

KARNATAKA BANK LIMITED
Regd. Office: Mangalore – 575002

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED DEC 31, 2013
(Rs. in Lakh)

		UNAUDITED					AUDITED
		Quarter ended			Nine months ended		Year ended
		Dec'2013	Sep'2013	Dec'2012	Dec'2013	Dec'2012	Mar'2013
1	Interest Earned (a+b+c+d)	106769	106469	96434	313023	280315	376429
a)	Interest/Discount on advances/bills	81190	79851	71516	236855	209088	281772
b)	Income on Investments	26209	25759	24777	75804	70020	93843
c)	Interest on balances with Reserve Bank of India and other inter bank funds	11	95	113	234	254	367
d)	Others	-641	764	28	130	953	447
2	Other Income	9785	8780	8624	39160	26846	39764
3	TOTAL INCOME (1+2)	116554	115249	105058	352183	307161	416193
4	Interest expended	79619	78015	73654	232409	212082	286056
5	Operating expenses (i+ii)	20060	20070	16000	59984	46905	66604
i)	Employees Cost	11758	11286	9413	34557	26257	37508
ii)	Other operating Expenses	8302	8784	6587	25427	20648	29096
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	99679	98085	89654	292393	258987	352660
7	Operating Profit before provisions & contingencies (3-6)	16875	17164	15404	59790	48174	63533
8	Provisions (other than tax) and Contingencies	4041	12671	3705	24001	11686	17115
9	Exceptional Items	0	0	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	12834	4493	11699	35789	36488	46418
11	Tax Expense	2164	1598	3692	12807	8419	11610
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	10670	2895	8007	22982	28069	34808
13	Extraordinary Items (net of tax expense)	0	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	10670	2895	8007	22982	28069	34808
15	Paid up equity share capital Face Value Rs 10/-)	18842	18842	18833	18842	18833	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

		UNAUDITED					AUDITED
		Quarter ended			Nine months ended		Year ended
		Dec'2013	Sep'2013	Dec'2012	Dec'2013	Dec'2012	Mar'2013
ii)	Capital Adequacy Ratio (%)						
	Basel II	13.01	13.47	12.93	13.01	12.93	13.22
	Basel III	12.86	13.22	NA	12.86	NA	NA
iii)	Earning per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized						
	- Basic EPS	5.66*	1.54 *	4.25*	12.20*	14.90*	18.48
	- Diluted EPS	5.66*	1.54 *	4.25*	12.19*	14.89*	18.46
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized						
	- Basic EPS	5.66*	1.54*	4.25*	12.20*	14.90*	18.48
	- Diluted EPS	5.66*	1.54*	4.25*	12.19*	14.89*	18.46
iv)	NPA Ratios as on date						
	Gross NPA	99681	96211	78124	99681	78124	63886
	Net NPA	59944	59309	51140	59944	51140	37775
	% of Gross NPA	3.65	3.59	3.30	3.65	3.30	2.51
	% of Net NPA	2.23	2.25	2.19	2.23	2.19	1.51
	Return on Assets	0.96	0.27	0.81	0.71	0.97	0.89
18	Public Shareholding						
	No of shares	188409936	188407202	188329050	188409936	188329050	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

SEGMENT RESULTS FOR THE QUARTER /NINE MONTHS ENDED 31.12.2013

(Rs. in Lakhs)

	Particulars	Quarter ended (un-audited)			Nine Months ended (un-audited)		Year ended (Audited)
		Dec' 2013	Sept' 2013	Dec'2012	Dec' 2013	Dec'2012	Mar' 2013
1	Segment Revenue						
	(a) Treasury Operations	27628	28041	27067	88917	77803	104395
	(b) Corporate Banking	39415	37681	32357	115476	97419	134912
	(c) Retail Banking	47628	47602	44245	140654	126355	169545
	(d) Other Banking Operations	1883	1925	1389	7136	5584	7341
	Total	116554	115249	105058	352183	307161	416193
2	Segment Results (after Provisions before Tax)						
	(a) Treasury Operations	(3185)	(4674)	(1773)	(188)	(1770)	(2595)
	(b) Corporate Banking	5250	388	1482	7150	3910	7285
	(c) Retail Banking	9936	7901	11605	25048	32329	39486
	(d) Other Banking Operations	1505	1531	965	5723	3738	4645
	Total	13506	5146	12279	37733	38207	48821
	Less: Un-allocable Expenditure	672	653	580	1944	1719	2403
	Profit before Tax	12834	4493	11699	35789	36488	46418
3	Capital employed						
	(a) Treasury Operations	128227	125668	125012	128227	125012	116054
	(b) Corporate Banking	86924	84967	80874	86924	80874	87647
	(c) Retail Banking	89338	86140	80817	89338	80817	80750
	(d) Other Banking Operations	155	24	8	155	8	23
	(e) Unallocated	1375	1251	1200	1375	1200	1234
	Total	306019	298050	287911	306019	287911	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 quarter/nine months ended December 31, 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 Jan 24, 2014. 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 Nine months ended Dec 31, 2013 debited its Profit & Loss Account a sum of Rs 2355.75 lakh 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 applicable.
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 <http://ktkbank.com/ktk/BaselDisclosures.jsp#>. These disclosures have not been subjected to a limited review by the auditors.
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 lakh from AFS to HTM category and has fully recognized the valuation loss of Rs. 1677.27 lakh. Further, in accordance with

aforesaid RBI circular, out of the net depreciation on investments of Rs. 3639.66 lakh as at Dec 31, 2013, the bank has charged a net depreciation of Rs.2426.44 lakh.

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 28; Disposed off during the period 28 Unresolved as on Dec 31, 2013 Nil.

10. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.

Analysis Financial Results December 2013 – [click here](#)

By order of the Board

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