

TREASURY AND ACCOUNTS DEPARTMENT
**STANDALONE REVIEWED FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR
 ENDED SEPTEMBER 30, 2020.**

(Rs in Crore)

Sl. No	Particulars	For/As on quarter ended			For/As on half year ended		Year ended 31.03.2020 (Audited)
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	
1	Interest Earned (a+b+c+d)	1603.71	1615.71	1629.64	3219.42	3214.01	6474.77
a)	Interest/Discount on advances/ bills	1294.01	1298.65	1294.69	2592.66	2568.00	5155.84
b)	Income on Investments	273.35	277.80	293.59	551.15	575.71	1160.13
c)	Interest on balances with Reserve Bank of India and other interbank funds	6.36	8.98	20.75	15.34	29.85	44.60
d)	Others	29.99	30.28	20.61	60.27	40.45	114.20
2	Other Income	329.81	518.92	272.77	848.73	482.73	1261.63
3	TOTAL INCOME (1+2)	1933.52	2134.63	1902.41	4068.15	3696.74	7736.40
4	Interest expended	1028.84	1080.59	1130.92	2109.43	2220.70	4444.41
5	Operating expenses (i+ii)	404.25	377.00	358.06	781.25	712.60	1635.22
i)	Employees Cost	204.62	201.65	163.17	406.27	340.10	897.00
ii)	Other operating Expenses	199.63	175.35	194.89	374.98	372.50	738.22
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1433.09	1457.59	1488.98	2890.68	2933.30	6079.63
7	Operating Profit before provisions & contingencies (3-6)	500.43	677.04	413.43	1177.47	763.44	1656.77
8	Provisions (other than tax) and Contingencies	322.13	509.07	262.40	831.20	463.54	1134.74
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)	178.30	167.97	151.03	346.27	299.90	522.03
11	Tax Expense	58.86	-28.41	45.12	30.45	18.57	90.25

Sl. No	Particulars	For/As on quarter ended			For/As on half year ended		Year ended 31.03.2020
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	119.44	196.38	105.91	315.82	281.33	431.78
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)	119.44	196.38	105.91	315.82	281.33	431.78
15	Paid up equity share capital (Face Value Rs 10/-)	310.88	310.88	282.62	310.88	282.62	310.88
16	Reserves excluding revaluation reserves	--	---	---	----	---	5189.49
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 (%)	13.08	13.07	12.64	13.08	12.64	12.66
iii)	Earnings per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized						
	- Basic EPS	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
	- Diluted EPS	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized						
	- Basic EPS	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
	- Diluted EPS	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
iv)	NPA Ratios as on date						
	Gross NPA	2188.80	2557.64	2594.27	2188.80	2594.27	2799.93
	Net NPA	1194.60	1630.65	1863.11	1194.60	1863.11	1755.01
	% of Gross NPA	3.97	4.64	4.78	3.97	4.78	4.82
	% of Net NPA	2.21	3.01	3.48	2.21	3.48	3.08
	Return on Assets *Annualised	0.56*	0.93*	0.53*	0.75*	0.70*	0.53

STANDALONE SUMMARY BALANCE SHEET AS ON SEPTEMBER 30, 2020

(Rs in crore)

	As on	As on
	30.09.2020	30.09.2019
CAPITAL AND LIABILITIES		
Capital	310.88	282.62
Reserves and Surplus	6164.75	5664.75
Deposits	72928.99	70189.65
Borrowings	2224.66	2448.08
Other Liabilities and Provisions	1760.36	1581.09
TOTAL	83389.64	80166.19
ASSETS		
Cash and balances with Reserve Bank of India	2833.69	3470.21
Balances with Banks and Money at Call & Short Notice	303.39	382.73
Investments	19955.84	17934.55
Advances	54098.93	53468.42
Fixed Assets	842.51	772.72
Other Assets	5355.28	4137.56
TOTAL	83389.64	80166.19

STANDALONE CASH FLOW STATEMENT FOR THE HALF YEAR ENDED
30th SEPTEMBER 2020

Particulars	Half Year Ended Sept 30, 2020		Half Year Ended Sept 30, 2019	
	Rs	Rs	Rs	Rs
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after Tax and Extra Ordinary Items		315.82		281.33
Add:				
<u>Adjustments for :</u>				
Provision for Tax	30.45		18.57	
(Profit)/Loss on sale Fixed Assets	0.60		-0.15	
Depreciation on Fixed Assets including Lease Adjustment charges	34.59		29.83	
Provisions and Contingencies	831.20		463.54	
Amortisation of premium on Held to Maturity Investments	60.83		30.82	
Loss on sale to SC/RC amortised during the year	-		-	
Write-off of Fixed Assets	-	957.67	-	542.61
Operating Profit Before Working Capital Changes		1,273.49		823.94
Adjustment for :				
i) (Increase)/Decrease in Advances & Other Assets	2,589.36		1,075.59	
ii) (Increase)/Decrease in Investments	-2,521.93		-1,736.87	
iii) Increase/(Decrease) in Deposits, Borrowings & Other Liabilities	-538.63	-471.20	960.84	299.57
Cash Generated from Operations		802.29		1,123.51
Less: Direct taxes paid		107.44		106.23
Net Cash Flow from Operating Activities (A)		694.85		1,017.28
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		-51.55		-27.59
Sale of Fixed Assets		0.27		0.18
Investment in wholly owned subsidiary-KBL Services Ltd		-0.50		-
Net Cash used in Investing Activities (B)		-51.78		-27.41
TOTAL (A+B)		643.07		989.87
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital (net of expenses)		-		-
Proceeds from long term borrowings		-425.48		-627.44
Dividend paid (Including Tax on Dividend)		-		-119.24
Net Cash Generated from Financing Activities (C)		-425.48		-746.68
Net Increase in Cash & Cash Equivalents (A+B+C)		217.59		243.19
Cash & Cash Equivalents as at the beginning of the year		2,919.49		3,609.75

Cash & Cash Equivalents as at the end of the year	3,137.08	3,852.94
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Note:

- 1. The Cash Flow Statement has been prepared under the Indirect Method and figures of the previous year have been re-grouped wherever necessary.**
- 2. 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.**

STANDALONE SEGMENT RESULTS FOR/ AS ON HALF YEAR ENDED 30.09.2020

(Rs in crore)

Segmentwise Results Particulars	Quarter Ended			Half year ended		Year Ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
Segment Revenue						
(a) Treasury Operations	439.17	645.67	359.82	1084.84	681.44	1625.94
(b) Corporate Banking	666.12	703.96	737.44	1370.08	1514.67	3073.11
(c) Retail Banking	737.33	666.19	695.28	1403.52	1295.10	2602.98
(d) Other Banking Operations	90.90	118.81	109.87	209.71	205.53	414.37
(e) Unallocated	-	-	-	-	-	20.00
Income From Operations	1933.52	2134.63	1902.41	4068.15	3696.74	7736.40
Segment Results (after Provisions before Tax)						
(a) Treasury Operations	180.38	390.74	89.03	571.12	161.98	574.20
(b) Corporate Banking	118.74	132.17	125.12	250.91	282.96	556.03
(c) Retail Banking	225.33	156.70	192.25	382.03	298.44	451.31
(d) Other Banking Operations	-5.31	13.30	22.21	7.99	49.89	118.99
(e) Unallocated (including Provisions & Contingencies)	-340.84	-524.94	-277.58	-865.78	-493.37	-1178.50
Total Profit/(Loss) before tax	178.30	167.97	151.03	346.27	299.90	522.03
Segment Assets						
(a) Treasury Operations	23563.45	23252.22	22274.64	23563.45	22274.64	20953.25
(b) Corporate Banking	27440.71	28406.57	28970.68	27440.71	28970.68	31237.24
(c) Retail Banking	27099.94	26254.98	24972.29	27099.94	24972.29	26279.46
(d) Other Banking Operations	3242.34	3219.50	2039.33	3242.34	2039.33	3163.29
(e) Unallocated	2043.20	1994.38	1909.25	2043.20	1909.25	1680.25
Total	83389.64	83127.65	80166.19	83389.64	80166.19	83313.49
Segment Liabilities						
(a) Treasury Operations	21642.66	21359.77	20547.41	21642.66	20547.41	19359.49
(b) Corporate Banking	25393.39	26328.42	26885.91	25393.39	26885.91	29073.28
(c) Retail Banking	25011.63	24279.17	23131.17	25011.63	23131.17	24416.51
(d) Other Banking Operations	2990.76	2972.05	1894.22	2990.76	1894.22	2941.31
(e) Unallocated	1875.56	1832.05	1760.11	1875.56	1760.11	1552.45
Total	76914.00	76771.46	74218.82	76914.00	74218.82	77343.04
Capital employed						
(a) Treasury Operations	1920.79	1892.45	1727.23	1920.79	1727.23	1593.76
(b) Corporate Banking	2047.32	2078.15	2084.76	2047.32	2084.76	2163.96
(c) Retail Banking	2088.31	1975.81	1841.12	2088.31	1841.12	1862.95
(d) Other Banking Operations	251.58	247.45	145.12	251.58	145.12	221.98
(e) Unallocated	167.64	162.33	149.14	167.64	149.14	127.80
Total	6475.64	6356.19	5947.37	6475.64	5947.37	5970.45

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

Notes forming part of the unaudited Standalone financial results for the period ended September 30, 2020

1. The above Standalone interim financial results for the half year ended September 30, 2020 have been reviewed by the Audit Committee of the Board at the meeting held on October 12, 2020 and approved by the Board of Directors at the meeting held on October 13, 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 Standalone 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 economy 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 the borrowers in terms of standstill clause for asset classification 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 ending March 31st 2020 the Bank had provided Rs 24.08 crore on such loans and Rs 73.91 crore for quarter ended 30th June 2020. The aggregate provision held for COVID-19 of Rs 97.99 crore has been continued for the period ending 30th September 2020.

The Honourable Supreme Court in PIL by Gajendra Sharma Vs Union of India & Anr vide its interim order dated 3/9/2020 has directed Banks that the accounts which were not declared NPA till 31.08.2020 shall not be declared NPA till further orders, pending disposal of the case by Supreme Court. Pursuant to the order, the Bank has not classified any borrowal account which has not been declared as NPA as at 31.08.2020 as per the RBI Prudential norms on Income Recognition, Asset classification, provisioning and other related matters as Non Performing Asset (NPA) after 31.8.2020.

5. 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.
6. Provision coverage ratio as at September 30, 2020 stood at 75.44% (59.19% as at September 30, 2019).

7. KBL Services Ltd, a wholly owned non financial subsidiary of the Bank was incorporated on June 21, 2020 and the certificate of commencement of business was filed on August 26, 2020. The subsidiary Company is yet to be commence its commercial operations. The consolidated financial results incorporating the reviewed financial of the wholly owned non financial subsidiary for the quarter ended September 30, 2020 have been furnished separately.
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 half year ended September 30, 2020: Complaints at the Beginning of the period Nil; Received during the period 8; Disposed off during the period 8 ; Unresolved as on September 30, 2020 Nil.
10. 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: 13th October 2020

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

(S Krishnaprasad)
Partner
M. No. 020159

Place: Bangalore
Date: 13th October 2020

STANDALONE REVIEWED FINANCIAL RESULTS FOR/ AS ON QUARTER/HALF YEAR ENDED SEPTEMBER 30, 2020						
(Rs. In crore)						
Particulars	Quarter ended 30.09.2020 (Reviewed)	Quarter ended 30.06.2020 (Reviewed)	Quarter ended 30.09.2019 (Reviewed)	Half year ended 30.09.2020 (Reviewed)	Half year ended 30.09.2019 (Reviewed)	Year ended 31.03.2020 (Audited)
Total income from operations (net)	1933.52	2134.63	1902.41	4068.15	3696.74	7736.40
Net Profit / (Loss) from ordinary activities after tax	119.44	196.38	105.91	315.82	281.33	431.78
Net Profit / (Loss) for the period after tax (after Extraordinary items)	119.44	196.38	105.91	315.82	281.33	431.78
Equity Share Capital	310.88	310.88	282.62	310.88	282.62	310.88
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:	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
Diluted:	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
Earnings Per Share (After extraordinary items) (of Rs 10/- each)						
Basic:	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
Diluted:	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
*Not annualized						
Note: The above is an extract of the detailed format of half year ended results for September 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 September 30, 2020 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: 13th October 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

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

Independent Auditor's Limited Review Report on the unaudited Standalone financial results for the quarter/half year ended 30th September 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 standalone financial results of the **The Karnataka Bank Limited** ("the Bank") for the quarter/half year ended 30th September 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 60.68 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 Note No.4 of the accompanying statement of unaudited financial results which describes the uncertainties due to outbreak of novel coronavirus (COVID 19) and the relevant RBI guidelines and Supreme court interim order on marking of accounts as NPA. In view of these uncertainties, the impact on the Bank's financial statements is dependent on future developments.

6. 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:
Place: Mangaluru
Date: 13th October 2020

(S.Krishnaprasad)
Partner
M. No. 020159
UDIN:
Place: Bangalore
Date: 13th October 2020

**CONSOLIDATED REVIEWED FINANCIAL RESULTS FOR THE QUARTER/ HALF YEAR ENDED
SEPTEMBER 30, 2020.**

(Rs in Crore)

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		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	
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b)	Income on Investments	273.35	277.80	293.59	551.15	575.71	1160.13
c)	Interest on balances with Reserve Bank of India and other interbank funds	6.36	8.98	20.75	15.34	29.85	44.60
d)	Others	29.99	30.28	20.61	60.27	40.45	114.20
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ii)	Other operating Expenses	199.72	175.35	194.89	375.07	372.50	738.22
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1433.18	1457.59	1488.98	2890.77	2933.30	6079.63
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10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	178.21	167.97	151.03	346.18	299.90	522.03
11	Tax Expense	58.86	-28.41	45.12	30.45	18.57	90.25
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	119.35	196.38	105.91	315.73	281.33	431.78
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)	119.35	196.38	105.91	315.73	281.33	431.78
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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 (%)	13.08	13.07	12.64	13.08	12.64	12.66
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	- Basic EPS	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
	- Diluted EPS	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
iv)	NPA Ratios as on date						
	Gross NPA	2188.80	2557.64	2594.27	2188.80	2594.27	2799.93
	Net NPA	1194.60	1630.65	1863.11	1194.60	1863.11	1755.01
	% of Gross NPA	3.97	4.64	4.78	3.97	4.78	4.82
	% of Net NPA	2.21	3.01	3.48	2.21	3.48	3.08
	Return on Assets *Annualised	0.56*	0.93*	0.53*	0.75*	0.70*	0.53

CONSOLIDATED SUMMARY BALANCE SHEET AS ON SEPTEMBER 30, 2020

(Rs in crore)

	As on	As on
	30.09.2020	30.09.2019
CAPITAL AND LIABILITIES		
Capital	310.88	282.62
Reserves and Surplus	6164.66	5664.75
Deposits	72928.58	70189.65
Borrowings	2224.66	2448.08
Other Liabilities and Provisions	1760.36	1581.09
TOTAL	83389.14	80166.19
ASSETS		
Cash and balances with Reserve Bank of India	2833.69	3470.21
Balances with Banks and Money at Call & Short Notice	303.39	382.73
Investments	19955.34	17934.55
Advances	54098.93	53468.42
Fixed Assets	842.51	772.72
Other Assets	5355.28	4137.56
TOTAL	83389.14	80166.19

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED
30th SEPTEMBER 2020

Particulars	Half Year Ended Sept 30, 2020		Half Year Ended Sept 30, 2019	
	Rs	Rs	Rs	Rs
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after Tax and Extra Ordinary Items		315.73		281.33
Add:				
<u>Adjustments for :</u>				
Provision for Tax	30.45		18.57	
(Profit)/Loss on sale Fixed Assets	0.60		-0.15	
Depreciation on Fixed Assets including Lease Adjustment charges	34.59		29.83	
Provisions and Contingencies	831.20		463.54	
Amortisation of premium on Held to Maturity Investments	60.83		30.82	
Loss on sale to SC/RC amortised during the year	-		-	
Write-off of Fixed Assets	-	957.67	-	542.61
Operating Profit Before Working Capital Changes		1,273.40		823.94
Adjustment for :				
i) (Increase)/Decrease in Advances & Other Assets	2,589.36		1,075.59	
ii) (Increase)/Decrease in Investments	-2,521.93		-1,736.87	
iii) Increase/(Decrease) in Deposits, Borrowings & Other Liabilities	-539.04	-471.61	960.84	299.57
Cash Generated from Operations		801.79		1,123.51
Less: Direct taxes paid		107.44		106.23
Net Cash Flow from Operating Activities (A)		694.35		1,017.28
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		-51.55		-27.59
Sale of Fixed Assets		0.27		0.18
Investment in wholly owned subsidiary-KBL Services Ltd		-0.50		-
Net Cash used in Investing Activities (B)		-51.78		-27.41
TOTAL (A+B)		642.57		989.87
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital (net of expenses)		0.50		-
Proceeds from long term borrowings		-425.48		-627.44
Dividend paid (Including Tax on Dividend)		-		-119.24
Net Cash Generated from Financing Activities (C)		-424.98		-746.68
Net Increase in Cash & Cash Equivalents (A+B+C)		217.59		243.19

Cash & Cash Equivalents as at the beginning of the year	2,919.49	3,609.75
Cash & Cash Equivalents as at the end of the year	3,137.08	3,852.94

Note:

- 1. The Cash Flow Statement has been prepared under the Indirect Method and figures of the previous year have been re-grouped wherever necessary.**
- 2. 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.**

CONSOLIDATED SEGMENT RESULTS FOR/ AS ON HALF YEAR ENDED 30.09.2020

(Rs in crore)

Segmentwise Results Particulars	Quarter Ended			Half year ended		Year Ended
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
Segment Revenue						
(a) Treasury Operations	439.17	645.67	359.82	1084.84	681.44	1625.94
(b) Corporate Banking	666.12	703.96	737.44	1370.08	1514.67	3073.11
(c) Retail Banking	737.33	666.19	695.28	1403.52	1295.10	2602.98
(d) Other Banking Operations	90.90	118.81	109.87	209.71	205.53	414.37
(e) Unallocated	-	-	-	-	-	20.00
Income From Operations	1933.52	2134.63	1902.41	4068.15	3696.74	7736.40
Segment Results (after Provisions before Tax)						
(a) Treasury Operations	180.29	390.74	89.03	571.03	161.98	574.20
(b) Corporate Banking	118.74	132.17	125.12	250.91	282.96	556.03
(c) Retail Banking	225.33	156.70	192.25	382.03	298.44	451.31
(d) Other Banking Operations	-5.31	13.30	22.21	7.99	49.89	118.99
(e) Unallocated (including Provisions & Contingencies)	-340.84	-524.94	-277.58	-865.78	-493.37	-1178.50
Total Profit/(Loss) before tax	178.21	167.97	151.03	346.18	299.90	522.03
Segment Assets						
(a) Treasury Operations	23562.95	23252.22	22274.64	23562.95	22274.64	20953.25
(b) Corporate Banking	27440.71	28406.57	28970.68	27440.71	28970.68	31237.24
(c) Retail Banking	27099.94	26254.98	24972.29	27099.94	24972.29	26279.46
(d) Other Banking Operations	3242.34	3219.50	2039.33	3242.34	2039.33	3163.29
(e) Unallocated	2043.20	1994.38	1909.25	2043.20	1909.25	1680.25
Total	83389.14	83127.65	80166.19	83389.14	80166.19	83313.49
Segment Liabilities						
(a) Treasury Operations	21642.25	21359.77	20547.41	21642.25	20547.41	19359.49
(b) Corporate Banking	25393.39	26328.42	26885.91	25393.39	26885.91	29073.28
(c) Retail Banking	25011.63	24279.17	23131.17	25011.63	23131.17	24416.51
(d) Other Banking Operations	2990.76	2972.05	1894.22	2990.76	1894.22	2941.31
(e) Unallocated	1875.56	1832.05	1760.11	1875.56	1760.11	1552.45
Total	76913.59	76771.46	74218.82	76913.59	74218.82	77343.04
Capital employed						
(a) Treasury Operations	1920.70	1892.45	1727.23	1920.70	1727.23	1593.76
(b) Corporate Banking	2047.32	2078.15	2084.76	2047.32	2084.76	2163.96
(c) Retail Banking	2088.31	1975.81	1841.12	2088.31	1841.12	1862.95
(d) Other Banking Operations	251.58	247.45	145.12	251.58	145.12	221.98
(e) Unallocated	167.64	162.33	149.14	167.64	149.14	127.80
Total	6475.55	6356.19	5947.37	6475.55	5947.37	5970.45

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

Notes forming part of the Unaudited Consolidated financial results for the period ended September 30, 2020

1. The above Consolidated financial results for the half year ended September 30, 2020 have been reviewed by the Audit Committee of the Board at the meeting held on October 12, 2020 and approved by the Board of Directors at the meeting held on October 13, 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. The Consolidated Financial results of the Group comprise the financial results of The Karnataka Bank Ltd and its wholly owned subsidiary KBL Services Ltd.

KBL Services Limited is a wholly owned non financial subsidiary of Karnataka Bank Ltd with Paid up equity share capital of Rs.50.00 lakhs with 5,00,000 equity shares of Rs.10 each fully paid up. The reporting quarter ended September 30, 2020 is the first quarter of the subsidiary as the Company commenced its business with effect from 26-8-2020. However, the company is yet to be operationalized and there were no transactions other than receipt of subscription money, accounting of preliminary and other expenses and investment of surplus amount in the term deposits. Being the first year after incorporation of the Company, previous year / period figures is not applicable.

3. 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.
4. The above Consolidated 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.
5. The outbreak of COVID-19 pandemic continues to spread across the globe and India resulting in significant volatility in the global and Indian economy 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 the borrowers in terms of standstill clause for asset classification 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 ending March 31st 2020 the Bank had provided Rs 24.08 crore on such loans and Rs 73.91 crore for quarter ended 30th June 2020. The aggregate provision held for COVID-19 of Rs 97.99 crore has been continued for the period ending 30th September 2020.

The Honourable Supreme Court in PIL by Gajendra Sharma Vs Union of India & Anr vide its interim order dated 3/9/2020 has directed Banks that the accounts which were not declared NPA till 31.08.2020 shall not be declared NPA till further orders, pending the disposal of the case by Supreme Court. Pursuant to the order, the Bank has not classified any borrowal account which has not been declared as NPA as at 31.08.2020 as per the RBI Prudential norms on Income Recognition, Asset classification, provisioning and other related matters as Non Performing Asset (NPA) after 31.8.2020.

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 September 30, 2020 stood at 75.44% (59.19% as at September 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 half year ended September 30, 2020: Complaints at the Beginning of the period Nil; Received during the period 8; Disposed off during the period 8 ; Unresolved as on September 30, 2020 Nil.
10. 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: 13th October 2020

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

(S Krishnaprasad)
Partner
M. No. 020159

Place: Bangalore
Date: 13th October 2020

CONSOLIDATED REVIEWED FINANCIAL RESULTS FOR/ AS ON QUARTER/HALF YEAR ENDED SEPTEMBER 30, 2020						
(Rs. In crore)						
Particulars	Quarter ended 30.09.2020 (Reviewed)	Quarter ended 30.06.2020 (Reviewed)	Quarter ended 30.09.2019 (Reviewed)	Half year ended 30.09.2020 (Reviewed)	Half year ended 30.09.2019 (Reviewed)	Year ended 31.03.2020 (Audited)
Total income from operations (net)	1933.52	2134.63	1902.41	4068.15	3696.74	7736.40
Net Profit / (Loss) from ordinary activities after tax	119.35	196.38	105.91	315.73	281.33	431.78
Net Profit / (Loss) for the period after tax (after Extraordinary items)	119.35	196.38	105.91	315.73	281.33	431.78
Equity Share Capital	310.88	310.88	282.62	310.88	282.62	310.88
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:	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
Diluted:	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
Earnings Per Share (After extraordinary items) (of Rs 10/- each)						
Basic:	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
Diluted:	3.84*	6.32*	3.41*	10.16*	9.05*	13.89
*Not annualized						
Note: The above is an extract of the detailed format of half year ended results for September 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 September 30, 2020 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: 13th October 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

Badari, Madhusudhan & Srinivasan

Chartered Accountants
Kantha Court, Lalbagh Road
Bengaluru-560027
Tel: 080-22277714, 41142536
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Independent Auditor's Review Report On Consolidated unaudited quarterly and year to date financial results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of The Karnataka Bank Ltd

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of the **Karnataka Bank Limited** ("the Bank") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter and half year ended 30th September 2020 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, except for the disclosures relating to consolidated Pillar 3 disclosure including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting" ("AS 25"), prescribed under Section 133 of the Companies Act, 2013, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable

5. The Statement includes the results of the following entities:
i. The Karnataka Bank Ltd (Parent/Holding Company)
ii. KBL Services Limited (Subsidiary)

6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of the Other Auditors referred to in paragraph 9 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Accounting Standard, RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, except for the disclosures relating to consolidated Pillar 3 disclosure as at 30/09/2020 including leverage ratio and liquidity coverage ratio under Basel III Capital Regulations as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement and have not been reviewed by us, or that it contains any material misstatement.

7. We draw attention to Note No.5 of the accompanying statement of unaudited consolidated financial results which describes the uncertainties due to outbreak of novel coronavirus (COVID 19) and the relevant RBI guidelines and Hon'ble Supreme court interim order on marking of accounts as NPA. In view of these uncertainties, the impact on the Bank's financial statements is dependent on future developments.

8. Our conclusion is not modified in respect of these matters.

9. We did not review the interim financial statements /financial information/ financial results of one subsidiary included in the Group, whose results reflect total assets of Rs. 0.41 crore as at 30/9/2020 and total revenues of Rs.Nil and total net profit / (loss) after tax of Rs. 0.09 crore for the quarter and half year ended 30/9/2020 respectively, and cash flows (net) of Rs. 0.50 crore for the period from 1/4/2020 to 30/9/2020, as considered in the respective standalone unaudited/ audited interim financial statements/ financial information/ financial results of the subsidiary included in the Group. The interim financial statements/ financial information / financial results of this subsidiary have been reviewed by the other auditors whose reports have been furnished to us, and our conclusion in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of such other Auditor and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matter

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: 20203592AAAADF7703
Place: Mangaluru
Date: 13th October 2020

(S.Krishnaprasad)
Partner
M. No. 020159
UDIN: 20020159AAAABB4643
Place: Bangalore
Date: 13th October 2020