary items)	61.73	477.24	325.61
Equity Share Capital	282.62	282.62	282.62
Reserves excluding Revaluation Reserve (as shown in the Balance Sheet of previous year)	5090.45	5090.45	4711.32
Earnings Per Share (before extraordinary items) (of Rs 10/- each)			
Basic :	2.18*	16.89	11.52
Diluted:	2.18*	16.89	11.52
Earnings Per Share (after extraordinary items) (of Rs 10/- each)			
Basic :	2.18*	16.89	11.52
Diluted:	2.18*	16.89	11.52

*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: <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

-Sd-

Mahabaleshwara M S

MANAGING DIRECTOR & CEO

Place: Mangaluru

Date: 13th May 2019.

SUMMARY BALANCE SHEET AS ON 31ST MARCH 2019

(Rs in crores)

	As on	As on
	31.03.2019	31.03.2018
CAPITAL AND LIABILITIES		
Capital	282.62	282.62
Reserves and Surplus	5502.57	5127.53
Deposits	68452.12	62871.29
Borrowings	3325.51	815.97
Other Liabilities and Provisions	1482.94	1276.27
TOTAL	79045.76	70373.68
ASSETS		
Cash and balances with Reserve Bank of India	3411.66	3545.82
Balances with Banks and Money at Call & Short Notice	198.09	55.20
Investments	16184.99	15444.45
Advances	54828.20	47251.75
Fixed Assets	775.00	761.60
Other Assets	3647.82	3314.86
TOTAL	79045.76	70373.68

Manohar Chowdhry & Associates
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Auditor's Report on the Financial Results of the Karnataka Bank Ltd pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015

To the Board of Directors of The Karnataka Bank Ltd

1. We have audited the accompanying annual Financial Results of **The Karnataka Bank Limited** ("The Bank") for the quarter and year ended 31st March 2019 ("the Financial Results"), attached herewith, being submitted by the Bank pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 ("the SEBI Regulation"). The disclosures relating to the "Pillar 3 under Basel III Capital Regulations" and those relating to "Leverage Ratio", "Liquidity Coverage Ratio" under Capital Adequacy and Liquidity Standards issued by the Reserve bank of India ("RBI") as have been disclosed on the Bank's website and in respect of which a link has been provided in the Financial Results have not been audited by us. Attention is drawn to the fact that the figures for the quarter ended 31st March 2019 and the corresponding quarter ended in the previous year as reported in these Financial Results ended 31st March 2019 are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the end of the third quarter of the relevant financial year.
2. These Financial Results have been prepared on the basis of the stand-alone financial statements and the unaudited quarterly financial results up to the end of the third quarter which are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial results based on our audit of the annual standalone financial statements which have been prepared in accordance with the recognition and measurement principles prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, provisions of section 29 of the banking Regulation Act, 1949, circulars, guidelines and directions issued by the Reserve Bank of India from time to time and other accounting principles generally accepted in India.
3. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as Financial Results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.
4. In our opinion and to the best of our information and according to the explanations given to us, these Financial Results:

- a. have been presented in accordance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 in this regard; and
- b. give a true and fair view of the Net Profit and other financial information for the quarter and year ended 31st March 2019.

for **Manohar Chowdhry & Associates**
Chartered Accountants
FR No. 001997S

-Sd-
(Murali Mohan Bhat)
Partner
M. No. 203592

for **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
FR No. 005389S

-Sd-
(N. Srinivasan)
Partner
M. No. 027887

Place: Mangalore
Date: 13.05.2019