

Conference Call Transcript

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Karnataka Bank Limited**CORPORATE PARTICIPANTS****P. Jayarama Bhat**

Managing Director and CEO – Karnataka Bank Limited

CONFERENCE CALL PARTICIPANTS**Sapna Laha**

Bajaj Finserv–Mumbai

Kaitav Shah

Anand Rathi–Mumbai

Sweta Sheth

Stewart & Mackertich Wealth Management Limited – Kolkata

Rajiv Pathak

Dolat Capital-Mumbai

Rupen Masalia

R. Associates–Mumbai

Nisha Rupani

PCS Securities Limited–Hyderabad

PRESENTATION**Moderator**

Good morning Ladies and gentlemen, I am Geetha, the moderator for this conference call. Welcome to the conference call of Karnataka Bank Limited. Mr. P. Jayarama Bhat MD & CEO will be your call leader today. For the duration of the presentation all participant lines will be in the listen-only mode. After the presentation the question and answer session will be conducted for all the participants. Now, I hand over the floor to Mr. P. Jayarama Bhat. Thank you and over to you Mr. Bhat.

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Thank you. Welcome to all the participants who are participating in this conference call. This is an analysis of our third quarter results that is, for the period ending December 2013. Yesterday our board of directors had approved the results and we had put these results in our website with an analysis yesterday itself. I hope most of you would have gone through the analysis of the results and let me first highlight some of the points of our results.

Business wise, we have grown year-on-year, deposits by 11.74% and advances by 15.39%. or total business wise we have grown by year-on-year 13% and from April 2013 to December 2013, the growth in deposits was 7.29% and advances growth was 7.13%

Coming to the operating surplus year-on-year we have grown by 24.11% that is from Rs 481.73 Crores to Rs 597.90 Crores and quarter-to-quarter we have grown by 9.56% that is from Rs 154 Crores to Rs 168 Crores. Then net profit has grown from Rs 80.06 Crores to Rs 106.69 Crores

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Karnataka Bank Limited

quarter-to-quarter and the growth rate was 33.26% and cumulative for the nine months period net profit was down from Rs 280.68 Crores to Rs 229.81 Crores. You may be aware in the second quarter our net profit was down, that is why the net profit of nine months period was low.

Our net interest income, grew by 18.15%, Rs 682.33 Crores to Rs 806.14 Crores and quarter-to-quarter the net interest income went up from Rs 227.79 Crores to Rs 271.50 Crores a growth rate of 19.19%. Our net interest margin for nine months period ending December 2013 was 2.49 and standalone net interest margin for the third quarter was 2.44 and this was as against 2.36 as of December 31, 2012.

Our return on assets cumulative it was 0.71 for the period ending December 2013 and the third quarter of this year it was 0.96 compared to 0.81 for the quarter of last year and even for the nine months period last year it was 0.97 and this year it is 0.71.

As far as CRAR is concerned we are at 13.01%, tier 1 being 10.41% and tier 2, 2.60% and as per Basel III the tier 1 is 10.26% and tier 2, 2.60% total 12.86%.

Coming to the gross NPA we are at a level of Rs 996.81 Crores forming 3.65% of gross NPA as against September figure of Rs 962.11 crore forming 3.59%. Last year for the December 2012, our gross NPA was Rs 781.24 crore forming 3.30% and as far as net NPA is concerned we are at Rs 599.44 crore as against Rs 511.40 crore last year and Rs 593.09 crore for the period ending September 2013. Percentage wise, it is 2.23 compared to 2.19 of last year and 2.25 as of September 2013.

Our provision coverage ratio stands at 51.01% as against 50.18% as of September 2013 and 48.95% as on December 2012. Our cost to income ratio for the nine months period stands at 50.08 compared to 54.31 for December 2012 standalone for the nine months period it is 51.01 compared to 50.18 for the nine months period last year and cost to income ratio stands at 50.08 compared to 53.90 last September and 49.33 last year and our ROE stands at 10.36% as against 13.67% last year. We have already reached our priority sector advances targets of 40%, now we are at 41.68% and as far as weaker section target we are at 10.86% and our agriculture target of 18% we are likely to reach by March end. We are at 16.67% as on December 2013. These are some of the highlights of our results and I think I have given now the highlights and the rest of our results you would have seen in our analysis of the results which we have published in the website and I straight away leave the floor open to the participants for their questions.

Geetha – Moderator

Participants, we will now begin the question and answer interactive session. Participants who wish to ask questions may please press * and 1. On pressing * and 1 participants will get a chance to present their questions on a first in line basis. To ask a question please press * and 1 now.

The first question comes from Ms. Sapna Laha from Mumbai. Ms. Laha, you may ask your question now.

Sapna Laha – Bajaj Finserv – Mumbai

Sir your fee income, can you tell what has lead to a higher fee income this quarter of Rs 181 Crores?

Karnataka Bank Limited**P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited**

Our fee based income in this quarter went up from Rs 76.98 Crore to Rs 88.11 Crore and for the three months period it went up from Rs 237.04 Crore to Rs 298.69 Crore. There was a regular growth of fee based income almost from Rs 77 Crore to Rs 88 Crores and trading profit almost constant as of December 2012 it was Rs 9.26 crore and this quarter was Rs 9.74 crore and for the December 2013 it was Rs 92.91 Crore as against Rs 31.44 Crores, so total other income has increased from Rs 86.24 Crore to Rs 97.85 Crore in the quarter-to-quarter and cumulative other income grew from Rs 268.46 Crore to Rs 391.60 Crore, so it is almost a normal increase as far as fee based income as well as trading profit quarter-to-quarter and we had earned substantial trading profit in the first quarter of this year that is why our trading profit for the nine months period has gone up from Rs 268 Crore to Rs 391.60 Crore.

Sapna Laha – Bajaj Finserv – Mumbai

Sir, effective tax rate for this quarter is coming to around 16.9% versus 35% last quarter, what is the reduction there?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

That is on account of benefit of that RBI letter on deferred tax liability for the reserves which we have created is called special reserve for infrastructure advances and we had provided it in the month of June by debit to profit and loss account and now we have provided by debit to the reserve account.

Sapna Laha – Bajaj Finserv – Mumbai

Sir, can I get the yield on advances and cost of deposits for quarterly?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Yield on advances stands at 12.39% compared to last year's figure of 12.71% and sequentially that has come down from 12.54% to 12.39%, so yield on advances has come down and cost of deposits has also come down from 8.21% last year's third quarter to 7.94% and sequentially it was 7.96% for the period ending September 2013.

Geetha – Moderator

The next question comes from Mr. Kaitav Shah from Mumbai. Mr. Shah you may ask your question now.

Kaitav Shah – Anand Rathi – Mumbai

Good morning sir. First of all congratulations, I have two or three data keeping questions. One is, when you report other income it would also include recoveries. What would be the amount for that during this quarter?

Karnataka Bank Limited**P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited**

Cumulative it is Rs 29.88 Crore for the nine months period and for September we have recorded Rs 24.92 crore, so difference is around Rs 4.96 Crore this quarter.

Kaitav Shah – Anand Rathi – Mumbai

Have we seen any traction this time on forex income?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Forex income there was a regular growth exchange profit has grown for this quarter by Rs 8.41 Crore and that was Rs 9.73 crore last year, sequentially it was Rs 9.73 crore, it was Rs 8.41crore almost difference of Rs 1 Crore.

Kaitav Shah – Anand Rathi – Mumbai

Secondly what would be now the gold loan portfolio outstanding?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Gold loan portfolio outstanding as on December 31st, we are at Rs 2521.40 Crore forming 9.22%. As of December 31, 2012, it was Rs 1880.76 Crores, growth rate of 34%.

Kaitav Shah – Anand Rathi – Mumbai

Sir, quarter-on-quarter is it down or nearly flattish?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Quarter-on-quarter it is not down, it has grown by about Rs 30 Crores.

Kaitav Shah – Anand Rathi – Mumbai

In terms of restructuring what is the gross addition in this quarter for restructuring?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

~~Restructured accounts~~ This quarter we have restructured Rs 163.67 Crores, nine borrowal accounts and as I had already told you one to one we have second time restructured our power sector that is not there in the figure, as it is already restructured account.

Kaitav Shah – Anand Rathi – Mumbai

Karnataka Bank Limited

So that would go out of your book?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

No, it will not go out of the book but it is there in the restructured portfolio, rest restructuring in this quarter was Rs 163.67 Crores, one is NPA account Rs 23.30 Crores.

Kaitav Shah – Anand Rathi – Mumbai

Any slippages from restructured account during this quarter?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

No.

Kaitav Shah – Anand Rathi – Mumbai

Slippages remain at Rs 170 Crores?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Rs 194.84 Crores.

Kaitav Shah – Anand Rathi – Mumbai

Sir, how is your NRE and FCNR deposits being playing out, has there been any growth for the year?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

That is regular inflow that is all, there is no aggressive inflow, and regular inflow is there.

Kaitav Shah – Anand Rathi – Mumbai

What are the gross slippages during the quarter?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

This quarter the gross slippages were 121.32 Crores.

Kaitav Shah – Anand Rathi – Mumbai

What would be recoveries write off upgradation?

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P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Total recoveries were Rs 165.59 Crores, out of that Rs 106.96 Crores were recoveries from this year's NPA and Rs 58.63 Crores was under NPA accounts as of March 31, 2013 and write off is Rs 45.46 Crores.

Kaitav Shah – Anand Rathi – Mumbai

So this is not like sale to ARCIL or anything?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

There was no sale to ARCIL this year.

Kaitav Shah – Anand Rathi – Mumbai

If you can give us break up of provisions in terms of NPA investment?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Provision for this quarter Q3 2013 for NPA provision it was Rs 23.54 crore and for standard advances we have provided Rs 12.87 Crore. For depreciation, it was Rs 4.77 Crore and fair value provision it was negative by 0.39 Crore and others Rs 0.29, Crore total comes to Rs 40.40 Crore compared to Q3 2012, Rs 37.05 Crore. Tax element, Rs 21.65 Crore this quarter compared to Rs 36.92 Crore last quarter, so total Rs 62.05 Crore this quarter compared to Rs 73.97 Crore last quarter.

Kaitav Shah – Anand Rathi – Mumbai

So I think I am done with the bookkeeping, now sir overall how has the quarter been and what is likely to happen according to you over the next one or two quarters if you can give us some color?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Next quarter should be very encouraging. We do not envisage any further slippages. We are containing our slippages percentages. If you look at the slippages for this quarter it was almost 50% of the slippages for the second quarter. Second quarter we had a slippage of Rs 238 Crore, last quarter it was Rs 208 Crore, so compared to these figures this time the slippages were almost 50% and going forward we should expect further reduction in slippages and we are aggressively tackling these NPA accounts and there should be more recoveries compared to the recoveries we had for nine months period.

Kaitav Shah – Anand Rathi – Mumbai

Karnataka Bank Limited

Sir, in terms of overall growth we have done about 16 or 15 odd percent during the quarter year-on-year and it has been driven I can see largely by SME retail book and agri, so corporate is where you have clearly slowed down, how do you see that panning out, for us corporate would be what normality?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Usually, the corporate definition is above Rs 5 Crore we call it as corporate and Rs 5 Crores and below it would be retail, the percentage now stands at 51.50 for corporates and 48.50 for retail and going forward we are aiming at 50:50 for March 31, 2014 and this should give us sufficient inflow of interest income and this is our aim for March 31, 2014 and for March 31, 2015 we would like to see it at 40:60, 40 corporate and 60 retail.

Kaitav Shah – Anand Rathi – Mumbai

Sir when you say less than 5, does it also include SME, some proportion of SME also?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Some proportion of SME and also schematic loans where we have products for these types of loans and gold loans also.

Kaitav Shah – Anand Rathi – Mumbai

So are all the mortgage finance, also added?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Whichever is below 5 Crores comes under this.

Kaitav Shah – Anand Rathi – Mumbai

Sir how have we seen the retail loan doing over the last one quarter?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

It is growing by about 30% year-on-year, there is a growth of about 16.35% under MSME and our schematic loan growth is around 24%.

Kaitav Shah – Anand Rathi – Mumbai

How do you see the yields now progressing because quarter-on-quarter we are slightly lower, now despite slightly better CD ratio we have nearly touched 70 now that is like on track with what we have been saying over some time.

Karnataka Bank Limited**P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited**

Yield should improve because we are concentrating more on retail now, it should improve and if not it will improve by say about 5 basis points.

Kaitav Shah – Anand Rathi – Mumbai

Sir, growth for this year would probably be in the 15-17 range?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Yes, around 17% advances, 17 to 18% and deposit around 14 to 15%.

Geetha – Moderator

The next question comes from Ms. Sweta Sheth from Stewart & Mackertich Wealth Management Limited, Kolkata. Ms. Sheth, you may ask your question now.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

Yes sir, I just wanted to have an idea about your borrowings structure, how much of it is from the short term market and that is one question and secondly I just missed your gross slippages number sir and the recoveries?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Gross slippages in this particular quarter were around Rs 121 Crore and recovery was to the extent of around Rs 58.63 Crore.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

Are these cash recoveries?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Yes, cash recoveries and upgradation all put together.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

Sir, about your borrowing structure this quarter?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Karnataka Bank Limited

I think this quarter we have extended our credit in corporate to a higher extent. We have lent about Rs 700 to Rs 800 Crore under corporates for triple A rated companies and that is why if you have seen our yield rate has also come down and the market was not good and we did not extend our credit to some of the real estate. We were concentrating on corporates but retail growth, natural growth of around 25% in retail sector we have done. In all areas we have extended our credit but we were slightly slow.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

One last question about your tax rate, this quarter you said you have got some benefit about some special reserve created last quarter right, so sir going forward do we expect some more of these benefits coming in on a lower tax rate or it would be around 28-30% which we have been seeing?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Going forward will be a normal tax rate.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

Sir our NII has degrown this quarter if we see quarter on quarter right and net profits has increased, so was it majorly because of the tax benefits we got?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Not tax benefit, as far as depreciation investment is concerned as against September 2013 if you look at the provisions, we had NPA provision of Rs 77.60 Crore in September quarter, as against that the provision was Rs 23.44 Crore this quarter, even depreciation investment also in the September quarter it was Rs 37.17 Crore, this quarter it was only Rs 4.77 Crore and provision for standard advances almost flat by about Rs 3 Crores, so these are the two areas where we got benefited in this particular quarter and as you said tax provision actually as against September quarter we had a tax provision of Rs 15.98 Crore, this quarter it was Rs 21.65 Crore it has increased actually.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

Sir I was looking at your tax rate basically?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Going forward I think our tax rate will be a normal rate.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

Sir, one last question about power sector, you said restructuring has been done the second time. Can you just explain that a little more?

Karnataka Bank Limited**P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited**

As per the scheme we have restructured our power sector portfolio. We had an exposure of Rs 733.81 Crore in cash, so restructuring and in the credit portfolio the amount outstanding was Rs 453.25 Crore and the rest has been converted in to bonds Rs 80.56 Crore. We also advanced additional facility under this power sector to the extent of around Rs 146.10 Crore by way of credit and Rs 39.60 Crore by way of bonds.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

Sir, this Rs 146.1 Crore will that be the new advances which have been given?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

No advances to the existing portfolio and totally now the exposure for this power sector is Rs 599.35 Crore, what I am talking is not entire power restructure only the discoms, Jaipur the three accounts that is Uttar Haryana Bijli Vitharan Nigam, Lakshmi Vidyut Vitharan Nigam, Jaipur Vidyut Vitharan Nigam and Jodhpur Vidyut Vitharan Nigam, I am talking about four accounts, the exposure now stands at Rs 600 Crore under credit and around Rs 320 Crore under bonds.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

Sir, what would be the yield on these bonds?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

It is 9.95% in all the case. Except Uttar Haryana it is 9.80%, rest 9.95% with the state government guarantees.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

Sir, wanted to have an idea about your gross NPA and net NPA percentages as in your answer, so what let issues it will be going forward when you have some internal guidances.

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Our internal guidance is to reduce the gross NPA below 3% and around 1.8% net NPA.

Sweta Sheth - Stewart & Mackertich Wealth Management Limited – Kolkata

The thing is basically just three more months to go, sir what percentage of it would be achievable right now in this current economic environment given the elections coming up.

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Karnataka Bank Limited

It is an achievable figure I am telling.

Geetha – Moderator

The next question comes from Mr. Rajiv Pathak Dolat Capital Mumbai. Mr. Pathak you may ask your question now.

Rajiv Pathak – Dolat Capital - Mumbai

Good morning sir, just a question on your priority sector lending, how much is the priority sector portfolio right now as a percentage of our total loans?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

We have already answered that. We are at 41.68% amounting to Rs 10,593 Crores. We have already reached the target.

Rajiv Pathak – Dolat Capital – Mumbai

Sir, how has been the traction, I think I believe you are concentrating on the priority sector loans in the State of Karnataka given the mandate, so how has been the traction in those areas?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Are you talking about percentage of NPA?

Rajiv Pathak – Dolat Capital – Mumbai

No, in terms of priority sector I believe you had a focus on the priority sector loans in Karnataka, so you were concentrating on the tier 2 and tier 3 and moffusil areas, that is what I think you are targeting, so what is the traction you have achieved in those areas?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Growth rate in agriculture sector it is almost 19%, micro sector is around 17-18% and service sector it is around 26%, then others around 17% and total priority sector growth rate is 19%.

Rajiv Pathak – Dolat Capital – Mumbai

Sir is this mostly based in Karnataka or is it ex-Karnataka also?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Karnataka Bank Limited

It is across the country but major concentration in Karnataka. We have about 170 branches which have been named as MSME branches and we have about 44% of rural and semi urban branches where we are concentrating on our agriculture loans. Going forward we got the benefit of agriculture subvention from the government, now we are going actively and disbursing loans under crop loans below Rs 3 lakhs.

Geetha - Moderator

The next question comes from Mr. Rupen Masalia, R. Associates, Mumbai. Rupen you may ask your question now.

Rupen Masalia – R. Associates – Mumbai

Good morning sir. Basically my question pertains to restructured loan book. Can you give me your provision coverage for this portfolio, restructured loan book?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

As per the requirement of the regulator or the new accounts restructured after May 2013, we have provided 5%. Fully, we have provided and then for existing portfolio we have provided 3.31 to 5%, so total restructured advances, our provision is to the extent of Rs 67.59 Crore and even for NPA we have provided fair value provision, total comes to fair value provision of Rs 67.59 Crores, totally for the restructured portfolio if you include FITL, the impact comes to around 12.3% of the total restructured portfolio.

Rupen Masalia – R. Associates – Mumbai

Where do you see restructured loan book going forward in Q4 and beyond that?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Q4, there are two, three accounts in the pipeline and I think there will be an addition of around Rs 160 to 200 Crores, additional portfolio maybe there, we are trying our level best to see that accounts are not driven to that level but if at all it comes it comes to the extent of Rs 200 Crores and there may be some accounts which may go out of this restructured portfolio also, next there may be net addition of Rs 100 Crores.

Rupen Masalia – R. Associates – Mumbai

Sir, in 2012 you initiated BPR with the help of KPMG, how far have you reached and by when one can see actual benefits?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

The actual benefit will come say in another six months to one year. We are very serious about implementation of all the recommendations given by KPMG and they are also giving us hand-holding support also. They are with us. We have made three waves there; wave 1, wave 2 and

Karnataka Bank Limited

wave 3. Wave 1 we had completed last year that it was identification of areas where we can improve and also some basic improvement. Wave 2 we are in progress almost 75% through. In this mainly what we have concentrated is in business growth we have appointed marketing officers as per their recommendations. There are lot of other areas they have made inroads and we are actively participating in that and you know the economy is also dragging us back even though very good attempt we had made. All these should give us results by say September 2014.

Rupen Masalia – R. Associates – Mumbai

Last question sir, it is pertaining to dividend payout policy; I am talking about payout policy as a percentage of bottomline profit after tax.

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

We will go in to the matrix given by the Reserve Bank. Within that maximum what we can give we will pass it on to our shareholders.

Geetha - Moderator

The next question comes from Ms. Nisha Rupani, PCS Securities Limited, Hyderabad. Ms. Rupani, you may ask your question now.

Nisha Rupani – PCS Securities Limited – Hyderabad

Hi good morning sir. I just had one question. This is regarding the depreciation on investments that you had quoted which was around 4.7 Crores in your P&L and if I look at your notes to accounts I think the seventh note it says that the bank has charged a net depreciation of 24 Crores, so was there any kind of reversal during the quarter sir that lead the expense curtail to 4.7 Crores?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

24 Crores is for the nine months period and that we have deferred an amount of Rs 12 Crore for the next quarter. Out of total depreciation we have provided Rs 24 Crore for the two quarters and 12 Crores is deferred for the next quarter and if the yield level comes down then this provision may go out also. In that case it is a benefit for the bank.

Nisha Rupani – PCS Securities Limited – Hyderabad

Just one confirmation sir, like if I recollect in the second quarter note the net depreciation on investments was around Rs 58 Crore, so now that has come down to Rs 36 Crore right?

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Exactly.

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Geetha – Moderator

At this moment there is no question in the queue. I hand over the floor to Mr. Bhat.

P. Jayarama Bhat - Managing Director and CEO – Karnataka Bank Limited

Thank you. Thanks for the interest shown by all the participants. I think we have clarified all the questions which you have raised and we propose to say that we are growing in right direction and our growth rate is very encouraging and going forward in the fourth quarter we should do better than all the three quarters and we should give excellent results for the bank. Thank you very much.

Geetha - Moderator

Ladies and gentlemen, this concludes the conference call. You may all disconnect your lines. Thank you for connecting to audio conference service from Airtel and have a pleasant day.