



Karnataka Bank Ltd.

F. No. 1303 (H.O.)

Estd : 1924

CIN : L85110KA1924PLC001128

Regd. & Head Office
P.B. No. 599, Mahaveera Circle
Kankanady, Mangalore – 575 002

Phone : 0824 - 2228222 Fax : 0824-2225588
Website : www.karnatakabank.com
email : info@ktnbank.com

16.01.2016

SECRETARIAL DEPARTMENT

HO/SEC/537/2015-16

The Manager
Listing Department
National Stock Exchange Of India Limited.,
Exchange Plaza,C-1, Block G
Bandra-Kurla Complex,
Bandra (E),
MUMBAI-400 051

Dear Sir,

Reg: The unaudited financial results for the quarter ended 31.12.2015.

Please find enclosed copy of the unaudited financial results for the quarter-ended 31.12.2015 taken on record by the Board of Directors at the meeting held on 16.01.2016. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,


COMPANY SECRETARY



Karnataka Bank Ltd.

Your Family Bank, Across India.

Regd. & Head Office
P. B. No.599, Mahaveera Circle
Kankanady
Mangalore – 575 002

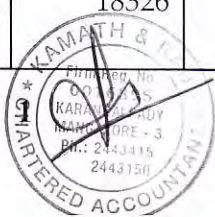
Phone : 0824-2228222 Fax: 0824-2225589
E-Mail : accts@ktkbank.com
Website : www.karnatakabank.com
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ANNEXURE-1

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DEC 31. 2015

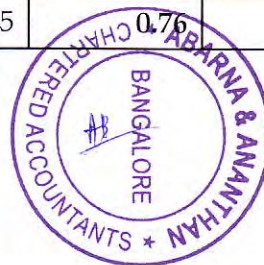
(Rs. in Lakhs)

		Quarter ended			Nine months ended		Year ended
		31.12.2015 Unaudited	30.09.2015 Unaudited	31.12.2014 Unaudited	31.12.2015 Unaudited	31.12.2014 Unaudited	31.03.2015 Audited
1	Interest Earned (a+b+c+d)	123711	124838	120186	371454	350207	469842
a)	Interest/Discount on advances/bills	90180	91948	89346	274881	260301	350556
b)	Income on Investments	31186	30276	27675	89213	81191	108556
c)	Interest on balances with Reserve Bank of India and other interbank funds	56	67	28	167	152	198
d)	Others	2289	2547	3137	7193	8563	10532
2	Other Income	13272	12101	16283	37285	39530	50699
3	TOTAL INCOME (1+2)	136983	136939	136469	408739	389737	520541
4	Interest expended	93218	94149	89981	277140	262454	352957
5	Operating expenses (i+ii)	24597	25844	28162	71583	73891	95257
i)	Employees Cost	11241	12486	18772	33753	44210	52466
ii)	Other operating Expenses	13356	13358	9390	37830	29681	42791
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	117815	119993	118143	348723	336345	448214
7	Operating Profit before provisions & contingencies (3-6)	19168	16946	18326	60016	53392	72327



		Quarter ended			Nine months ended		Year ended
		31.12.2015 Unaudited	30.09.2015 Unaudited	31.12.2014 Unaudited	31.12.2015 Unaudited	31.12.2014 Unaudited	31.03.2015 Audited
8	Provisions (other than tax) and Contingencies	6311	3507	7889	21403	21847	21398
9	Exceptional Items	0	0	0	0	(3307)	(3307)
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	12857	13439	10437	38613	34852	54236
11	Tax Expense	3166	3214	(257)	7763	3149	9091
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	9691	10225	10694	30850	31703	45145
13	Extraordinary Items (net of tax expense)	0	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	9691	10225	10694	30850	31703	45145
15	Paid up equity share capital (Face value Rs 10/-)	18847	18846	18845	18847	18845	18846
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	----	----	----	----	----	320060
17	Analytical Ratios						
i)	Capital Adequacy Ratio (%)						
	Basel II	11.91	11.95	11.99	11.91	11.99	12.67
	Basel III	11.67	11.70	11.79	11.67	11.79	12.41
ii)	Earnings per share (EPS) (Rs) before extraordinary items(Net of Tax Expenses) * Not Annualized.						
	- Basic EPS	5.14*	5.43*	5.67*	16.37	16.82	23.96
	- Diluted EPS	5.14*	5.43*	5.67*	16.37	16.82	23.95

		Quarter ended			Nine months ended		Year ended
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	- Diluted EPS	5.14*	5.43*	5.67*	16.37	16.82	23.95
iii)	NPA Ratios as on date						
	Gross NPA	118655	104367	105417	118655	105417	94421
	Net NPA	79063	63528	72709	79063	72709	62355
	% of Gross NPA	3.56	3.18	3.44	3.56	3.44	2.95
	% of Net NPA	2.41	1.96	2.41	2.41	2.41	1.98
	Return on Assets	0.70	0.76	0.85	0.76	0.86	0.91



SEGMENT RESULTS FOR THE QUARTER /NINE MONTHS ENDED DECEMBER 31,2015

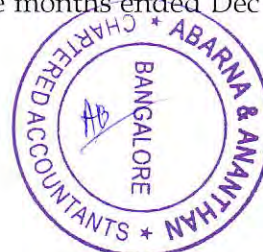
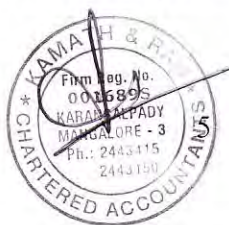
	Segment wise Results	UNAUDITED					AUDITED
		Quarter Ended			Nine Months Ended		Year ended
	Particulars	31.12.2015	30.09.2015	31.12.2014	31.12.2015	31.12.2014	31.03.2015
		(Rs. in lakhs)					
1	Segment Revenue						
	(a) Treasury Operations	34120	32901	36267	96825	96050	124211
	(b) Corporate Banking	44103	42639	42750	131982	128665	172821
	(c) Retail Banking	53668	56349	52712	162819	149113	202888
	(d) Other Banking Operations	5092	5050	4740	17113	15909	20621
	Total	136983	136939	136469	408739	389737	520541
2	Segment Results (after Provisions before Tax)						
	(a) Treasury Operations	4580	1491	9322	6744	16426	18526
	(b) Corporate Banking	3429	5251	279	14228	7129	14526
	(c) Retail Banking	7171	9572	6054	23182	17368	27157
	(d) Other Banking Operations	(1235)	(1835)	(4381)	(2418)	(6636)	(5686)
	Total	13945	14479	11274	41736	34287	54523
	Less: Un-allocable Expenditure	1088	1040	837	3123	2742	3594
	Profit before Tax and exceptional items	12857	13439	10437	38613	31545	50929
3	Capital employed						
	(a) Treasury Operations	143232	129370	126752	143232	126752	120329
	(b) Corporate Banking	96777	98003	91004	96777	91004	92716
	(c) Retail Banking	114042	112929	99809	114042	99809	104526
	(d) Other Banking Operations	12152	12882	14708	12152	14708	14316
	(e) Unallocated	3557	6885	4664	3557	4664	7019
	Total	369760	360069	336937	369760	336937	338906

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



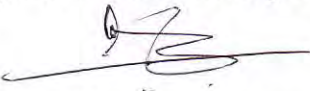
Notes forming part of the un-audited financial results for the Nine Months ended Dec 31, 2015

1. The above interim financial results for the quarter and nine months ended Dec 31, 2015 have been reviewed by the Audit Committee of the Board and approved by the Board of Directors in their meetings held on January 16, 2016. 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 Listing Agreement with the Stock Exchanges
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 March 31, 2015.
3. The above interim financial results have been arrived at after considering the provision for loan losses and Depreciation on Investments as per RBI Guidelines. Provision for employees' retirement benefits like pension, gratuity and Leave encashment has been made as per Actuarial valuations. Provision for exposure to entity with the un-hedged foreign currency exposure, Income tax and other contingencies are on estimated and proportionate basis and are subject to adjustments at the year end.
4. In terms of RBI circular DBR.NO.BP.BC 2/21.04.048/2015-16 dated July 1, 2015 in respect of assets sold to SC/RCS, the shortfall arrived at by deducting the sale consideration and the provision held as on the date of the sale from the outstanding amount is to be amortized over two years. Accordingly, for sales that were concluded during the current financial year, the Bank has charged to the Profit and Loss Account an amount of Rs. 697.03 lakhs for the nine months ended Dec 31, 2015 on proportionate basis and balance carried over as at Dec 31, 2015 is Rs 2379.18 lakhs.
5. Pursuant to RBI Circular DBR.BP.BC.No 31/21.04.018/2015-16 dated July 16, 2015, Bank has classified deposits placed with NABARD/SIDBI/NHB for meeting shortfall in priority Sector Lending targets, under "Other Assets" which were hitherto included under "Investments". Similarly, interest income from such deposits has been classified under the head "Interest Income- Others", which was hitherto included under "Interest Income- Investments" Figures for the previous periods have also been regrouped to confirm to current period classification. The above change in classification has no impact on the profit for the nine months ended Dec 31, 2015 or the previous periods.



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6. In accordance with the RBI circular DBR.No. BP.BC 1/21.06.201/2015-16 dated 1st July 2015 on 'Basel III Capital Regulations ' and RBI circular DBR.No BP.BC 80/21.06.201/2014-15 dated March 31, 2015 on 'Prudential Guidelines On Capital Adequacy and Liquidity Standards Amendments', Banks are required to make Pillar III disclosures including Leverage Ratio and Liquidity Coverage Ratio under the Basel III Framework. The Bank has made these disclosures which are available on its web site at the following link: <http://karnatakabank.com/ktk/BaselDisclosures.jsp#>. These disclosures have not been subjected to limited review by the Statutory Central Auditors.
7. During the nine months ended Dec 31, 2015 the bank had allotted 22928 equity shares pursuant to the exercise of stock options by certain employees.
8. Disclosure about investor complaints: Complaints at the beginning of the period Nil; Received during the period 9; Disposed off during the period 9; Unresolved as on Dec 31, 2015: Nil.
9. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.


P Jayarama Bhat
Managing Director & C.E.O

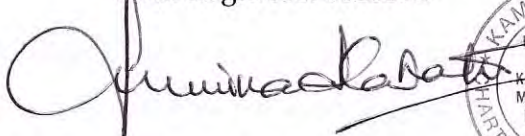


For Abarna & Ananthan
Chartered Accountants
Firm Regn. No. 0000035


(Abarna Bhaskar)
Membership No. 025145

Place: Mangaluru
Date: 16.01.2016

For Kamath & Rau
Chartered Accountants
Firm Regn. No. 001689S


(Srinivas S Kamath)
Membership No. 201716



Kamath & Rau

Chartered Accountants,
Near Bunts Hostel,
Karangalpady,
Mangaluru – 575003

Abarna & Ananthan

Chartered Accountants,
#521, 3rd Main, 6th Block,
2nd Phase, B.S.K. 3rd Stage,
Bengaluru - 560085

**INDEPENDENT AUDITORS' REVIEW REPORT 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, 2015 ("the Statement"), excluding the 'Basel III - Pillar 3 Disclosures' disclosed on the Bank's website and in respect of which a link has been provided in the Statement, being submitted by the Bank pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the Bank's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, guidelines issued by Reserve Bank of India and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (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 Statement is free of material misstatement. 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.



Kamath & Rau

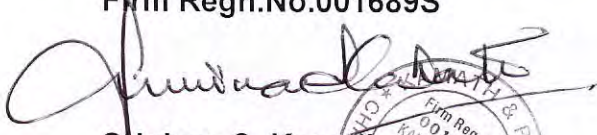
Chartered Accountants,
Near Bunts Hostel,
Karangalpady,
Mangaluru – 575003

Abarna & Ananthan

Chartered Accountants,
#521, 3rd Main, 6th Block,
2nd Phase, B.S.K. 3rd Stage,
Bengaluru - 560085

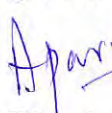
3. In the conduct of our Review we have relied on the review reports received in respect of 110 branches. These reports cover 62.25% of the advances portfolio of the Bank.
4. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with aforesaid standards 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, 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 relevant prudential norms prescribed by the Reserve Bank of India in respect of Income Recognition, Asset Classification, Provisioning and other related matters.
5. Without qualifying our opinion, we draw attention to Note No. 4 of the financial statements, regarding deferment of loss/shortfall of Rs. 2,379.18 Lakhs arising from sale of Non-Performing Assets to Asset Reconstruction Companies during the current year. The same is in line with RBI circular DBR.NO.BP.BC 2/21.04.048/2015-16 on Prudential Norms on Income Recognition, Asset Classification and provisioning pertaining to Advances dated 1st July, 2015.

For Kamath & Rau
Chartered Accountants
Firm Regn.No.001689S


Srinivas S. Kamath
Partner
Membership No. 201716

Date: 16th January, 2016.
Place: Mangaluru

Abarna & Ananthan
Chartered Accountants
Firm Regn. No. 000003S


Abarna Bhaskar
Partner
Membership No. 025145

