

KARNATAKA BANK LIMITED

Regd. Office: Mangalore – 575002

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/HALF YEAR ENDED SEPT 30, 2013

(Rs. in Lakhs)

		UNAUDITED					AUDITED
		Quarter ended			Half year ended		Year ended
		30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.03.2013
1	Interest Earned (a+b+c+d)	106469	99785	94548	206254	183881	376429
a)	Interest/Discount on advances/ bills	79851	75814	70426	155665	137572	281772
b)	Income on Investments	25759	23836	23992	49595	45243	93843
c)	Interest on balances with Reserve Bank of India and other inter bank funds	95	128	120	223	141	367
d)	Others	764	7	10	771	925	447
2	Other Income	8780	20595	8689	29375	18222	39764
3	TOTAL INCOME (1+2)	115249	120380	103237	235629	202103	416193
4	Interest expended	78015	74775	71284	152790	138428	286056
5	Operating expenses (i+ii)	20070	19854	16076	39924	30905	66604
i)	Employees Cost	11286	11513	8306	22799	16844	37508
ii)	Other operating Expenses	8784	8341	7770	17125	14061	29096
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	98085	94629	87360	192714	169333	352660
7	Operating Profit before provisions & contingencies (3-6)	17164	25751	15877	42915	32770	63533
8	Provisions (other than tax) and Contingencies	12671	7289	2275	19960	7981	17115
9	Exceptional Items	0	0	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	4493	18462	13602	22955	24789	46418
11	Tax Expense	1598	9045	1883	10643	4727	11610
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	2895	9417	11719	12312	20062	34808
13	Extraordinary Items (net of tax expense)	0	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	2895	9417	11719	12312	20062	34808
15	Paid up equity share capital (Face value Rs 10/-)	18842	18836	18832	18842	18832	18835
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	266873	266873	240992	266873	240992	266873
17	Analytical Ratios						
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)						
	Basel II	13.47	14.08	12.17	13.47	12.17	13.22
	Basel III	13.22	13.86	NA	13.22	NA	NA

		UNAUDITED					AUDITED
		Quarter ended			Half year ended		Year ended
		30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.03.2013
iii)	Earnings per share (EPS) (Rs) before extraordinary items(Net of Tax Expenses) * not Annualized.						
	- Basic EPS	1.54 *	5.00*	6.22*	6.54*	10.65*	18.48
	- Diluted EPS	1.54 *	4.99*	6.22*	6.53*	10.64*	18.46
	Earning per share (EPS) (Rs) after extraordinary items(Net of Tax Expenses) * not Annualized.						
	- Basic EPS	1.54*	5.00*	6.22*	6.54 *	10.65*	18.48
	- Diluted EPS	1.54*	4.99*	6.22*	6.53 *	10.64*	18.46
iv)	NPA Ratios as on date						
	Gross NPA	96211	82299	72942	96211	72942	63886
	Net NPA	59309	49189	46431	59309	46431	37775
	% of Gross NPA	3.59	3.22	3.22	3.59	3.22	2.51
	% of Net NPA	2.25	1.96	2.08	2.25	2.08	1.51
	Return on Assets	0.27	0.90	1.21	0.58	1.06	0.89
18	Public Shareholding						
	No of shares	188407202	188348904	188306672	188407202	188306672	188343110
	Percentage of share holding	100%	100%	100%	100%	100%	100%
19	Promoters and Promoter group shareholding						
	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

SUMMARY BALANCE SHEET AS ON SEPTEMBER 30,2013

(Rs in lakhs)

	As on	As on
	30.09.2013	30.09.2012
CAPITAL AND LIABILITIES		
Capital	18842	18832
Reserves and Surplus	279208	261061
Deposits	3801371	3396831
Borrowings	214370	146807
Other Liabilities and Provisions	119804	89202
TOTAL	4433595	3912733
ASSETS		
Cash and balances with Reserve Bank of India	194656	172628
Balances with Banks and Money at Call & Short Notice	3345	18307
Investments	1495958	1404167
Advances	2646870	2239526
Fixed Assets	17180	15598
Other Assets	75586	62507
TOTAL	4433595	3912733

SEGMENT RESULTS FOR THE QUARTER /HALF YEAR ENDED SEPTEMBER 30,2013

Segment wise Results	UNAUDITED					AUDITED
	Quarter Ended			Half Year Ended		Year ended
	30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.03.2013
Particulars	(Rs. in lakhs)					
1 Segment Revenue						
(a) Treasury Operations	28041	33248	26043	61289	50736	104395
(b) Corporate Banking	37681	38380	32182	76061	64971	134912
(c) Retail Banking	47602	45424	42236	93026	80846	169545
(d) Other Banking Operations	1925	3328	2776	5253	5550	7341
Total	115249	120380	103237	235629	202103	416193
2 Segment Results (after Provisions before Tax)						
(a) Treasury Operations	-4674	7671	-266	2997	-11	-2595
(b) Corporate Banking	388	1471	3179	1900	3738	7285
(c) Retail Banking	7901	7252	9021	15112	18339	39486
(d) Other Banking Operations	1531	2687	2248	4218	3862	4645
Total	5146	19081	14182	24227	25928	48821
Less: Un-allocable Expenditure	653	619	580	1272	1139	2403
Profit before Tax	4493	18462	13602	22955	24789	46418
3 Capital employed						
(a) Treasury Operations	125668	125587	124261	125668	124261	116054
(b) Corporate Banking	84967	85130	77264	84967	77264	87647
(c) Retail Banking	86140	83116	77138	86140	77138	80750
(d) Other Banking Operations	24	21	37	24	37	23
(e) Unallocated	1251	1274	1193	1251	1193	1234
Total	298050	295128	279893	298050	279893	285708

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

Notes forming part of the un-audited financial results for the half year ended SEPTEMBER 30,2013

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 October 21, 2013. The same has been subjected to limited review by the Statutory Central Auditors of the Bank;
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, 2013.
3. The above interim financial results have been arrived at after considering the provision for loan losses and depreciation on investment as per RBI guidelines. Provision for employees' retirement benefits like pension and gratuity, provision for arrears of salary pending negotiation and wage settlement, provision for income tax and other contingencies for the current period have been made on an estimated and proportionate basis, which are subject to year-end adjustments, if any.
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 half year ended Sept 30, 2013 debited its Profit & Loss Account a sum of Rs 1570.50 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 terms of RBI circular DBOD. No. BP.BC.88/21.06.201/2012-13 dated March 28,2013, banks have been advised to disclose Capital adequacy ratio computed under Basel III regulations from the quarter ended 30th June 2013. Accordingly, corresponding details for the previous years/periods are not furnished.
6. 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://karnatakabank.com/ktk/BaselDisclosures.jsp#>)
7. The Reserve Bank of India vide its circular NO DBOD/BP.BC NO 41/21.04.141/2013-14 dated Aug 23, 2013, has permitted the banks to (i) retain SLR holdings in HTM category at 24.50% of their NDTL; (ii) transfer SLR securities from AFS / HFT to HTM category up to the limit of 24.50% of NDTL at the lower of book value or market value with an option of valuing such securities as at July 15, 2013 and (iii) distribute the net depreciation on the entire AFS and HFT portfolios on each of the valuation dates in the current financial year in equal installments during the financial year 2013-14. Consequently, the bank has transferred SLR securities with a book value of Rs. 88465.05 lakhs from AFS to HTM category and has fully recognized the valuation loss of Rs. 1677.27 lakhs. Further, in accordance with aforesaid RBI circular, out of the net depreciation on investments of Rs. 5847.27 lakhs as at Sept 30, 2013, the bank has charged a net depreciation of Rs. 1949.09 lakhs.

8. 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.
9. Disclosure about investor complaints: Complaints at the beginning of the period NIL; Received during the period 48; Disposed off during the period 48 Unresolved as on Sept 30, 2013 NIL.
10. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.

Analysis of Financial Results September 2013 [click here](#)

By order of the Board

**P Jayarama Bhat
Managing Director & C.E.O**

Place: Mangalore
Date: Oct 21, 2013