



Karnataka Bank Ltd.

Your Family Bank, Across India.

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REVIEWED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED DECEMBER 31, 2019. (Rs in Crore)

		Quarter ended			Nine Months ended		Year ended 31.03.2019
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
1	Interest Earned (a+b+c+d)	1621.55	1629.64	1514.42	4835.56	4374.67	5905.96
a)	Interest/Discount on advances/ bills	1271.28	1294.69	1214.97	3839.28	3473.12	4698.03
b)	Income on Investments	293.60	293.59	276.23	869.31	826.05	1105.65
c)	Interest on balances with Reserve Bank of India and other interbank funds	11.74	20.75	5.73	41.59	13.02	16.63
d)	Others	44.93	20.61	17.49	85.38	62.48	85.65
2	Other Income	402.13	308.76	301.37	955.68	711.37	1001.96
3	TOTAL INCOME (1+2)	2023.68	1938.40	1815.79	5791.24	5086.04	6907.92
4	Interest expended	1113.80	1130.92	1026.47	3334.50	2950.43	4000.84
5	Operating expenses (i+ii)	408.09	394.05	388.95	1191.51	1010.03	1457.27
i)	Employees Cost	186.46	163.17	180.76	526.56	402.11	605.56
ii)	Other operating Expenses	221.63	230.88	208.19	664.95	607.92	851.71
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1521.89	1524.97	1415.42	4526.01	3960.46	5458.11
7	Operating Profit before provisions & contingencies (3-6)	501.79	413.43	400.37	1265.23	1125.58	1449.81
8	Provisions (other than tax) and Contingencies	314.70	262.40	208.99	778.24	624.27	842.00
9	Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	187.09	151.03	191.38	486.99	501.31	607.81
11	Tax Expense	63.95	45.12	50.97	82.52	85.80	130.57
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	123.14	105.91	140.41	404.47	415.51	477.24

		Quarter ended			Nine Months ended		Year ended 31.03.2019
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
13	Extraordinary Items (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00
14	Net Profit (+)/Loss (-) for the period (12-13)	123.14	105.91	140.41	404.47	415.51	477.24
15	Paid up equity share capital (Face Value Rs 10/-)	282.62	282.62	282.62	282.62	282.62	282.62
16	Reserves excluding revaluation reserves	---	---	---	---	---	5090.45
17	<u>Analytical Ratios</u>						
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%) -Basel III (%)	12.40	12.64	11.98	12.40	11.98	13.17
iii)	Earnings per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized						
	- Basic EPS	4.36*	3.75*	4.97*	14.31*	15.72*	16.89
	- Diluted EPS	4.36*	3.75*	4.97*	14.31*	15.72*	16.89
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized						
	- Basic EPS	4.36*	3.75*	4.97*	14.31*	15.72*	16.89
	- Diluted EPS	4.36*	3.75*	4.97*	14.31*	15.72*	16.89
iv)	NPA Ratios as on date						
	Gross NPA	2777.46	2594.27	2345.93	2777.46	2345.93	2456.38
	Net NPA	2058.04	1863.11	1560.94	2058.04	1560.94	1616.71
	% of Gross NPA	4.99	4.78	4.45	4.99	4.45	4.41
	% of Net NPA	3.75	3.48	3.00	3.75	3.00	2.95
	Return on Assets (Annualised)	0.60	0.53	0.74	0.67	0.75	0.64

SEGMENT RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31.12.2019 (Rs in crores)

Segment wise Results	UNAUDITED					AUDITED
	Quarter Ended			Nine months Ended		Year ended
	31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
Particulars						
	(Rs. in crores)					
1 Segment Revenue						
(a) Treasury Operations	490.52	359.82	393.73	1171.96	976.25	1307.60
(b) Corporate Banking	731.29	755.25	753.43	2278.10	2066.95	2840.48
(c) Retail Banking	673.72	698.20	579.50	1974.37	1753.46	2356.29
(d) Other Banking Operations	108.15	125.13	89.13	346.81	276.12	386.34
(e) Unallocated	20.00	0.00	0.00	20.00	13.26	17.21
Total	2023.68	1938.40	1815.79	5791.24	5086.04	6907.92
2 Segment Results (after Provisions before Tax)						
(a) Treasury Operations	221.27	89.03	196.22	383.25	255.84	343.72
(b) Corporate Banking	113.62	122.63	387.89	394.09	399.92	520.60
(c) Retail Banking	147.39	169.79	237.13	423.38	443.37	535.79
(d) Other Banking Operations	17.30	47.16	8.23	92.13	53.37	86.64
(e) Unallocated (including provisions & contingencies)	-312.49	-277.58	-638.09	-805.86	-651.19	-878.94
Total Profit/ Loss before tax	187.09	151.03	191.38	486.99	501.31	607.81
3 Segment Assets						
(a) Treasury Operations	22524.38	22274.64	19457.70	22524.38	19457.70	20241.60
(b) Corporate Banking	29616.47	28970.68	29609.81	29616.47	29609.81	31349.71
(c) Retail Banking	25723.40	24972.29	23070.07	25723.40	23070.07	23912.21
(d) Other Banking Operations	2571.88	2039.33	1543.48	2571.88	1543.48	1516.43
(e) Unallocated	1870.43	1909.25	1653.27	1870.43	1653.27	2025.81
Total	82306.56	80166.19	75334.33	82306.56	75334.33	79045.76
Segment Liabilities						
(a) Treasury Operations	20774.42	20547.41	17898.84	20774.42	17898.84	18695.78
(b) Corporate Banking	27469.71	26885.91	27444.03	27469.71	27444.03	29103.22
(c) Retail Banking	23821.62	23131.17	21315.79	23821.62	21315.79	22179.19
(d) Other Banking Operations	2384.06	1894.22	1432.45	2384.06	1432.45	1412.54
(e) Unallocated	1724.07	1760.11	1519.78	1724.07	1519.78	1869.85
Total	76173.88	74218.82	69610.89	76173.88	69610.89	73260.58
Capital employed (Segment Assets-Segment Liabilities)						
(a) Treasury Operations	1749.96	1727.23	1558.86	1749.96	1558.86	1545.82
(b) Corporate Banking	2146.76	2084.76	2165.78	2146.76	2165.78	2246.49
(c) Retail Banking	1901.78	1841.12	1754.28	1901.78	1754.28	1733.02
(d) Other Banking Operations	187.82	145.12	111.03	187.82	111.03	103.89
(e) Unallocated	146.36	149.14	133.49	146.36	133.49	155.96
Total	6132.68	5947.37	5723.44	6132.68	5723.44	5785.18

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

Notes forming part of the unaudited financial results for the period ended December 31, 2019

The above interim financial results for the period ended December 31, 2019 have been reviewed by the Audit Committee of the Board at the meeting held on January 16, 2020 and approved by the Board of Directors at the meeting held on January 16, 2020. 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 SEBI (LODR) Regulations, 2015.

1. In the preparation of these financial results, the Bank has followed the same accounting policies and generally accepted practices adopted in the preparation of audited financial statements for the year ended March 31, 2019.
2. The above interim financial results have been arrived at after considering the provision for loan losses and depreciation on investments, provision for arrears of salary pending negotiation & wage settlement, provision for employees' retirement benefits like pension, gratuity, leave encashment and unused sick leave as per actuarial valuations, provision for exposure to entities with unhedged foreign currency exposure, Income Tax and other contingencies on estimated and proportionate basis and are subject to adjustments at the year end.
3. As per the Taxation Laws Amendment Act 2019, a new Section 115 BAA has been inserted in the Income Tax Act 1961, giving Domestic Companies a non reversible option to pay corporate tax at reduced rates effective from April 1, 2019 subject to certain conditions. The Bank is in the process of evaluating the same.
4. 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.62.17crore being the net increase in value thereof have been credited to Revaluation Reserve Account. On account of this additional depreciation of Rs.0.37 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%.

5. Provision coverage ratio as at December 31, 2019 stood at 59.34% (57.20% as at December 31, 2018).
6. The capital adequacy ratio is computed on the basis of the RBI guidelines applicable on the relevant reporting dates and ratio for the corresponding previous period is not adjusted to consider the impact of subsequent changes, if any, in the guidelines.
7. 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.info.com/ktk/BaselDisclosures.jsp#>. These disclosures have not been subjected to limited review by the Statutory Central Auditors.
8. **Disclosure about investor complaints for the period ended December 31, 2019**
Complaints at the Beginning of the period Nil; Received during the period 7
Disposed off during the period 7; Unresolved as on December 31, 2019 Nil.
9. Corresponding previous period figures have been regrouped/rearranged wherever necessary to make them comparable with the current period figures.

Mahabaleshwara M S
Managing Director & C.E.O

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

(Murali Mohan Bhat)
Partner
M. No. 203592

for **Badari, Madusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

(T.V. Sudarshan)
Partner
M. No. 019108

Place: Mangaluru

Date: 16th January 2020

ANNEXURE 2

REVIEWED FINANCIAL RESULTS FOR THE QUARTER /NINE MONTHS ENDED DECEMBER 31, 2019 (Rs. In crore)

Particulars	Quarter Ended 31.12.2019 (Reviewed)	Quarter Ended 30.09.2019 (Reviewed)	Quarter Ended 31.12.2018 (Reviewed)	Nine months ended 31.12.2019 (Reviewed)	Nine months ended 31.12.2018 (Reviewed)	Year ended 31.03.2019 (Audited)
Total income from operations (net)	2023.68	1938.40	1815.79	5791.24	5086.04	6907.92
Net Profit / (Loss) from ordinary activities after tax	123.14	105.91	140.41	404.47	415.51	477.24
Net Profit / (Loss) for the period after tax (after Extraordinary items)	123.14	105.91	140.41	404.47	415.51	477.24
Equity Share Capital	282.62	282.62	282.62	282.62	282.62	282.62
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	-----	-----	-----	-----	-----	5090.45
Earnings Per Share (Before extraordinary items) (of Rs 10/- each)						
Basic:	4.36*	3.75*	4.97*	14.31*	15.72*	16.89
Diluted:	4.36*	3.75*	4.97*	14.31*	15.72*	16.89
Earnings Per Share (After extraordinary items) (of Rs 10/- each)						
Basic:	4.36*	3.75*	4.97*	14.31*	15.72*	16.89
Diluted:	4.36*	3.75*	4.97*	14.31*	15.72*	16.89

*Not annualized

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: 16th January 2020

Mahabaleshwara M S
MANAGING DIRECTOR & CEO

Manohar Chowdhry & Associates
Chartered Accountants,
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Badari, Madhusudhan & Srinivasan
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Independent Auditor's Review Report on Review of Interim financial Results

To The Board of Directors of The Karnataka Bank Limited

1. We have reviewed the accompanying statement of unaudited financial results of The Karnataka Bank Limited ("the Bank") for the quarter and nine months ended 31st December 2019 ("the Statement"), being prepared and submitted by the Bank pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended except for the disclosures relating to "Pillar 3 disclosures under Basel III Capital Regulations, Leverage Ratio and Liquidity Coverage Ratio" as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement, which have not been reviewed by us. This Statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. In the conduct of our Review we have relied on the review reports in respect of non performing assets received from concurrent auditors of 112 branches. These review reports cover 61.03 percent of the advances portfolio of the Bank. Apart from these review reports, in the conduct of our review, we have also relied upon various returns received from the branches of the Bank.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the applicable accounting standards and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

for Manohar Chowdhry & Associates
Chartered Accountants
Firm Reg. No. 001997S

for Badari, Madhusudhan & Srinivasan
Chartered Accountants
Firm Reg. No. 005389S

(Murali Mohan Bhat)
Partner
M. No. 203592
UDIN: 20203592AAAAAF3558

(T.V. Sudarshan)
Partner
M. No. 019108
UDIN: 20019108AAAAAA9664

Place: Mangaluru
Date: 16th January 2020