

KARNATAKA BANK LTD
REGD & HEAD OFFICE, MANGALORE
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2014

(Rs in Lakhs)

		Quarter ended 31.3.2014 (Audited)	Quarter ended 31.12.2013 (Reviewed)	Quarter ended 31.03.2013 (Audited)	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)
1	Interest Earned (a+b+c+d)	105860	106769	96114	418883	376429
a)	Interest/Discount on advances/bills	79300	81190	72684	316155	281772
b)	Income on Investments	26388	26209	23823	102192	93843
c)	Interest on balances with Reserve Bank of India and other inter bank funds	39	11	113	273	367
d)	Others	133	(641)	(506)	263	447
2	Other Income	11398	9785	12918	50558	39764
3	TOTAL INCOME (1+2)	117258	116554	109032	469441	416193
4	Interest expended	80867	79619	73974	313276	286056
5	Operating expenses (i+ii)	27476	20060	19699	87460	66604
i)	Employees Cost	17983	11758	11251	52540	37508
ii)	Other operating expenses	9493	8302	8448	34920	29096
6	TOTAL EXPENDITURE ((4+5) (excluding provisions & Contingencies)	108343	99679	93673	400736	352660
7	Operating Profit before provisions & contingencies (3-6)	8915	16875	15359	68705	63533
8	Provisions (other than tax) and Contingencies	3839	4041	5429	27840	17115
9	Exceptional Items	0	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	5076	12834	9930	40865	46418
11	Tax Expense	(3045)	2164	3191	9762	11610
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	8121	10670	6739	31103	34808

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13	Extraordinary Items (net of tax expense)	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	8121	10670	6739	31103	34808
15	Paid up equity share capital (Face Value Rs 10/-)	18842	18842	18835	18842	18835
16	Reserves excluding revaluation reserves	---	---	----	286378	266873
17	Analytical Ratios					
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)					
	Basel II	13.30	13.01	13.22	13.30	13.22
	Basel III	13.20	12.86	NA	13.20	NA
iii)	Earning per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized					
	- Basic EPS	4.31*	5.66*	3.58*	16.51	18.48
	- Diluted EPS	4.31*	5.66*	3.57*	16.50	18.46
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized					
	- Basic EPS	4.31*	5.66*	3.58*	16.51	18.48
	- Diluted EPS	4.31*	5.66*	3.57*	16.50	18.46
iv)	NPA Ratios					
	(a) (i) Gross NPA	83593	99681	63886	83593	63886
	(a) (ii) Net NPA	53804	59944	37775	53804	37775
	(b) (i) % of Gross NPA	2.92	3.65	2.51	2.92	2.51
	(b) (ii)% of Net NPA	1.91	2.23	1.51	1.91	1.51
	(c) Return on Assets	0.71	0.96	0.66	0.71	0.89
18	Public Shareholding					
	No of shares	188412372	188409936	188343110	188412372	188343110

		Quarter ended 31.3.2014 (Audited)	Quarter ended 31.12.2013 (Reviewed)	Quarter ended 31.03.2013 (Audited)	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)
	Percentage of share holding	100%	100%	100%	100%	100%
19	Promoters and Promoter group shareholding					
	a) Pledged /encumbered					
	-Number of shares	NA	NA	NA	NA	NA
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	NA	NA	NA	NA	NA
	-Percentage of shares (as a % of the total share capital of the company).	NA	NA	NA	NA	NA
	b) Non-encumbered					
	-Number of shares	NA	NA	NA	NA	NA
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	NA	NA	NA	NA	NA
	-Percentage of shares (as a % of the total share capital of the company).	NA	NA	NA	NA	NA

Notes forming part of audited financial results of the Bank for the Quarter/year ended March 31, 2014

1. The above audited financial results have been taken on record by the audit committee on 15th May 2014 and approved by the Board of Directors' of the Bank at their meeting held on 15th May 2014. The same have been subjected to audit by the statutory central auditors of the bank, in line with guidelines issued by the Reserve Bank of India and as per listing agreement with the stock exchanges.
2. The working results of the Bank for the quarter/year ended March 31, 2014 have been arrived at after considering provision for Non-performing advances, depreciation on investments/fixed assets, provision for Standard advances and other usual and necessary provisions.
3. The above results for the quarter/year ended 31st March 2014 have been prepared following the same accounting policies and practices as were followed in the preparation of annual financial statements for the year ended 31st March, 2013
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 year debited its Profit & Loss account a sum of Rs. 23.58 crore towards amortization of pension and Rs. 7.83 crore towards amortization of Gratuity on proportionate basis and the balance un-amortized amount of Rs. 23.59 crore and Rs. 7.82 crore towards Pension and gratuity respectively will be dealt with as per the guidelines of the Reserve bank of India

5. Employees cost includes Rs. 76.02 crore being the incremental cost on account of liabilities for superannuation Schemes due to change in the bases of estimation in line with the Policy framed by the Board considering the guidelines issued by IBA in this regard.
- 6 Pursuant to RBI guidelines on Utilization of Floating provisions/Counter Cyclical Provisioning buffer in terms of DBOD.No.BP.95/21.04.048/2013-14 dated Feb 7, 2014 and also in pursuance to the bank's Board approved policy, the bank has utilised a sum of Rs. 3.46 crore from Counter Cyclical buffer account towards the requirements of specific provisions for NPA.
7. During the year, the Bank, pursuant to RBI's circular No DBOD. No. BP .BC. 77/21.04.018/2013-14 dated 20th December 2013, has created DTL of Rs.27.01 crore on Special Reserve for the period up to March 31, 2013 and has adjusted the same directly from the Revenue Reserve. Further, the Bank has created a DTL of Rs. 7.89 crore in respect of the amounts transferred to Special Reserve for the year ended March 31, 2014 by charging of the same to the Profit and Loss Account for the year.
8. In terms of RBI circular DBOD.BP.BC.NO.41/21.04.141/2013-14 dated August 23, 2013 on "Investment Portfolio of the Bank-Classification, valuation and Provisioning", the bank has transferred SLR Securities with the face value of Rs. 900.00 crore (book value of Rs. 884.65 crore) held under "AFS" portfolio to "HTM" Portfolio and loss on such transfers amounting to Rs.16.77 crore has been recognized during the year.
9. Pending finalization of wage revision effective November 1, 2012, the bank has made a provision of Rs. 33.43 crore during the current year on estimated basis. The cumulative provision held there on of on 31.03.2014 aggregates to Rs.55.93 crore.
10. The Bank has recognized the Income Tax Liability of Rs. 143.60 crore on its Book Profits in terms of section 115JB of the Income Tax Act. Out of this a sum of Rs. 135.31 crore being MAT credit entitlement under section 115 JAA of the Income Tax act, 1961 has been recognized and treated as an Asset.
11. In terms of RBI circular DBOD. No. BPBC.88/21.06.201/2012-13 dated 28.03.2013 banks have been advised to disclose the capital Adequacy Ratio computed under Basel III regulations from the quarter ended June 2013.Accordingly; corresponding details for the previous year/periods are not furnished.
12. In accordance with the RBI circular DBOD. No. BPBC.2/21.06.201/2013-14 dated 01.07.2013, banks are required to make half yearly Pillar III disclosures under Basel III capital requirements with effect from 30th September, 2013.The disclosures have been made available on the banks web site at the following link <http://karnatakabank.com/ktk/BaselDisclosures.jsp#>
13. The Board of Directors has recommended a dividend of 40% on paid-up equity capital which works out to Rs 4.00 per equity share, subject to approval of the Shareholders.
14. 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 branch overseas, 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.
15. The figures of the last quarter of the current year and the previous year are the balancing figures between the audited figures in respect of the full financial year and the published year-to-date reviewed figures up to the third quarter.

16. Status of the investors' complaints is as under:

Complaints pending at the beginning of the quarter	Complaints received during the quarter	Complaints redressed during the quarter	Complaints pending at the end of the quarter
NIL	15	15	NIL

17. Previous year's figures have been regrouped /rearranged wherever necessary to conform to the current year's classifications.

[Analysis of Financial Results March -2014](#) [Click here](#)

By order of the Board

Place: Mangalore

Date: 15th May 2014

P Jayarama Bhat

Managing Director and C.E.O.

SUMMARY BALANCE SHEET AS ON 31ST MARCH 2014

(Rs in lakhs)

	As on 31.03.2014	As on 31.03.2013
CAPITAL AND LIABILITIES		
Capital	18842	18835
Reserves and Surplus	286378	266873
Deposits	4058283	3605622
Borrowings	191519	157976
Other Liabilities and Provisions	147858	103332
TOTAL	4702880	4152638
ASSETS		
Cash and balances with Reserve Bank of India	215273	171796
Balances with Banks and Money at Call & Short Notice	18467	23584
Investments	1522678	1343248
Advances	2834549	2520768
Fixed Assets	19748	16696
Other Assets	92165	76546
TOTAL	4702880	4152638

SEGMENT RESULTS FOR THE QUARTER/YEAR ENDED 31.03.2014

Business Segments

(Rs. in lakhs)

	Segmentwise Results	3 Months ended			Year ended	
	Particulars	31.03.2014 Audited	31.12.2013 Reviewed	31.03.2013 Audited	31.03.2014 Audited	31.03.2013 Audited
		(Rs. in lakhs)				
1	Segment Revenue					
	(a) Treasury Operations	28904	27628	26592	117821	104395
	(b) Corporate Banking	33778	39415	37493	149254	134912
	(c) Retail Banking	52255	47628	43190	192909	169545
	(d) Other Banking Operations	2321	1883	1757	9457	7341
	Total	117258	116554	109032	469441	416193
2	Segment Results (after Provisions before Tax)					
	(a) Treasury Operations	-250	-3185	-825	-438	-2595
	(b) Corporate Banking	-2077	5250	3375	5073	7285
	(c) Retail Banking	6432	9936	7157	31480	39486
	(d) Other Banking Operations	1580	1505	907	7303	4645
	Total	5685	13506	10614	43418	48821
	Less: Un-allocable Expenditure	609	672	684	2553	2403
	Profit before Tax	5076	12834	9930	40865	46418
3	Capital employed					
	(a) Treasury Operations	126386	128227	116054	126386	116054
	(b) Corporate Banking	87597	86924	87647	87597	87647
	(c) Retail Banking	89793	89338	80750	89793	80750
	(d) Other Banking Operations	36	155	23	36	23
	(e) Unallocated	1408	1375	1234	1408	1234
	Total	305220	306019	285708	305220	285708