

**TREASURY AND ACCOUNTS DEPARTMENT**
**REVIEWED FINANCIAL RESULTS FOR /AS ON THE QUARTER ENDED JUNE 30, 2020.**
**(Rs in Crore)**

		For / As on quarter ended			Year ended
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		(Reviewed)	(Audited )	(Reviewed)	(Audited )
1	Interest Earned (a+b+c+d)	1615.71	1639.21	1584.37	6474.77
a)	Interest/Discount on advances/ bills	1298.65	1316.56	1273.31	5155.84
b)	Income on Investments	277.80	290.82	282.12	1160.13
c)	Interest on balances with Reserve Bank of India and other interbank funds	8.98	3.01	9.10	44.60
d)	Others	30.28	28.82	19.84	114.20
2	Other Income	518.92	406.73	209.96	1261.63
3	TOTAL INCOME (1+2)	2134.63	2045.94	1794.33	7736.40
4	Interest expended	1080.59	1109.91	1089.78	4444.41
5	Operating expenses (i+ii)	377.00	544.49	354.54	1635.22
i)	Employees Cost	201.65	370.44	176.93	897.00
ii)	Other operating Expenses	175.35	174.05	177.61	738.22
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1457.59	1654.40	1444.32	6079.63
7	Operating Profit before provisions & contingencies (3-6)	677.04	391.54	350.01	1656.77
8	Provisions (other than tax) and Contingencies	509.07	356.50	201.14	1134.74
9	Exceptional Items	0.00	0.00	0.00	0.00
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	167.97	35.04	148.87	522.03
11	Tax Expense	-28.41	7.73	-26.55	90.25
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	196.38	27.31	175.42	431.78
13	Extraordinary Items (net of tax )	0.00	0.00	0.00	0.00
14	Net Profit (+)/Loss (-) for the period (12-13)	196.38	27.31	175.42	431.78

		For / As on quarter ended			Year ended 31.03.2020
		30.06.2020	31.03.2020	30.06.2019	
		(Reviewed)	(Audited)	(Reviewed)	(Audited)
15	Paid up equity share capital Face Value Rs 10/-)	310.88	310.88	282.62	310.88
16	Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	----	----	----	5189.49
17	Analytical Ratios				
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%) -Basel III ( % )	13.07	12.66	12.70	12.66
iii)	Earnings per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized				
	- Basic EPS	6.32*	0.88*	5.64*	13.89
	- Diluted EPS	6.32*	0.88*	5.63*	13.89
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized				
	- Basic EPS	6.32*	0.88*	5.64*	13.89
	- Diluted EPS	6.32*	0.88*	5.63*	13.89
iv)	NPA Ratios as on date				
	Gross NPA	2557.64	2799.93	2437.53	2799.93
	Net NPA	1630.65	1755.01	1759.77	1755.01
	% of Gross NPA	4.64	4.82	4.55	4.82
	% of Net NPA	3.01	3.08	3.33	3.08
	Return on Assets	0.93	0.13	0.88	0.53

**SEGMENT RESULTS FOR/ AS ON THE QUARTER ENDED 30.06.2020 (Rs in crore)**

Segmentwise Results	For/ as on Quarter Ended			Year Ended
Particulars	30.06.2020	31.03.2020	30.06.2019	31.03.2020
	(Rs. in Crore)			
Segment Revenue				
(a) Treasury Operations	645.67	453.97	321.62	1625.94
(b) Corporate Banking	703.96	842.87	777.23	3073.11
(c) Retail Banking	666.19	637.30	599.82	2602.98
(d) Other Banking Operations	118.81	111.80	95.66	414.37
(e) Unallocated	0.00	0.00	0.00	20.00
<b>Income From Operations</b>	<b>2134.63</b>	<b>2045.94</b>	<b>1794.33</b>	<b>7736.40</b>
Segment Results (after Provisions before Tax)				
(a) Treasury Operations	390.74	190.95	72.95	574.20
(b) Corporate Banking	132.17	161.94	157.84	556.03
(c) Retail Banking	156.70	27.93	106.20	451.31
(d) Other Banking Operations	13.30	26.86	27.67	118.99
(e) Unallocated (including Provisions & Contingencies)	-524.94	-372.64	-215.79	-1178.50
<b>Total Profit/(Loss) before tax</b>	<b>167.97</b>	<b>35.04</b>	<b>148.87</b>	<b>522.03</b>
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Segment Assets				
(a) Treasury Operations	23252.22	20953.25	22279.66	20953.25
(b) Corporate Banking	28406.57	31237.24	29081.29	31237.24
(c) Retail Banking	26254.98	26279.46	24237.12	26279.46
(d) Other Banking Operations	3219.50	3163.29	1507.90	3163.29
(e) Unallocated	1994.38	1680.25	1843.44	1680.25
<b>Total</b>	<b>83127.65</b>	<b>83313.49</b>	<b>78949.41</b>	<b>83313.49</b>
Segment Liabilities				
(a) Treasury Operations	21359.77	19359.49	20521.11	19359.49
(b) Corporate Banking	26328.42	29073.28	26953.87	29073.28
(c) Retail Banking	24279.17	24416.51	22415.18	24416.51
(d) Other Banking Operations	2972.05	2941.31	1401.75	2941.31
(e) Unallocated	1832.05	1552.45	1696.90	1552.45
<b>Total</b>	<b>76771.46</b>	<b>77343.04</b>	<b>72988.81</b>	<b>77343.04</b>
Capital employed				
(a) Treasury Operations	1892.45	1593.76	1758.55	1593.76
(b) Corporate Banking	2078.15	2163.96	2127.41	2163.96
(c) Retail Banking	1975.81	1862.95	1821.95	1862.95
(d) Other Banking Operations	247.45	221.98	106.15	221.98
(e) Unallocated	162.33	127.80	146.54	127.80
<b>Total</b>	<b>6356.19</b>	<b>5970.45</b>	<b>5960.60</b>	<b>5970.45</b>

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 June 30, 2020**

1. The above interim financial results for the period ended June 30, 2020 have been reviewed by the Audit Committee of the Board at the meeting held on July 09, 2020 and approved by the Board of Directors at the meeting held on July 10, 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.
2. 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, 2020.
3. 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.
4. The outbreak of COVID-19 pandemic continues to spread across the globe and India resulting in significant volatility in the global and Indian financial market. The extent to which the COVID-19 pandemic will impact the Bank's result will depend on future development which are highly uncertain including among other things any new information concerning the severity of the COVID-19 pandemic and action to contain its spread or mitigate impact including stimulus and regulatory packages.

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 in respect of such borrower accounts where asset classification benefit has been taken as per RBI guidelines. Accordingly, during the previous year, the Bank had provided Rs 24.08 crore on such loans where moratorium is extended. Similarly, for the quarter ended June 2020, the Bank has made additional provision of Rs 73.91 crore for such advances which would have been otherwise NPA in the said quarter. The aggregate provision held for COVID-19 thus stands at Rs 97.99 crore.

5. During the previous year ended March 31<sup>st</sup>, 2020, the Bank had 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 should be reversed by debiting to Profit and Loss Account in the ensuing three quarters in the financial year 2020-21. However as a prudent measure the entire amount of Rs 189.37 Crores has been charged to the Profit & loss account and reversed to reserves & surplus in the first quarter itself instead of three quarters.
6. As per the amended Section 115BAA of the Income Tax Act, 1961 domestic companies, have a non reversible option to pay corporate tax at reduced rates effecting from April 1, 2019 subject to certain conditions. The Bank has continued to provide for current taxes and deferred taxes as per existing provisions and is in the process of evaluating this option for the current financial year.
7. Provision coverage ratio as at June 30, 2020 stood at 67.93% (58.08% as at June 30, 2019).
8. 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.

9. Disclosure about investor complaints for the period ended June 30, 2020  
Complaints at the Beginning of the period Nil; Received during the period 13  
Disposed off during the period 13; Unresolved as on June 30, 2020 Nil.
10. The figures for the quarter ended March 31,2020 are the balancing figures between the audited figures in respect of the full financial year and the unaudited published year to date figures upto December 31,2019
11. 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**

**Place: Mangaluru**  
**Date: 10<sup>th</sup> July 2020**

for **Badari, Madusudhan & Srinivasan**  
**Chartered Accountants**  
**Firm Regn. No. 05389S**

**(S Rajendiran)**  
**Partner**  
**M. No. 021883**

**Place: Bangalore**  
**Date: 10<sup>th</sup> July 2020**

<b>KARNATAKA BANK LTD</b>			
<b>REVIEWED FINANCIAL RESULTS FOR /AS ON THE QUARTER ENDED JUNE 30, 2020</b>			
			(Rs. In crore)
Particulars	Quarter ended 30.6.2020 (Reviewed)	Year ended 31.03.2020 (Audited)	Quarter ended 30.6.2019 (Reviewed)
Total income from operations (net)	2134.63	7736.40	1794.33
Net Profit / (Loss) from ordinary activities after tax	196.38	431.78	175.42
Net Profit / (Loss) for the period after tax (after Extraordinary items)	196.38	431.78	175.42
Equity Share Capital	310.88	310.88	282.62
Reserves (excluding Revaluation Reserve) as shown in the Balance Sheet of previous year	-----	5189.49	----
Earnings Per Share (before extraordinary items) (of Rs 10/- each)			
Basic:	6.32*	13.89	5.64*
Diluted	6.32*	13.89	5.63*
Earnings Per Share (After extraordinary items) (of Rs 10/- each)			
Basic	6.32*	13.89	5.64*
Diluted	6.32*	13.89	5.63*
*Not annualized			
Note: The above is an extract of the detailed format of results for June 30, 2020 filed with the Stock Exchange under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the results for June 30, 2020 is available on the Stock Exchange websites. BSE: <a href="http://www.bseindia.com">http://www.bseindia.com</a> , NSE: <a href="http://www.nseindia.com">http://www.nseindia.com</a> , Bank website: <a href="https://www.karnatakaBank.com/index.jsp">https://www.karnatakaBank.com/index.jsp</a>			

For and on behalf of Board of Directors

**Place: Mangaluru**

**Date: 10<sup>th</sup> July 2020**

**Mahabaleshwara M S  
MANAGING DIRECTOR & CEO**

**Manohar Chowdhry & Associates**  
Chartered Accountants  
102, MICASA, Bejai Main Road  
Mangaluru 575 004  
Tel: 0824 - 2210883  
Email: [muralimohan@mca.co.in](mailto:muralimohan@mca.co.in)

**Badari, Madhusudhan & Srinivasan**  
Chartered Accountants  
Kantha Court, Lalbagh Road  
Bengaluru-560027  
Tel: 080-22277714, 41142536  
Email: [bmscas@gmail.com](mailto:bmscas@gmail.com)

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**Independent Auditor's Limited Review Report on the unaudited financial results for the quarter ended 30<sup>th</sup> June 2020 pursuant to requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**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 ended 30<sup>th</sup> June 2020 ("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 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 the Concurrent Auditors' of 118 branches. These review reports cover 60.30 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.

5. We draw your attention to

- a) Note No.4 of the accompanying statement of unaudited financial results which describes the uncertainties due to outbreak of novel coronavirus (COVID 19). In view of these uncertainties, the impact on the Bank's financial statements is significantly dependent on future developments.
- b) Note No. 5 of the accompanying statement of unaudited financial results relating to deferred provision of Rs 189.37 Crore pertaining to certain fraud accounts identified in



the previous year ended 31<sup>st</sup> March 2020, now charged fully in the quarter ended 30<sup>th</sup> June 2020.

Our conclusion is not modified in respect of these matters.

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

**For Badari, Madhusudan & Srinivasan**  
**Chartered Accountants**  
**Firm Reg. No. 005389S**

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

**(S. Rajendiran)**  
**Partner**  
**M. No. 021883**  
**UDIN:**

**Place:** Mangaluru  
**Date:** 10<sup>th</sup> July 2020

**Place:** Bangalore  
**Date:** 10<sup>th</sup> July 2020