



Karnataka Bank Ltd.

Estd : 1924

Regd. & Head Office
P.B. No. 599, Mahaveera Circle
Kankanady, Mangalore - 575 002

Phone : 2228222
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23.01.2013

SECRETARIAL DEPARTMENT

HO/SEC/755/2012-13

The Manager
Listing Department
National Stock Exchange Of India Limited.,
Exchange Plaza,C-1, Block G
Bandra-Kurla Complex,
Bandra (E),
MUMBAI-400 051

Dear Sir,

Reg: The unaudited financial results for the quarter ended 31.12.2012.

Please find enclosed copy of the unaudited financial results for the quarter-ended 31.12.2012 taken on record by the Board of Directors at the meeting held on 23.01.2013. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,


COMPANY SECRETARY

KARNATAKA BANK LIMITED
Regd. Office: Mangalore – 575002

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED 31.12.2012

(Rs. in Lakhs)

		UNAUDITED					AUDITED
		Quarter ended			Nine months ended		Year ended
		Dec'2012	Sep'2012	Dec'2011	Dec'2012	Dec'2011	Mar'2012
1	Interest Earned (a+b+c+d)	96434	94548	79538	280315	224027	310099
a)	Interest/Discount on advances/ bills	71516	70426	61067	209088	170322	236191
b)	Income on Investments	24777	23992	18436	70020	53228	73633
c)	Interest on balances with Reserve Bank of India and other inter bank funds	113	120	16	254	64	99
d)	Others	28	10	19	953	413	176
2	Other Income	8624	8689	8734	26846	25167	34628
3	TOTAL INCOME (1+2)	105058	103237	88272	307161	249194	344727
4	Interest expended	73654	71284	61071	212082	172234	236887
5	Operating expenses (i+ii)	16000	16076	16794	46905	44174	56819
i)	Employees Cost	9413	8306	11532	26257	27098	32495
ii)	Other operating Expenses	6587	7770	5262	20648	17076	24324
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	89654	87360	77865	258987	216408	293706
7	Operating Profit before provisions & contingencies (3-6)	15404	15877	10407	48174	32786	51021
8	Provisions (other than tax) and Contingencies	3705	2275	3839	11686	14590	22162
9	Exceptional Items	0	0	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	11699	13602	6568	36488	18196	28859
11	Tax Expense	3692	1883	-637	8419	1905	4252
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	8007	11719	7205	28069	16291	24607
13	Extraordinary Items (net of tax expense)	0	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	8007	11719	7205	28069	16291	24607
15	Paid up equity share capital Face Value Rs 10/-)	18833	18832	18827	18833	18827	18829



		UNAUDITED					AUDITED
		Quarter ended			Nine months ended		Year ended
		Dec'2012	Sep'2012	Dec'2011	Dec'2012	Dec'2011	Mar'2012
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	---	---	---	---	---	240992
17	Analytical Ratios						
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)						
	Basel I	11.68	11.16	11.81	11.68	11.81	11.95
	Basel II	12.93	12.17	12.46	12.93	12.46	12.84
iii)	Earning per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized						
	- Basic EPS	4.25*	6.22*	3.83*	14.90*	8.66*	13.07
	- Diluted EPS	4.25*	6.22*	3.82*	14.89*	8.64*	13.06
	Earnings per share (EPS) (Rs) after Extraordinary items (net of Tax expense) *Not Annualized						
	- Basic EPS	4.25*	6.22*	3.83*	14.90*	8.66*	13.07
	- Diluted EPS	4.25*	6.22*	3.82*	14.89*	8.64*	13.06
iv)	NPA Ratios as on date						
	Gross NPA	78124	72942	80108	78124	80108	68472
	Net NPA	51140	46431	43879	51140	43879	43520
	% of Gross NPA	3.30	3.22	4.00	3.30	4.00	3.27
	% of Net NPA	2.19	2.08	2.23	2.19	2.23	2.11
	Return on Assets	0.81	1.21	0.85	0.97	0.66	0.73
18	Public Shareholding						
	No of shares	188329050	188306672	188264526	188329050	188264526	188284090
	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



		UNAUDITED					AUDITED
		Quarter ended			Nine months ended		Year ended
		Dec'2012	Sep'2012	Dec'2011	Dec'2012	Dec'2011	Mar'2012
	- 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 31.12.2012

(Rs. in Lakhs)

	Particulars	Quarter ended (unaudited)			Nine Months ended (unaudited)		Year ended (Audited)
		Dec' 2012	Sept' 2012	Dec'2011	Dec' 2012	Dec'2011	Mar' 2012
1	Segment Revenue						
	(a) Treasury Operations	27067	26043	21398	77803	61827	84400
	(b) Corporate Banking	32067	32182	30530	97038	87074	117613
	(c) Retail Banking	43752	42236	34369	124598	94745	135537
	(d) Other Banking Operations	2172	2776	1975	7722	5548	7177
	Total	105058	103237	88272	307161	249194	344727
2	Segment Results (after Provisions before Tax)						
	(a) Treasury Operations	(1759)	(266)	(3561)	(1770)	(11128)	(12716)
	(b) Corporate Banking	1719	3179	1845	5457	4986	401
	(c) Retail Banking	10725	9021	7377	29064	21597	37761
	(d) Other Banking Operations	1594	2248	1452	5456	4335	5603
	Total	12279	14182	7113	38207	19790	31049
	Less: Un-allocable Expenditure	580	581	545	1719	1594	2190
	Profit before Tax	11699	13601	6568	36488	18196	28859
3	Capital employed						
	(a) Treasury Operations	125012	124261	111454	125012	111454	115407
	(b) Corporate Banking	80559	77264	81942	80559	81942	76404
	(c) Retail Banking	81132	77138	64670	81132	64670	66792
	(d) Other Banking Operations	8	37	35	8	35	50
	(e) Unallocated	1200	1193	1154	1200	1154	1168
	Total	287911	279893	259255	287911	259255	259821



Notes forming part of the un-audited financial results for the quarter/Nine months ended 31.12.2012

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 23.01.2013. The same has been subjected to limited review by the Statutory Central Auditors of the Bank;
2. To the extent applicable to the interim financial reporting, the Bank has consistently followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended 31st March, 2012;
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. During the quarter ended December 2012, the bank has raised Rs. 25000.00 lakhs of Lower Tier II Subordinated Debentures/Bonds for augmenting its capital funds.
5. 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 2012 debited its Profit & Loss Account a sum of Rs.2355.75 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.
6. 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.
7. Disclosure about investor complaints: Complaints at the beginning of the period –NIL; Received during the period 93; Disposed off during the period 93 Unresolved as on 31.12.2012 –NIL-.
8. Corresponding previous period figures have been regrouped/ rearranged wherever necessary to make them comparable with current period figures.

By order of the Board


P Jayarama Bhat
Managing Director & C.E.O

Place: Mangalore
Date: 23.01.2013



Vishnu Daya & CO.,
Chartered Accountants
337, Karuna Complex, GF 7 & 3rd Floor
Sampige Road, Malleshwaram
Bangalore 560 003

R K Kumar & Co.,
Chartered Accountants
Congress Buildings 2nd Floor
573, Anna Salai
Chennai 600 006

Limited Review Report

**The Board of Directors
The Karnataka Bank Ltd
Mangalore**

We have reviewed the accompanying statement of unaudited financial results of **The Karnataka Bank Limited** ("the Bank") for the quarter ended 31.12.2012 ("the statement), except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. The preparation and fair presentation of this statement is the responsibility of the Bank's Management and has been approved by the Board of Directors. Our responsibility is to report on these financial statements based on our review.

We conducted our review of the statements in accordance with the Standard on Review Engagement (SRE) 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to enquiries of bank's personnel and analytical procedures applied to financial data and thus provides less assurance than the audit. We have not performed an audit and accordingly, we do not express an audit opinion.

In the conduct of our review, we have relied on the reports received from concurrent auditors of 96 branches. These reports cover 62.37 percent of the advances portfolio of the bank. Apart from these reports, in the conduct of our review, we have also relied upon various returns received from the branches of the bank.



Vishnu Daya & CO.,

Chartered Accountants
337, Karuna Complex, GF 7 & 3rd Floor
Sampige Road, Malleshwaram
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R K Kumar & Co.,

Chartered Accountants
Congress Buildings 2nd Floor
573, Anna Salai
Chennai 600 006

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable Accounting Standards and other recognized Accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement with the stock exchanges including the manner in which it is to be disclosed or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For Vishnu Daya & Co.,
Chartered Accountants
Firm Regn. No. 008456S

(Guruprasad)
Partner
Membership No.219250



For R. K. Kumar & Co.,
Chartered Accountants
Firm Regn. No: 001595S

(B. R. Ashok)
Partner
Membership No. 023313



Date: 23rd January, 2013
Place: Mangalore