

**ANNEXURE -1**  
**AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020**  
 (Rs. in Crore)

		Quarter ended			Year ended	
		31.03.2020 (Audited)	31.12.2019 (Reviewed)	31.03.2019 (Audited)	31.03.2020 (Audited)	31.03.2019 (Audited)
1	Interest Earned (a+b+c+d)	1639.21	1621.55	1531.29	6474.77	5905.96
a)	Interest/Discount on advances/ bills	1316.56	1271.28	1224.91	5155.84	4698.03
b)	Income on Investments	290.82	293.60	279.60	1160.13	1105.65
c)	Interest on balances with Reserve Bank of India and other interbank funds	3.01	11.74	3.61	44.60	16.63
d)	Others	28.82	44.93	23.17	114.20	85.65
2	Other Income	440.37	402.13	290.59	1396.05	1001.96
3	TOTAL INCOME (1+2)	2079.58	2023.68	1821.88	7870.82	6907.92
4	Interest expended	1109.91	1113.80	1050.41	4444.41	4000.84
5	Operating expenses (i+ii)	578.13	408.09	447.24	1769.64	1457.27
i)	Employees Cost	370.44	186.46	203.45	897.00	605.56
ii)	Other operating Expenses	207.69	221.63	243.79	872.64	851.71
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1688.04	1521.89	1497.65	6214.05	5458.11
7	Operating Profit before provisions & contingencies (3-6)	391.54	501.79	324.23	1656.77	1449.81
8	Provisions (other than tax) and Contingencies	356.50	314.70	217.73	1134.74	842.00
9	Exceptional Items	0.00	0.00	0.00	0.00	0.00
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	35.04	187.09	106.50	522.03	607.81
11	Tax Expense	7.73	63.95	44.77	90.25	130.57
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	27.31	123.14	61.73	431.78	477.24
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)	27.31	123.14	61.73	431.78	477.24
15	Paid up equity share capital (Face Value Rs 10/-)	310.88	282.62	282.62	310.88	282.62

16	Reserves excluding revaluation reserves	5189.49	---	5090.45	5189.49	5090.45
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 ( % )	12.66	12.40	13.17	12.66	13.17
iii)	Earnings per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized					
	- Basic EPS	0.88*	3.96*	1.99*	13.89	15.35
	- Diluted EPS	0.88*	3.96*	1.99*	13.89	15.35
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized					
	- Basic EPS	0.88*	3.96*	1.99*	13.89	15.35
	- Diluted EPS	0.88*	3.96*	1.99*	13.89	15.35
iv)	NPA Ratios as on date					
	Gross NPA	2799.93	2777.46	2456.38	2799.93	2456.38
	Net NPA	1755.01	2058.04	1616.71	1755.01	1616.71
	% of Gross NPA	4.82	4.99	4.41	4.82	4.41
	% of Net NPA	3.08	3.75	2.95	3.08	2.95
	Return on Assets	0.13	0.60	0.32	0.53	0.64

**NOTES FORMING PART OF THE AUDITED FINANCIAL RESULTS FOR THE QUARTER  
AND YEAR ENDED MARCH 31, 2020**

1. The above financial results for the quarter/ year ended 31<sup>st</sup> March, 2020 have been approved by the Board of Directors at its meeting held on 6<sup>th</sup> June, 2020. 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 an unmodified opinion on the same.
2. In 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 31<sup>st</sup> March, 2019.
3. The working results of the Bank for the quarter and year ended 31<sup>st</sup> March, 2020 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 etc, and Depreciation on Investments & Fixed Assets.
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. During the year ended 31<sup>st</sup> March, 2020, the Bank has sold securities from HTM category exceeding 5% of the book value of investments held in HTM category at the beginning of the year, with the due approval. The book value of HTM investment sold during the year ended 31<sup>st</sup> March, 2020 was Rs 12705.35 crore (excluding OMO sale and UDAY bonds sale worth Rs 983.90 crore). The market value of investments under HTM category was at Rs 14279.40 crore and was higher than the book value to an extent of Rs 168.57 crore as on March 31, 2020.
6. During the year under report, the Board of Directors on 18<sup>th</sup> March, 2020 has allotted 28260881 shares as bonus equity shares in the ratio of One (1) share for every ten(10) shares held on the record date ie March 18, 2020 pursuant to the approval received from the shareholders for bonus issue through postal ballot dated March 5, 2020 by utilizing the amount standing to the credit of share premium account.
7. COVID 19 pandemic continues to spread across several countries including India resulting in a significant volatility in global and Indian financial markets and a significant decline in global and local economic activities. World Health Organization has declared COVID 19 as global pandemic. The Government of India had announced a series of lock-down measures from March 24, 2020 onwards which have been extended from time to time upto June 30, 2020. Govt of India has directed a calibrated and gradual withdrawal of lock down and partial resumption of economic activity in spite of some of the major economic centers still continuing under strict lockdown. The revival of economic activities largely depends upon the intensity and spread of the disease. Govt stimulus packages, and regulatory relief measures. The Bank has satisfactory capital and adequate liquidity to support its business growth which has already been moderated having regard to effects of COVID 19.
8. In accordance with the ‘COVID-19 Regulatory packages’ announced by the RBI on March 27, 2020 , April 17,2020 and May 23, 2020, with regard to providing relief to borrowers on account of COVID-19 pandemic whose accounts were standard as on February 29, 2020, the Bank, in

accordance with the Board approved policy had offered moratorium on repayment of loan installments and/or deferment of interest due between March 1, 2020 to August 31, 2020 including relaxation in certain parameters, to all eligible borrowers, without considering the same as restructuring. In accordance with RBI guidelines, the Bank is required to make provision @10% of outstanding advances over two quarters beginning with quarter ended March 31, 2020 in respect of such borrower accounts where asset classification benefit has been taken as per RBI guidelines. The Bank, as a prudent measure has made the entire 10% provision amounting to Rs 24.08 crore in the March quarter itself.

9. The Bank has recognized net Deferred Tax Assets as on 31<sup>st</sup> March, 2020 aggregating to Rs 440.81 Crores (PY Rs 365.06 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.
10. During the quarter ended December 31, 2019, the land and building 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.62.17 crore being the net increase in value thereof have been credited to Revaluation Reserve Account. On account of this additional depreciation of Rs.4.65 crore has been included in depreciation for 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%.
11. The provision coverage ratio as at 31<sup>st</sup> March, 2020 stood at 64.70% as against 58.45% as on March 31, 2019.
12. During the quarter ended 31<sup>st</sup> March 2020, the Bank recognized exposure in respect of 11 entities with outstanding balance of Rs 252.49 crores as fraud and provided in, accordance with the RBI Circular dated April 18, 2016, by debiting Rs. 63.12 Crores to Profit & Loss Account and Rs 189.37 crores to 'Revenue Reserve' under 'Reserves and Surplus', as an adjusting event as specified in AS-4 : "Events occurring after the Balance sheet date". In accordance with the said RBI Circular Rs 189.37 crores debited to Reserves & surplus will be reversed to Profit and Loss Account in the ensuing three quarters in the financial year 2020-21.
13. The Reserve Bank of India vide its letter dated EFD.CO.SO/590/02.02.005/2019-20 dated May 27, 2020 has imposed a penalty of Rs 1.00 crore for divergence in NPAs and Rs 0.20 crore for charge of non adherence to IRAC Norms pertaining to the financial year 2016-17 and 2017-18.
14. The Reserve Bank of India vide its circular dated April 17,2020, has directed that banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19 pandemic. Accordingly, the Board of directors of the Bank has not recommended any dividend for the year 2019-20 (Previous year 35% i.e Rs 3.50 per equity share).
15. In accordance with RBI guidelines on 'Basel III Capital Regulations' read together with the RBI Circular dated 1<sup>st</sup> July, 2015, the consolidated Pillar 3 disclosure at 31<sup>st</sup> March, 2020 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.

16. Disclosure about investor complaints: Complaints at the beginning of the period Nil ; Received during the period 26; Disposed off during the period 26; Unresolved as on 31<sup>st</sup> March, 2020: Nil.
17. 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.
18. Previous period/year figures have been re-grouped/ re-classified where necessary to conform to current period classification.

**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**

**Murali Mohan Bhat  
Membership No. 203592**

**T V Sudarshan  
Membership No. 019108**

**Place: Mangaluru  
Date: 6<sup>th</sup> June 2020**

**SEGMENT RESULTS FOR THE QUARTER/YEAR ENDED 31.03.2020 (Rs in crores)**

Segment wise Results	Quarter Ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	<b>(Rs. in Crore)</b>				
<b>Segment Revenue</b>					
(a) Treasury Operations	453.97	490.52	331.35	1625.94	1307.60
(b) Corporate Banking	859.92	731.29	773.53	3138.02	2840.48
(c) Retail Banking	638.99	673.72	602.83	2613.35	2356.29
(d) Other Banking Operations	126.70	108.15	110.22	473.51	386.34
(e) Unallocated	0.00	20.00	3.95	20.00	17.21
<b>Income From Operations</b>	<b>2079.58</b>	<b>2023.68</b>	<b>1821.88</b>	<b>7870.82</b>	<b>6907.92</b>
<b>Segment Results (after Provisions before Tax)</b>					
(a) Treasury Operations	190.95	221.27	87.88	574.20	343.72
(b) Corporate Banking	161.94	113.62	120.68	556.03	520.60
(c) Retail Banking	27.93	147.39	92.42	451.31	535.79
(d) Other Banking Operations	26.86	17.30	33.26	118.99	86.64
(e) Unallocated (including Provisions & Contingencies)	-372.64	-312.49	-227.74	-1178.50	-878.94
<b>Total Profit/(Loss) before tax</b>	<b>35.04</b>	<b>187.09</b>	<b>106.50</b>	<b>522.03</b>	<b>607.81</b>
-					
<b>Segment Assets</b>					
(a) Treasury Operations	20953.25	22524.38	20241.60	20953.25	20241.60
(b) Corporate Banking	31237.24	29616.47	31349.71	31237.24	31349.71
(c) Retail Banking	26279.46	25723.40	23912.21	26279.46	23912.21
(d) Other Banking Operations	3163.29	2571.88	1516.43	3163.29	1516.43
(e) Unallocated	1680.25	1870.43	2025.81	1680.25	2025.81
<b>Total</b>	<b>83313.49</b>	<b>82306.56</b>	<b>79045.76</b>	<b>83313.49</b>	<b>79045.76</b>
<b>Segment Liabilities</b>					
(a) Treasury Operations	19359.49	20774.42	18695.78	19359.49	18695.78
(b) Corporate Banking	29073.28	27469.71	29103.22	29073.28	29103.22
(c) Retail Banking	24416.51	23821.62	22179.19	24416.51	22179.19
(d) Other Banking Operations	2941.31	2384.06	1412.54	2941.31	1412.54
(e) Unallocated	1552.45	1724.07	1869.85	1552.45	1869.85
<b>Total</b>	<b>77343.04</b>	<b>76173.88</b>	<b>73260.58</b>	<b>77343.04</b>	<b>73260.58</b>
<b>Capital employed</b>					
(a) Treasury Operations	1593.76	1749.96	1545.82	1593.76	1545.82
(b) Corporate Banking	2163.96	2146.76	2246.49	2163.96	2246.49
(c) Retail Banking	1862.95	1901.78	1733.02	1862.95	1733.02
(d) Other Banking Operations	221.98	187.82	103.89	221.98	103.89
(e) Unallocated	127.80	146.36	155.96	127.80	155.96
<b>Total</b>	<b>5970.45</b>	<b>6132.68</b>	<b>5785.18</b>	<b>5970.45</b>	<b>5785.18</b>

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

**SUMMARY BALANCE SHEET AS ON 31<sup>ST</sup> MARCH 2020**

(Rs in crores)

	<b>As on</b>	<b>As on</b>
	<b>31.03.2020</b>	<b>31.03.2019</b>
<b>CAPITAL AND LIABILITIES</b>		
Capital	310.88	282.62
Reserves and Surplus	5659.57	5502.57
Deposits	71785.15	68452.12
Borrowings	4065.12	3325.51
Other Liabilities and Provisions	1492.77	1482.94
<b>TOTAL</b>	<b>83313.49</b>	<b>79045.76</b>
<b>ASSETS</b>		
Cash and balances with Reserve Bank of India	2756.05	3411.66
Balances with Banks and Money at Call & Short Notice	163.44	198.09
Investments	17545.34	16184.99
Advances	56964.27	54828.20
Fixed Assets	826.42	775.00
Other Assets	5057.97	3647.82
<b>TOTAL</b>	<b>83313.49</b>	<b>79045.76</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020**

(Rs in Crore)

	Year Ended March 31 2020	Year Ended March 31 2019
<b>A</b>	<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>	
Net Profit after Tax and Extra Ordinary Items	431.78	477.24
<u>Add:</u>		
<u>Adjustments for :</u>		
Provision for Tax	90.25	130.57
(Profit)/Loss on sale Fixed Assets	0.71	-0.40
Depreciation on Fixed Assets including Lease Adjustment charges	63.76	54.17
Provisions and Contingencies	1134.74	842.00
Amortisation of premium on Held to Maturity Investments	76.05	62.84
Loss on sale to SC/RC amortised during the year	0	0
Write-off of Fixed Assets	0	0
Operating Profit Before Working Capital Changes	1365.51	1089.18
Adjustment for :		
i) (Increase)/Decrease in Advances & Other Assets	-3608.74	-7141.08
ii) (Increase)/Decrease in Investments	-1431.41	-851.29
iii) Increase/(Decrease) in Deposits Borrowings & Other Liabilities	3367.74	4403.20
Cash Generated from Operations	124.88	-2022.75
Less: Direct taxes paid	214.48	208.30
Net Cash Flow from Operating Activities (A)	<b>-89.60</b>	<b>-2231.05</b>
<b>B</b>	<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>	
Purchase of Fixed Assets	-57.53	-69.17
Sale of Fixed Assets	1.48	1.63
Net Cash used in Investing Activities (B)	<b>-56.05</b>	<b>-67.54</b>
TOTAL (A+B)	<b>-145.65</b>	<b>-2298.59</b>
<b>C</b>	<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>	
Proceeds from issue of share capital (net of expenses)	0.01	0.00
Proceeds from long term borrowings	-425.38	2409.54
Dividend paid (Including Tax on Dividend)	-119.24	-102.21
Net Cash Generated from Financing Activities ( C )	<b>-544.61</b>	<b>2307.33</b>
Net Increase in Cash & Cash Equivalents (A+B+C)	<b>-690.26</b>	<b>8.74</b>
Cash & Cash Equivalents as at the beginning of the year	<b>3609.75</b>	<b>3601.01</b>
Cash & Cash Equivalents as at the end of the year	<b>2919.49</b>	<b>3609.75</b>

**Note:**

- The Cash Flow Statement has been prepared under the Indirect Method and figures of the previous year have been re-grouped wherever necessary.
- Cash and Cash Equivalents comprise of Cash on Hand, Balances with Reserve Bank of India, Balances with Banks and Money at Call and Short Notice.

For and on behalf of Board of Directors

Place: Mangaluru

Date: 6<sup>th</sup> June 2020

Mahabaleshwara M S

MANAGING DIRECTOR & CEO



**ANNEXURE -2**

**AUDITD FINANCIAL RESUSLTS FOR THE QUARTER/YEAR ENDED MARCH 31, 2020  
(Rs in crores)**

Particulars	Quarter Ended 31.03.2020	Year Ended 31.03.2020	Year ended 31.03.2019
Total income from operations (net)	2079.58	7870.82	6907.92
Net Profit / (Loss) from ordinary activities after tax	27.31	431.78	477.24
Net Profit / (Loss) for the period after tax (after Extraordinary items)	27.31	431.78	477.24
Equity Share Capital	310.88	310.88	282.62
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	5189.49	5189.49	5090.45
Earnings Per Share (Before extraordinary items) (of Rs 10/- each)			
Basic:	0.88*	13.89	15.35
Diluted:	0.88*	13.89	15.35
Earnings Per Share (After extraordinary items) (of Rs 10/- each)			
Basic:	0.88*	13.89	15.35
Diluted:	0.88*	13.89	15.35

\*Not annualised

Note: The above is an extract of the detailed format of period ended Results filed with the Stock Exchange under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the period 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

**Place: Mangaluru**

**Date: 6<sup>th</sup> June 2020**

**Mahabaleshwara M S**

**MANAGING DIRECTOR & CEO**