Karnataka Bank Ltd.

Estd : 1924 CIN : L85110KA1924PLC001128

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21.05.2016 SECRETARIAL DEPARTMENT
HO: SEC: 109 : 2016-17

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

2. The General Manager,
Bombay Stock Exchange Limited
Corporate Relationship Dept
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI-400 001

Dear Sir,

Reg: Update on Conference Call.

Further to our Notice dated 17.05.2016, please find enclosed a report on the Conference Call held with analysts/investors.

Thank You,

Yours faithfully,

(Y V Balachandra)
COMPANY SECRETARY

Update on the Concall held on May 20, 2016.

Following the announcement of audited financial results for the quarter and year ended March 31 2016, Bank had arranged Concall with analysts/investors on May 20, 2016 at 5.00 PM. In all, 24 participants had registered for the Concall. The summary of the Concall is furnished hereunder.

Mr P Jayarama Bhat, MD & CEO of the Bank welcomed the participants and briefed about the salient features of the financial results. He shared the highlights of the results are as under:

1) Deposits of the Bank have grown from Rs 46008.61 crore as on March 31, 2015 to Rs 50488.21 crore as on March 31, 2016 with a growth rate of 9.74 per cent.

2) Advances of the Bank have increased from Rs 31679.99 crore to Rs 33902.45 crore an increase by 7.02 per cent during above period.

3) CD ratio of the Bank (average) Bank during the quarter ended March 31, 2016 has improved to 68.18 per cent from 68.10 per cent for the corresponding quarter of the previous year. However, YOY CD ratio has marginally come down from 67.65 per cent to 67.12 per cent .

4) Net Interest Income (NII) for the quarter ended March 31, 2016 stood at Rs 359.73 crore as against Rs 291.32 crore for the quarter ended March 31, 2015 showing an increase of 23.48 per cent. YoY, NII has increased to Rs 1302.87 crore from Rs 1168.85 crore, showing an increase of 11.47 per cent.

5) Other income for the quarter ended March 31, 2016 stood at Rs 170.01 crore as against Rs 111.69 crore for the quarter ended March 31, 2015. YoY, it stood at Rs 542.86 crore as against Rs 506.99 crore showing an increase of 7.08 per cent.

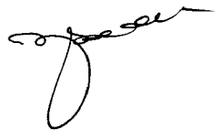
6) Operating profit for the quarter ended March 31, 2016 stood at Rs 254.37 crore as against Rs 189.35 crore for the quarter ended March 31, 2015 showing an increase of 34.34%. For the year ended March 31, 2016, the operating profit was Rs 854.53 crore as against Rs 773.38 crore during the corresponding previous year, increase being 10.49 per cent.

7) Gross NPAs stood at Rs 1180.40 crore (3.44 per cent) as on March 31, 2016 as against Rs 944.21 crore(2.95%) as on March 31, 2015..

8) Net NPAs have increased to Rs 795.47 crore (2.35 per cent) for the year ended March 31, 2016 as against Rs 623.55 crore(1.95 per cent)as on March 31, 2015.

9) Yield on advances for the quarter ended March 31, 2016 stood at 11.33 per cent as against 11.80 per cent. For the year ended March 31, 2016 the same stood at 11.55 per cent (previous year 11.97 per cent).

10) Cost of deposits for the quarter ended March 31, 2016 was at 7.26 percent as against 7.82 per cent during the corresponding quarter of the previous year. For the entire year the same was at 7.51 per cent for the year ended March 31, 2016 as against 7.87 per cent for the year ended March 31, 2015 a reduction by 4.57 per cent.



11) Net profit for the quarter ended March 31, 2016 was Rs 106.79 crore as against Rs 134.42 crore, decrease by 20.55 per cent. For the year ended March 31, 2016, net profit stood at Rs 415.29 crore (previous year Rs 451.45 crore) down by 8 per cent.

He also informed that there was an addition to the NPAs to the extent of Rs 331.09 crore during the Q4 of 2016 as against 150.91 crore during the same period last year. YoY the addition to the NPAs were Rs 1125.07 crore. However with continued efforts of follow up, the Bank was able to recover Rs 190.30 crore (excluding write off) during the Q4 of 2016. YoY the, recovery was Rs 583.76 crore (excluding write off).

SMA-2 portfolio of the Bank was at Rs 1695.74 as on March 31, 2016 as against Rs 1469.99 crore as on March 31, 2015, increase by 15.36 per cent.

Thereafter there were queries on the financial results by the participant which were replied as under.

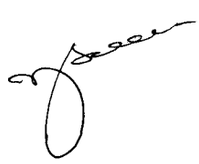
To a query on improved performance on NPA front, it was informed that the newly set up Credit Monitoring Department at Head Office is rigorously following up the stressed accounts and is monitoring the health of the accounts continuously and improved recovery management also helped significantly.

To a query on lower ROE at 11.73 per cent for the year ended March 31, 2016 as against 14.02 percent, it was clarified that by focussing on reduction of cost , improved share of CASA and improvement in CD ratio resulting in increased earnings, improved recovery mechanisms, Bank is aiming to increase the RoE considerably for the year ending March 31, 2017.Again, on a query about the RIDF, it was replied that the RIDF investments are coming down gradually and stood at Rs 1547.49 crore as on March 31, 2016 from Rs 1956.39 crore as on March 31, 2015. Going forward considering the improved performance under agriculture, there may not any additional demand for investment in RIDF, rather there will be gradual reduction in RIDF as repayments are taking place.

Again to another query on book value and adjusted book value of shares ,it was informed that the same were at Rs 195.83 and Rs 153.62 respectively as on March 31, 2016.

Regarding a question on sustainability and outlook for the year 2017, it was informed that the present MCLR of the Bank is competitive and the Bank is confident of building up of its loan book significantly going forward not only targeting good rated borrowers but also in the retail segment especially the housing loan segment.

Managing Director also furnished the amount of exposure under SDR at Rs 120 crore, 5/25 at about Rs 175 crore, SRs at Rs 292.31 crore(net book balance)



Break up of restructured Accounts was furnished as under:

Sector	Restructured Adv.	Of which, NPA
Infrastructure	629.66	62.99
Iron & Steel	313.53	1.40
Food & Food Products	155.70	-
Textiles	131.11	56.89
Service Sector	123.98	11.02
Metal & Metal Products	78.73	78.73
Other Industry	78.64	0.84
Other	76.40	9.81
Agriculture	62.18	21.15
Other Engineering	57.92	1.10
Commercial Real Estate	38.45	1.39
Paper & Paper products	22.47	0.46
Coal & Mining	20.59	0.50
Wood & Wood Products	16.13	14.59
Housing	2.37	0.32
Grand Total	1,807.88	261.19

Break up of NPAs was furnished as under:

SECTOR	Balance 31.03.2015	% to total	Balance 31.03.2016	% to total
Agriculture	83.54	8.85	[illegible]	8.75
Capital Market	0.00	0.00	[illegible]	1.3
Commercial Rear Estate	34.98	3.70	[illegible]	0.72
Construction/Other Personal	15.80	1.67	[illegible]	5.31
Educational Institution	7.77	0.82	[illegible]	0.33
Education - Individual	4.71	0.50	[illegible]	0.42
Housing – Non sensitive	1.26	0.13	[illegible]	0.07
Housing - Sensitive	41.68	4.41	[illegible]	3.9
Infrastructure	41.05	4.35	190.13	16.11

Manufacturing	322.47	34.15	[illegible]	25.63
Others	66.14	7.01	[illegible]	4.72
Professional & Self employed	96.93	10.27	[illegible]	10.05
SRTO/Auto Loan	26.68	2.83	[illegible]	2.48
Traders/Business	201.20	21.31	[illegible]	20.21
Grand Total	944.21	100.00	1,180.40	100.00

Break up of provisions for the year ended March 31, 2016 was furnished as under:

	31.03.14	31.03.15	Increase / decrease	31.03.16	Increase / decrease
Provisions for depreciation on investment	26.99	-59.44	(-) 86.43	[illegible]	72.60
Provision towards NPA	210.54	223.07	12.53	[illegible]	44.11
Provision made towards UDAY Bonds	-	-	-	[illegible]	22.45
Provision towards Standard Assets (including NPV of Rest. Std. advances)	42.10	48.15	6.05	[illegible]	(-) 29.60
Provision Made towards Taxes	97.62	107.95	10.33	[illegible]	4.76
Other Provisions & contingencies	-1.24	2.20	3.44	[illegible]	2.99
TOTAL	376.01	321.93	(-) 54.08	439.24	117.31

Regarding the query on provision for Food Credit extended to Punjab Govt. it was informed that RBI has exempted the Bank from making provision for the same considering the fact that the Bank has entered the consortium only in the month of January 2016.

While concluding the concall Mr Jayarama Bhat also informed that a detailed analysis of financial results of the Bank for the quarter and year ended March, 31, 2016 has been posted in the website of the Bank. He also informed that the Board has proposed a dividend at 5 per share .

He thanked the participants for their participation in the concall.