

Karnataka Bank Ltd.

Your Family Bank, Across India.

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/ NINE MONTHS ENDED DEC 31, 2014 **(Rs. in Lakhs)**

		Quarter ended			Nine months ended		Year ended
		31.12.2014 Reviewed	30.09.2014 Reviewed	31.12.2013 Reviewed	31.12.2014 Reviewed	31.12.2013 Reviewed	31.03.2014 Audited
1	Interest Earned (a+b+c+d)	120186	117567	106769	350207	313023	418883
a)	Interest/Discount on advances/ bills	89346	86844	81190	260301	236855	316155
b)	Income on Investments	30109	30478	26209	88755	75804	102192
c)	Interest on balances with Reserve Bank of India and other inter bank funds	28	80	11	152	234	273
d)	Others	703	165	-641	999	130	263
2	Other Income	16283	10277	9785	39530	39160	50558
3	TOTAL INCOME (1+2)	136469	127844	116554	389737	352183	469441
4	Interest expended	89981	87840	79619	262454	232409	313276
5	Operating expenses (i+ii)	28162	23742	20060	73891	59984	87460
i)	Employees Cost	18772	13057	11758	44210	34557	52540
ii)	Other operating Expenses	9390	10685	8302	29681	25427	34920
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	118143	111582	99679	336345	292393	400736
7	Operating Profit before provisions & contingencies (3-6)	18326	16262	16875	53392	59790	68705
8	Provisions (other than tax) and Contingencies	7889	8364	4041	21847	24001	27840
9	Exceptional Items	0	0	0	-3307	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	10437	7898	12834	34852	35789	40865
11	Tax Expense	-257	-948	2164	3149	12807	9762
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	10694	8846	10670	31703	22982	31103

		Quarter ended			Nine months ended		Year ended
		31.12.2014 Reviewed	30.09.2014 Reviewed	31.12.2013 Reviewed	31.12.2014 Reviewed	31.12.2013 Reviewed	31.03.2014 Audited
13	Extraordinary Items (net of tax expense)	0	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	10694	8846	10670	31703	22982	31103
15	Paid up equity share capital (Face value Rs 10/-)	18845	18845	18842	18845	18842	18842
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	286378	286378	266873	286378	266873	286378
17	Analytical Ratios						
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)						
	Basel II	11.99	12.31	13.01	11.99	13.01	13.30
	Basel III	11.79	12.08	12.86	11.79	12.86	13.20
iii)	Earnings per share (EPS) (Rs) before extraordinary items(Net of Tax Expenses) * Not Annualized.						
	- Basic EPS	5.67*	4.69*	5.66*	16.82	12.20	16.51
	- Diluted EPS	5.67*	4.69*	5.66*	16.82	12.19	16.50
	Earning per share (EPS) (Rs) after extraordinary items(Net of Tax Expenses) * Not Annualized.						
	- Basic EPS	5.67*	4.69*	5.66*	16.82	12.20	16.51
	- Diluted EPS	5.67*	4.69*	5.66*	16.82	12.19	16.50
iv)	NPA Ratios as on date						
	Gross NPA	105417	106088	99681	105417	99681	83593
	Net NPA	72709	70224	59944	72709	59944	53804
	% of Gross NPA	3.44	3.53	3.65	3.44	3.65	2.92
	% of Net NPA	2.41	2.37	2.23	2.41	2.23	1.91
	Return on Assets	0.85	0.72	0.96	0.86	0.71	0.71
18	Public Shareholding						
	No of shares	188444304	188438974	188409936	188444304	188409936	188412372
	Percentage of share holding	100%	100%	100%	100%	100%	100%
19	Promoters and Promoter group shareholding						

		Quarter ended			Nine months ended		Year ended
		31.12.2014 Reviewed	30.09.2014 Reviewed	31.12.2013 Reviewed	31.12.2014 Reviewed	31.12.2013 Reviewed	31.03.2014 Audited
	a) Pledged /encumbered						
	-Number of shares	NA	NA	NA	NA	NA	NA
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	NA	NA	NA	NA	NA	NA
	-Percentage of shares (as a % of the total share capital of the company.	NA	NA	NA	NA	NA	NA
	b) Non-encumbered						
	-Number of shares	NA	NA	NA	NA	NA	NA
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	NA	NA	NA	NA	NA	NA
	-Percentage of shares (as a % of the total share capital of the company.	NA	NA	NA	NA	NA	NA

SEGMENT RESULTS FOR THE QUARTER/NINE MONTHS ENDED DECEMBER 31,2014

Segment wise Results	UNAUDITED					AUDITED
	Quarter Ended			Nine Months Ended		Year ended
Particulars	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
	(Rs. in lakhs)					
1 Segment Revenue						
(a) Treasury Operations	38702	32692	27628	103615	88917	117821
(b) Corporate Banking	42751	42862	39415	128665	115476	149254
(c) Retail Banking	52712	50250	47628	149113	140654	192909
(d) Other Banking Operations	2305	2040	1883	8345	7136	9457
Total	136470	127844	116554	389738	352183	469441
2 Segment Results (after Provisions before Tax)						
(a) Treasury Operations	7803	(461)	(3185)	11731	(188)	(438)
(b) Corporate Banking	(895)	2326	5250	4997	7150	5073
(c) Retail Banking	3016	5413	9936	11653	25048	31480
(d) Other Banking Operations	1350	1548	1505	5906	5723	7303
Total	11274	8826	13506	34287	37733	43418
Less: Un-allocable Expenditure	837	928	672	2742	1944	2553
Profit before Tax and exceptional items	10437	7898	12834	31545	35789	40865
3 Capital employed						
(a) Treasury Operations	143224	140125	128227	143224	128227	126386
(b) Corporate Banking	91497	88121	86924	91497	86924	87597
(c) Retail Banking	100288	96112	89338	100288	89338	89793
(d) Other Banking Operations	12	6	155	12	155	36
(e) Unallocated	1916	1877	1375	1916	1375	1408
Total	336937	326241	306019	336937	306019	305220

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, 2014

1. The above interim financial results have been reviewed by the Audit Committee of the Board and approved by the Board of Directors in their meetings held on January 27, 2015. The same has been subjected to limited review by the Statutory Central Auditors of the Bank.
- 2a. 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, 2014, except for accounting of depreciation on fixed assets.
- 2b. From the quarter ended June 30, 2014 the bank has changed the accounting policy of charging depreciation having regard to change in the estimated useful life of the assets, from Written down Value (WDV) method to Straight Line Method (SLM) in respect of all fixed assets other than computers, since computers were already being depreciated under SLM. The management believes that the afore stated changes better reflect the actual use of assets acquired and is in conformity with the Companies Act, 2013. On account of this change in accounting policy, the bank has in the quarter ended June 30, 2014, reversed an amount of Rs.5010.07 lakhs representing the excess depreciation charge for the period up to March 31, 2014 and disclosed the same net of related tax effect of Rs. 3307.15 lakhs, as an exceptional item. As a result of this change, the net profit for the quarter ended June 30, 2014 was higher by Rs. 3307.15 lakhs.
- 2c. In accordance with the requirements of schedule II of the Companies Act, 2013 the bank has charged an amount of Rs. 2743.07 lakhs to profit and Loss Account for the Nine months ended December 31, 2014 representing the depreciation on the carrying value of the assets as on April 1, 2014 on the remaining useful life.
3. The above interim financial results have been arrived at after considering the provision for loan losses, provision for un-hedged foreign currency exposure and depreciation on investment consistent with the banks policy read with RBI guidelines. Provision for employees' retirement benefits like pension and gratuity, provision for arrears of salary pending negotiation and wage settlement and other contingencies for the current period have been re-estimated and provided on a proportionate basis, which are subject to year-end adjustments, if any. Provision for income tax has been made on actual basis.
4. As permitted by the Reserve Bank of India vide their letter DBOD. No. BP. BC. 15896/21.04.018/2010-11 dated 8th April, 2011 the Bank has during the Nine months ended Dec 31, 2014 debited its financial results with a sum of Rs. 2355.75 lakhs towards proportionate share of the unamortized liability of Pension and Gratuity as of 31st March 2011 and the balance of the unamortized portion will be dealt with as per the guidelines of the Reserve Bank of India.

5. In accordance with the RBI circular DBOD.NO.BP.BC 2/21/06.201/2013-14 dated July 01, 2013 Banks are required to make half yearly Pillar III disclosure under Basel III capital requirements with effect from Sept 30, 2013. The bank has made these disclosures available on its web site at the following link. These disclosures have not been subjected to a limited review by the auditors. (Link: <http://www.karnatakabank.com/ktk/BaselDisclosures.jsp>)
6. The business of the Bank has been classified into 4 segments i.e., (a) Treasury Operations; (b) Corporate & Wholesale Banking; (c) Retail banking and (d) Other Banking Operations. Since the bank does not have any overseas branch, reporting under geographic segment does not arise. Segment assets have been identified and segment liabilities have been allocated on the basis of segment assets. The segment results are annexed.
7. During the quarter ended Dec 31, 2014 the bank had allotted 5330 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 19; Disposed off during the period 18; Unresolved as on Dec 31, 2014 , 1.
9. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.

ANALYSIS OF FINANCIAL RESULTS December 2014 - [Click Here](#)

P Jayarama Bhat
Managing Director & C.E.O

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

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

(C S Gopalakrishna)
Membership No. 014706

(Parineeth Rau)
Membership No. 222039

Place: Mangalore
Date: 27.01.2015