

**KARNATAKA BANK LTD ,
REGD & HEAD OFFICE : MANGALORE 575002**

UNAUDITED QUARTERLY FINANCIAL RESULTS FOR THE QUARTER ENDED 30.09.2010

Rs in lakh

		UNAUDITED				AUDITED
		Quarter ended		Half year ended		Year Ended
		30.09.2010	30.09.2009	30.09.2010	30.09.2009	31.03.2010
1	Interest Earned (a+b+c+d)	57184	49437	111647	97165	204342
a)	Interest/Discount on advances/bills	39662	32327	78029	65506	138898
b)	Income on Investments	16698	17095	32686	31595	63346
c)	Interest on balances with Reserve Bank of India and other inter bank funds	11	13	38	49	58
d)	Others	814	2	894	15	2040
2	Other Income	6360	5354	13227	18593	31126
3	TOTAL INCOME (1+2)	63544	54791	124874	115758	235468
4	Interest expended	43275	43895	85792	86969	170779
5	Operating expenses (i+ii)	12711	10234	23971	18959	38605
i)	Employees Cost	7173	5308	14015	10405	20680
ii)	Other operating expenses	5538	4926	9956	8554	17925
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	55986	54129	109763	105928	209384
7	Operating Profit before provisions & contingencies (3-6)	7558	662	15111	9830	26084
8	Provisions (other than tax) and Contingencies	5768	524	7183	2274	7108
9	Exceptional Items	0	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	1790	138	7928	7556	18976
11	Tax Expense	-1082	-1497	408	1915	2264
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	2872	1635	7520	5641	16712
13	Extraordinary Items (net of tax expense)	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	2872	1635	7520	5641	16712
15	Paid up equity share capital (Face Value Rs 10/-)	13421	12162	13421	12162	13399
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	-	-	-	-	169876

17	Analytical Ratios					
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)					
	i) Basel –I	11.41	12.55	11.41	12.55	11.85
	ii) Basel - II	11.71	12.93	11.71	12.93	12.37
iii)	Earning per share (EPS) (Rs)					
	a) Basic EPS	2.14*	1.34*	5.61*	4.64*	13.50
	b) Diluted EPS	2.14*	1.34*	5.61*	4.62*	13.45
	before Extraordinary items (net of Tax expense)					
	b)) Basic EPS	2.14*	1.34*	5.61*	4.64*	13.50
	Diluted EPS	2.14*	1.34*	5.61*	4.62*	13.45
	after Extraordinary items (net of Tax expense)					
	* Not Annualised					
iv)	NPA Ratios as on date					
	a) Gross NPA	58738	49360	58738	49360	54964
	Net NPA	17274	16706	17274	16706	18861
	b) % of Gross NPA	3.66	3.86	3.66	3.86	3.73
	% of Net NPA	1.11	1.34	1.11	1.34	1.31
	c) Return on Assets-	0.20	0.14	0.54	0.46	0.67
18	Public Shareholding -No of Shares -Percentage of Share holding	134199212 100%	121609178 100%	134199212 100%	121609178 100%	133976322 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:

1. The above financial results for the quarter ended 30th September 2010 have been reviewed by the Audit Committee and approved by the Board in the meeting held on 15TH October 2010.
2. To the extent applicable to the interim financial reporting, the Bank has consistently followed the same accounting policies followed for the preparation of audited financials for the year ended March 31, 2010 which have been subjected to Limited Review by the Central Statutory Auditors.
3. The above results have been arrived at after considering usual and necessary provisions as per RBI guidelines and in accordance with Income Tax Act and applicable Accounting Standards.
4. The Working results for the quarter ended September 30, 2010 have been arrived at after considering provision for loan losses, depreciation on investments and fixed assets on actual basis. The bank has made provisions for various employee benefits like pension, gratuity, etc on an estimated basis. The impact of additional liability on (i) pension benefits arising on account of the 9th Bipartite settlement and (ii) the amendment made to the Payment of Gratuity Act, 1972 has been estimated and amortized over a period of 5 years on pro-rata basis. Provision for Income-tax and other contingencies are on an estimated basis subject to adjustment if any.
5. The Bank has implemented the decision taken at the meeting of State Level Bankers' Committee (SLBC), Karnataka held on 29.09.2010 to restructure eligible advances under Coffee Debt Relief Package 2010 and treat them as Standard assets pending receipt of clarifications /directions from Reserve Bank of India in this regard.
6. The Bank has identified four business segments viz Treasury, Corporate and wholesale banking, Retail Banking and Other Banking operations. The Geographic Segments consist of the Domestic Segment only as the Bank does not have any foreign branch. The segment results are annexed.
7. Status of the shareholders 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	45	45	Nil

8. Corresponding previous period figures have been regrouped / rearranged wherever necessary.

By order of the Board

Place: Bangalore

Date: 15th October 2010

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

SUMMARY BALANCE SHEET AS ON 30th SEPTEMBER 2010

Rs in lakhs

	As on 30.09.2010	As on 30.09.2009
CAPITAL AND LIABILITIES		
Capital	13421	12162
Reserves and Surplus	177590	150479
Deposits	2504531	2158212
Borrowings	91725	40044
Other Liabilities and Provisions	72722	62040
TOTAL	2859989	2422937
ASSETS		
Cash and balances with Reserve Bank of India	177483	128614
Balances with Banks and Money at Call & Short Notice	4075	5908
Investments	1043504	970032
Advances	1568307	1248703
Fixed Assets	14608	14258
Other Assets	52012	55422
TOTAL	2859989	2422937
Contingent Liabilities	928660	951287
Bills for collection	124449	107106

Segment wise Results for the quarter ended 30.09.2010

Rs in Lakhs

Business Segments	3 months ended		6 months ended		year ended
	30.09.2010	30.09.2009	30.09.2010	30.09.2009	Audited 31.03.2010
Segment Revenue					
Treasury	18805	19282	37116	44020	80829
Corporate /Wholesale Banking	21985	16871	42912	33799	66129
Retail Banking	21529	17807	41837	35947	83941
Other Banking Operations	1225	831	3009	1992	4569
Total	63544	54791	124874	115758	235468
Segment Results					
Treasury	-4902	-2668	-6979	-1364	-7768
Corporate /Wholesale Banking	564	-1155	1811	-590	-5135
Retail Banking	5712	3833	11758	8891	30314
Other Banking Operations	965	679	2438	1684	3788
Total	2339	689	9028	8621	21199

Unallocable expenses	549	551	1100	1065	2223
Profit before tax	1790	138	7928	7556	18976
Capital Employed					
(a) Treasury Operations	86871	79441	86871	79441	85826
(b) Corporate Banking	60381	50076	60381	50076	59464
(c) Retail Banking	43725	33107	43725	33107	37934
(d) Other Banking Operations	37	17	37	17	51
Total	191014	162641	191014	162641	183275
Part B - Geographic Segments			-	-	-
There is only one segment i.e. Domestic segment					

"The Karnataka Bank Limited is proposing, subject to receipt of requisite of approvals, market conditions and other considerations, a right issue of its equity shares and to file a Draft Letter of Offer with the Securities and Exchange Board of India".