

KARNATAKA BANK LTD

REGD & HEAD OFFICE, MANGALORE

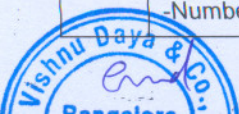
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2013

Rs in Lakhs

		Quarter ended 31.3.2013 (Audited)	Quarter ended 31.12.2012 (Reviewed)	Quarter ended 31.03.2012 (Audited)	Year ended 31.03.2013 (Audited)	Year ended 31.03.2012 (Audited)
1	Interest Earned (a+b+c+d)	96114	96434	86072	376429	310099
a)	Interest/Discount on advances/bills	72684	71516	65869	281772	236191
b)	Income on Investments	23823	24777	20405	93843	73633
c)	Interest on balances with Reserve Bank of India and other inter bank funds	113	113	35	367	99
d)	Others	(506)	28	(237)	447	176
2	Other Income	12918	8624	9461	39764	34628
3	TOTAL INCOME (1+2)	109032	105058	95533	416193	344727
4	Interest expended	73974	73654	64653	286056	236887
5	Operating expenses (i+ii)	19699	16000	12645	66604	56819
i)	Employees Cost	11251	9413	5397	37508	32495
ii)	Other operating expenses	8448	6587	7248	29096	24324
6	TOTAL EXPENDITURE ((4+5) (excluding provisions & Contingencies)	93673	89654	77298	352660	293706
7	Operating Profit before provisions & contingencies (3-6)	15359	15404	18235	63533	51021
8	Provisions (other than tax) and Contingencies	5429	3705	7572	17115	22162
9	Exceptional Items	0	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	9930	11699	10663	46418	28859
11	Tax Expense	3191	3692	2347	11610	4252
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	6739	8007	8316	34808	24607
13	Extraordinary Items (net of tax expense)	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	6739	8007	8316	34808	24607
15	Paid up equity share capital (Face Value Rs 10/-)	18835	18833	18829	18835	18829



		Quarter ended 31.3.2013 (Audited)	Quarter ended 31.12.2012 (Reviewed)	Quarter ended 31.03.2012 (Audited)	Year ended 31.03.2013 (Audited)	Year ended 31.03.2012 (Audited)
16	Reserves excluding revaluation reserves	---	---	----	266873	240992
17	Analytical Ratios					
i)	Percentage of shares held by Government of India	Nil	Nil	Nil	Nil	Nil
ii)	Capital Adequacy Ratio (%)					
	Basel I	11.95	11.68	11.95	11.95	11.95
	Basel II	13.22	12.93	12.84	13.22	12.84
iii)	Earning per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized					
	- Basic EPS	3.58*	4.25*	4.42*	18.48	13.07
	- Diluted EPS	3.57*	4.25*	4.41*	18.46	13.06
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized					
	- Basic EPS	3.58*	4.25*	4.42*	18.48	13.07
	- Diluted EPS	3.57*	4.25*	4.41*	18.46	13.06
iv)	NPA Ratios					
	(a) (i) Gross NPA	63886	78124	68472	63886	68472
	(a) (ii) Net NPA	37775	51140	43520	37775	43520
	(b) (i) % of Gross NPA	2.51	3.30	3.27	2.51	3.27
	(b) (ii) % of Net NPA	1.51	2.19	2.11	1.51	2.11
	(c) Return on Assets	0.89	0.81	0.94	0.89	0.73
18	Public Shareholding					
	No of shares	188343110	188329050	188284090	188343110	188284090
	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



		Quarter ended 31.3.2013 (Audited)	Quarter ended 31.12.2012 (Reviewed)	Quarter ended 31.03.2012 (Audited)	Year ended 31.03.2013 (Audited)	Year ended 31.03.2012 (Audited)
	- 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



SUMMARY BALANCE SHEET AS ON 31ST MARCH 2013

(Rs in lakhs)

	As on	As on
	31.03.2013	31.03.2012
CAPITAL AND LIABILITIES		
Capital	18835	18829
Reserves and Surplus	266873	240992
Deposits	3605622	3160833
Borrowings	157976	114707
Other Liabilities and Provisions	103332	96796
TOTAL	4152638	3632157
ASSETS		
Cash and balances with Reserve Bank of India	171796	170475
Balances with Banks and Money at Call & Short Notice	23584	16082
Investments	1343248	1284123
Advances	2520768	2072070
Fixed Assets	16696	15223
Other Assets	76546	74184
TOTAL	4152638	3632157



SEGMENT RESULTS FOR THE QUARTER/YEAR ENDED 31.03.2013

Business Segments

(Rs. in lakhs)

	Segment-wise Results	3 Months ended			Year ended	
	Particulars	31.03.2013 Audited	31.12.2012 Reviewed	31.03.2012 Audited	31.03.2013 Audited	31.03.2012 Audited
		(Rs. in Lakhs)				
1	Segment Revenue					
	(a) Treasury Operations	26592	27067	22573	104395	84400
	(b) Corporate Banking	37493	32117	30539	134912	117613
	(c) Retail Banking	42832	43870	40792	168125	135537
	(d) Other Banking Operations	2115	2004	1629	8761	7177
	Total	109032	105058	95533	416193	344727
2	Segment Results (after Provisions before Tax)					
	(a) Treasury Operations	-825	-1759	-1584	-2595	-12712
	(b) Corporate Banking	3405	1237	-4363	7381	1048
	(c) Retail Banking	6852	11342	15942	38262	37114
	(d) Other Banking Operations	1182	1459	1263	5773	5599
	Total	10614	12279	11258	48821	31049
	Less: Un-allocable Expenditure	684	580	595	2403	2190
	Profit before Tax	9930	11699	10663	46418	28859
3	Capital employed					
	(a) Treasury Operations	116054	125012	115407	116054	115407
	(b) Corporate Banking	87647	80559	76404	87647	76404
	(c) Retail Banking	80750	81132	66792	80750	66792
	(d) Other Banking Operations	23	8	50	23	50
	(e) Unallocated	1234	1200	1168	1234	1168
	Total	285708	287911	259821	285708	259821



Notes forming part of audited financial results of the Bank for the Quarter/year ended March 31, 2013

1. The above audited financial results have been reviewed by the audit committee on 15th May 2013 and approved by the Board of Directors' of the Bank at their meeting held on 15th May 2013.
2. The working results of the Bank for the quarter/year ended March 31, 2013 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 2013 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, 2012
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. 47.17 crore and Rs. 15.65 crore towards Pension and gratuity respectively will be dealt with as per the guidelines of the Reserve bank of India
5. During the year, the bank has raised Rs. 250.00 Crore of Lower Tier II Subordinated Debentures/Bonds for augmenting its capital funds.
6. 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.
7. 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.
8. The figures of the last quarter 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 of the current financial year.
9. 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	24	24	NIL

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

Place: Mangalore

Date: 15th May 2013



By order of the Board

P Jayarama Bhat

Managing Director & C.E.O.



Independent Auditors' Report

To,

The Shareholders of The Karnataka Bank Limited

Report on the Financial Statements:

1. We have audited the accompanying financial statements of The Karnataka Bank Limited as at 31st March 2013, which comprises the Balance Sheet as at 31st March 2013; the Profit and Loss Account and the Cash Flow Statement for the year then ended; and a summary of significant Accounting Policies and other explanatory information. Incorporated in these financial statements are the returns of 28 branches audited by us and balance 522 branches / 25 offices audited by Branch Auditors. The Branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued by the Reserve Bank of India.

Management's responsibility for the Financial Statements:

2. Management is responsible for the preparation of these financial statements in accordance with the Banking Regulation Act, 1949. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the



circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes thereon, give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956, in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the bank as at 31st March, 2013;
 - (ii) in the case of the Profit and Loss Account, of the profits for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.

Report on other legal and Regulatory requirements:

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 read with section 211 of the Companies Act, 1956;
8. Subject to the limitations of the audit indicated in paragraph 1 to 5 above, we report that:
 - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory.
 - b. the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and



c. the returns received from the Offices and Branches of the Bank have been found adequate for the purposes of our audit.

9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

10. We further report that:

- (i) the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of accounts and returns;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the bank so far as appears from our examination of those books;
- (iii) the reports on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us;
- (iv) as per information and explanation given to us the Central Government has, till date, not prescribed any cess payable under section 441A of the Companies Act., 1956.
- (v) on the basis of the written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Guruprasad

Guruprasad
Partner

Membership No. 219250



For R K Kumar & Co.
Chartered Accountants
Firm Registration No. 001595S

B R Ashok

B R Ashok
Partner

Membership No. 023313



Mangalore
May 15, 2013