



Karnataka Bank Ltd.

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@ktkbank.com

23.01.2017

SECRETARIAL DEPARTMENT

HO/SEC/578/2016-17

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

The General Manager,
BSE Ltd
Corporate Relationship Dept
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI-400 001

Dear Sir,

Reg: The unaudited financial results for the quarter ended 31.12.2016.

Please find enclosed copy of the unaudited financial results for the quarter ended 31.12.2016 taken on record by the Board of Directors at the meeting held on 23.01.2017. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,


COMPANY SECRETARY

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

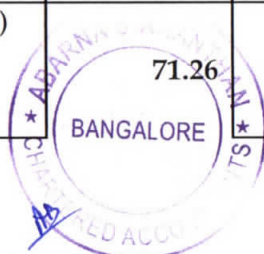
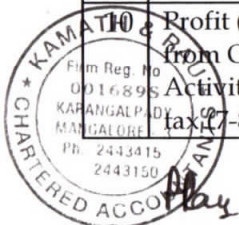
Phone : 0824-2228222 Fax: 0824-2225589
E-Mail : accts@ktkbank.com
Website : www.karnatakabank.com
CIN : L85110KA1924PLC001128

ANNEXURE-1

REVIEWED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DEC 31, 2016

(Rs. in crore)

		Quarter ended			Nine months ended		Year ended
		31.12.2016 Reviewed	30.09.2016 Reviewed	31.12.2015 Reviewed	31.12.2016 Reviewed	31.12.2015 Reviewed	31.03.2016 Audited
1	Interest Earned (a+b+c+d)	1323.93	1306.37	1237.11	3890.90	3714.54	4992.21
a)	Interest/Discount on advances/ bills	983.58	979.09	901.80	2890.04	2748.81	3700.48
b)	Income on Investments	305.06	307.95	311.86	925.94	892.13	1189.90
c)	Interest on balances with Reserve Bank of India and other interbank funds	0.17	0.60	0.56	2.00	1.67	2.60
d)	Others	35.12	18.73	22.89	72.92	71.93	99.23
2	Other Income	133.59	189.70	132.72	497.65	372.85	542.86
3	TOTAL INCOME (1+2)	1457.52	1496.07	1369.83	4388.55	4087.39	5535.07
4	Interest expended	947.42	909.12	932.18	2752.45	2771.40	3689.34
5	Operating expenses (i+ii)	338.24	354.20	245.97	969.57	715.83	991.20
i)	Employees Cost	176.75	173.54	112.41	478.32	337.53	443.02
ii)	Other operating Expenses	161.49	180.66	133.56	491.25	378.30	548.18
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	1285.66	1263.32	1178.15	3722.02	3487.23	4680.54
7	Operating Profit before provisions & contingencies (3-6)	171.86	232.75	191.68	666.53	600.16	854.53
8	Provisions (other than tax) and Contingencies	100.60	130.55	63.11	367.45	214.03	326.53
9	Exceptional Items	0	0	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	71.26	102.20	128.57	299.08	386.13	528.00



		Quarter ended			Nine months ended		Year ended
		31.12.2016 Reviewed	30.09.2016 Reviewed	31.12.2015 Reviewed	31.12.2016 Reviewed	31.12.2015 Reviewed	31.03.2016 Audited
11	Tax Expense	2.74	-21.62	31.66	-14.81	77.63	112.71
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax	68.52	123.82	96.91	313.89	308.50	415.29
13	Extraordinary Items (net of tax)	0	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	68.52	123.82	96.91	313.89	308.50	415.29
15	Paid up equity share capital (Face value Rs 10/-)	282.62	188.48	188.47	282.62	188.47	188.47
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	----	---	----	---	----	3502.12
17	Analytical Ratios						
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)	13.19	11.19	11.67	13.19	11.67	12.03
iii)	Earnings per share (EPS) (Rs) before extraordinary items(Net of Tax Expenses) * Not Annualized.						
	- Basic EPS	3.22*	6.57*	5.14*	15.96*	16.37*	22.04
	- Diluted EPS	3.22*	6.57*	5.14*	15.96*	16.37*	22.03
	Earnings per share (EPS) (Rs) after extraordinary items(Net of Tax Expenses) * Not Annualized.						
	- Basic EPS	3.22*	6.57*	5.14*	15.96*	16.37*	22.04
	- Diluted EPS	3.22*	6.57*	5.14*	15.96*	16.37*	22.03
iv)	NPA Ratios as on date						
	Gross NPA	1560.23	1344.50	1186.55	1560.23	1186.55	1180.40
	Net NPA	1065.66	961.36	790.63	1065.66	790.63	795.47
	% of Gross NPA	4.30	3.64	3.56	4.30	3.56	3.44
	% of Net NPA	2.99	2.63	2.41	2.99	2.41	2.35
	Return on Assets	0.44	0.84	0.70	0.70	0.76	0.76

SEGMENT RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31,2016

	Segment wise Results	UNAUDITED					AUDITED
		Quarter Ended			Nine months Ended		Year ended
	Particulars	31.12.2016 Reviewed	30.09.2016 Reviewed	31.12.2015 Reviewed	31.12.2016 Reviewed	31.12.2015 Reviewed	31.03.2016 Audited
		(Rs. in Crore)					
1	Segment Revenue						
	(a) Treasury Operations	354.41	384.12	341.20	1101.55	968.25	1299.25
	(b) Corporate Banking	470.72	466.42	441.03	1397.43	1319.82	1745.57
	(c) Retail Banking	587.78	591.06	536.68	1711.85	1628.19	2242.83
	(d) Other Banking Operations	44.61	54.47	50.92	177.72	171.13	247.42
	Total	1457.52	1496.07	1369.83	4388.55	4087.39	5535.07
2	Segment Results (after Provisions before Tax)						
	(a) Treasury Operations	55.44	94.25	45.80	222.01	67.44	67.94
	(b) Corporate Banking	0.26	-15.37	34.29	7.15	142.28	134.83
	(c) Retail Banking	53.48	45.82	71.71	128.92	231.82	394.03
	(d) Other Banking Operations	-23.24	-11.20	-12.35	-21.89	-24.18	-26.56
	Total	85.94	113.50	139.45	336.19	417.36	570.24
	Less: Un-allocable Expenditure	14.68	11.30	10.88	37.12	31.23	42.24
	Profit before Tax and exceptional items	71.26	102.20	128.57	299.07	386.13	528.00
3	Capital employed						
	(a) Treasury Operations	2182.81	1432.90	1432.32	2182.81	1432.32	1384.74
	(b) Corporate Banking	1205.94	1026.42	967.77	1205.94	967.77	933.17
	(c) Retail Banking	1516.69	1297.20	1140.42	1516.69	1140.42	1182.50
	(d) Other Banking Operations	109.83	88.41	121.52	109.83	121.52	113.23
	(e) Unallocated	67.74	91.07	35.57	67.74	35.57	76.94
	Total	5083.01	3936.00	3697.60	5083.01	3697.60	3690.58

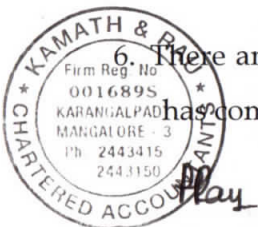
PART B - GEOGRAPHIC SEGMENTS: There is only one Segment i.e. Domestic Segment



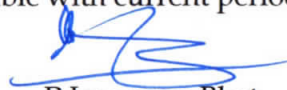
Notes forming part of the reviewed financial results for the quarter and Nine months ended Dec 31, 2016

1. The above interim financial results for the Nine months ended Dec 31, 2016 have been reviewed by the Audit Committee of the Board in their meeting held on January 23, 2017 and approved by the Board of Directors in their meetings held on January 23, 2017. 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, 2016.
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 term of RBI guidelines, Banks can spread over any shortfall, if the sale value of the financial assets sold to SC/RCs is lower than NBV, over a period of eight/four quarters. Accordingly Bank has spread the shortfall of Rs. 75.08 crore over a period of 8 quarters during FY 2015-16, out of which Rs. 44.52 crore has been amortized up to Dec 31,, 2016 leaving an unamortized sum of Rs. 30.56 crore. Further, out of the total shortfall of Rs.26.52 crore on account of financial assets sold to SC/RCs during FY2016-17, the bank has amortized a sum of Rs.13.26 crore up to Dec 31, 2016, leaving an unamortized sum of Rs.13.26 crore. Aggregate unamortized amount as on Dec 31, 2016 is Rs. 43.82 crore.
5. In terms of RBI circular DBR No BP.BC 1/21.06.201/2015-16 dated July 1, 2015 banks are required to make Pillar III disclosures under Basel III Capital Regulations. The Bank has made these disclosures which are available on our 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.

6. There are no stock Options outstanding as the Employee Stock Options scheme of the Bank has come to an end on October 21, 2016.



7. During the quarter ended December 31, 2016, the bank has issued 9,42,35,441 equity shares of Rs 10 each at a price of Rs 70 per share including the premium of Rs 60 per share in the ratio of 1:2 (ie ONE equity share for every TWO equity shares held as on the record date i.e October 25, 2016) aggregating Rs 659.65 crore. After keeping in abeyance entitlements to the extent of 98575 shares, the Board has allotted 9,41,36,866 equity shares on December 8, 2016.
8. During the quarter ended December 31, 2016 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.423.53 crore being the net increase in value thereof have been credited to Revaluation Reserve Account. On account of this additional depreciation of Rs. 2.11 crore has been included in depreciation of 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%.
9. Disclosure about investor complaints: Complaints at the beginning of the period Nil; Received during the period 69; Disposed off during the period 68; Unresolved as on Dec 31, 2016: 1.
10. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.


P Jayarama Bhat

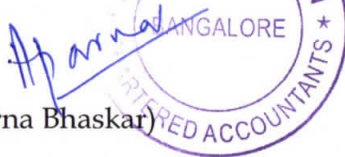
Managing Director & C.E.O



For Abarna & Ananthan

Chartered Accountants

Firm Regn No 000003S



(Abarna Bhaskar)

Membership No. 025145

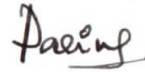
Place: Mangaluru

Date: 23rd January 2017

For Kamath & Rau

Chartered Accountants

Firm Regn. No. 001689S



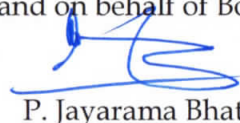
(Parineeth Rau)

Membership No. 222039



ANNEXURE 2			
REVIEWED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED DECEMBER 31, 2016			
	(Rs in Crore)		
Particulars	Quarter ended 31.12.2016	Nine months ended 31.12.2016	Quarter ended 31.12.2015
Total income from operations (net)	1457.52	4388.55	1369.83
Net Profit / (Loss) from ordinary activities after tax	68.52	313.89	96.91
Net Profit / (Loss) for the period after tax (after Extraordinary items)	68.52	313.89	96.91
Equity Share Capital	282.62	282.62	188.47
Reserves excluding Revaluation Reserve (as shown in the Balance Sheet of previous year)	3502.12	3502.12	3200.60
Earnings Per Share (before extraordinary items) (of Rs 10/- each)			
Basic :	3.22*	15.96*	5.14*
Diluted:	3.22*	15.96*	5.14*
Earnings Per Share (after extraordinary items) (of Rs 10/- each)			
Basic :	3.22*	15.96*	5.14*
Diluted :	3.22*	15.96*	5.14*
*Not annualized			
Note: The above is an extract of the detailed format of Quarterly Results filed with the Stock Exchange under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly/Nine Months 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



P. Jayarama Bhat

MANAGING DIRECTOR & CEO

Place: Mangaluru

Date: 23rd January 2017.



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 ended 31st December, 2016 ("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.
3. In the conduct of our Review we have relied on the review reports received in respect of 125 branches. These reports cover 64.03% of the advances portfolio of the Bank. Apart from these reports, in the conduct of our review, we have also relied upon various returns received from the branches of the Bank.



Kamath & Rau

Chartered Accountants,
Near Bunts Hostel,
Karangalpady,
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Abarna & Ananthan

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

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. 43.82 crores arising from sale of Non-Performing Assets to Asset Reconstruction Companies. The same is in line with RBI circular DBR.NO.BP.BC.102/21.04.048/2015-16 dated 13th June, 2016 on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances–Spread over of Shortfall on Sale of NPAs to SCs/RCs.

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


Parineeth Rau
Partner
Membership No. 222039



Date: 23rd January, 2017
Place: Mangaluru

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


Abarna Bhaskar
Partner
Membership No. 025145

