F. No. 1303 (H.O.)

Karnataka Bank Ltd.

Estd : 1924

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

Phone : 0824 - 2228222 Fax : 0824-2225588
Website : www.karnatakabank.com
email : info@ktkbank.com

24.01.2014 SECRETARIAL DEPARTMENT

HO/SEC/632/2013-14

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 31.12.2013.

Please find enclosed copy of the unaudited financial results for the quarter-ended 31.12.2013 taken on record by the Board of Directors at the meeting held on 24.01.2014. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,

COMPANY SECRETARY

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KARNATAKA BANK LIMITED

Regd. Office: Mangalore – 575002

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/NINE MONTHS ENDED DEC 31, 2013

(Rs. in Lakh)

		UNAUDITED					AUDITED
		Quarter ended			Nine months ended		Year ended
		Dec'2013	Sep'2013	Dec'2012	Dec'2013	Dec'2012	Mar'2013
1	Interest Earned (a+b+c+d)	**106769**	106469	96434	**313023**	280315	**376429**
a)	Interest/Discount on advances/ bills	**81190**	79851	71516	**236855**	209088	**281772**
b)	Income on Investments	**26209**	25759	24777	**75804**	70020	**93843**
c)	Interest on balances with Reserve Bank of India and other inter bank funds	**11**	95	113	**234**	254	**367**
d)	Others	**-641**	764	28	**130**	953	**447**
2	Other Income	**9785**	8780	8624	**39160**	26846	**39764**
3	TOTAL INCOME (1+2)	**116554**	115249	105058	**352183**	307161	**416193**
4	Interest expended	**79619**	78015	73654	**232409**	212082	**286056**
5	Operating expenses (i+ii)	**20060**	20070	16000	**59984**	46905	**66604**
i)	Employees Cost	**11758**	11286	9413	**34557**	26257	**37508**
ii)	Other operating Expenses	**8302**	8784	6587	**25427**	20648	**29096**
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	**99679**	98085	89654	**292393**	258987	**352660**
7	Operating Profit before provisions & contingencies (3-6)	**16875**	17164	15404	**59790**	48174	**63533**
8	Provisions (other than tax) and Contingencies	**4041**	12671	3705	**24001**	11686	**17115**
9	Exceptional Items	**0**	0	0	**0**	0	**0**
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	**12834**	4493	11699	**35789**	36488	**46418**
11	Tax Expense	**2164**	1598	3692	**12807**	8419	**11610**
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	**10670**	2895	8007	**22982**	28069	**34808**
13	Extraordinary Items (net of tax expense)	**0**	0	0	**0**	0	**0**
14	Net Profit (+)/Loss (-) for the period (12-13)	**10670**	2895	8007	**22982**	28069	**34808**
15	Paid up equity share capital Face Value Rs 10/-)	**18842**	18842	18833	**18842**	18833	**18835**
16	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	**266873**	266873	240992	**266873**	240992	**266873**
17	Analytical Ratios						
i)	Percentage of shares held by Government of India	**Nil**	Nil	Nil	**Nil**	Nil	**Nil**

		UNAUDITED					AUDITED
		Quarter ended			Nine months ended		Year ended
		Dec'2013	Sep'2013	Dec'2012	Dec'2013	Dec'2012	Mar'2013
ii)	Capital Adequacy Ratio (%)						
	Basel II	**13.01**	13.47	12.93	**13.01**	12.93	**13.22**
	Basel III	**12.86**	13.22	NA	**12.86**	NA	**NA**
iii)	Earning per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized						
	- Basic EPS	**5.66***	1.54 *	4.25*	**12.20***	14.90*	**18.48**
	- Diluted EPS	**5.66***	1.54 *	4.25*	**12.19***	14.89*	**18.46**
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized						
	- Basic EPS	**5.66***	1.54*	4.25*	**12.20***	14.90*	**18.48**
	- Diluted EPS	**5.66***	1.54*	4.25*	**12.19***	14.89*	**18.46**
iv)	NPA Ratios as on date						
	Gross NPA	**99681**	96211	78124	**99681**	78124	**63886**
	Net NPA	**59944**	59309	51140	**59944**	51140	**37775**
	% of Gross NPA	**3.65**	3.59	3.30	**3.65**	3.30	**2.51**
	% of Net NPA	**2.23**	2.25	2.19	**2.23**	2.19	**1.51**
	Return on Assets	**0.96**	0.27	0.81	**0.71**	0.97	**0.89**
18	Public Shareholding						
	No of shares	**188409936**	188407202	188329050	**188409936**	188329050	**188343110**
	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**
	- 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**

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KAMALA & RAJU CHARTERED ACCOUNTANTS

SEGMENT RESULTS FOR THE QUARTER /NINE MONTHS ENDED 31.12.2013

(Rs. in Lakhs)

	Particulars	Quarter ended (un-audited)			Nine Months ended (un-audited)		Year ended (Audited)
		Dec' 2013	Sept' 2013	Dec'2012	Dec' 2013	Dec'2012	Mar' 2013
1	**Segment Revenue**						
	(a) Treasury Operations	27628	28041	27067	88917	77803	104395
	(b) Corporate Banking	39415	37681	32357	115476	97419	134912
	(c) Retail Banking	47628	47602	44245	140654	126355	169545
	(d) Other Banking Operations	1883	1925	1389	7136	5584	7341
	Total	**116554**	**115249**	**105058**	**352183**	**307161**	**416193**
2	**Segment Results (after Provisions before Tax)**						
	(a) Treasury Operations	(3185)	(4674)	(1773)	(188)	(1770)	(2595)
	(b) Corporate Banking	5250	388	1482	7150	3910	7285
	(c) Retail Banking	9936	7901	11605	25048	32329	39486
	(d) Other Banking Operations	1505	1531	965	5723	3738	4645
	Total	**13506**	**5146**	**12279**	**37733**	**38207**	**48821**
	Less: Un-allocable Expenditure	672	653	580	1944	1719	2403
	Profit before Tax	**12834**	**4493**	**11699**	**35789**	**36488**	**46418**
3	**Capital employed**						
	(a) Treasury Operations	128227	125668	125012	128227	125012	116054
	(b) Corporate Banking	86924	84967	80874	86924	80874	87647
	(c) Retail Banking	89338	86140	80817	89338	80817	80750
	(d) Other Banking Operations	155	24	8	155	8	23
	(e) Unallocated	1375	1251	1200	1375	1200	1234
	Total	**306019**	**298050**	**287911**	**306019**	**287911**	**285708**

PART B: GEOGRAPHIC SEGMENTS: There is only one Segment i.e. Domestic Segment

Notes forming part of the un-audited financial results for the quarter/nine months ended December 31, 2013

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 Jan 24, 2014. The same has been subjected to limited review by the Statutory Central Auditors of the Bank;

2. For the preparation of these financial results, the Bank has followed the same accounting policies and generally accepted practices adopted for the preparation of audited financial statements for the year ended March 31, 2013.

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. 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 31, 2013 debited its Profit & Loss Account a sum of Rs 2355.75 lakh 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.

5. In terms of RBI circular DBOD. No. BP.BC.88/21.06.201/2012-13 dated March 28, 2013, banks have been advised to disclose Capital adequacy ratio computed under Basel III regulations from the quarter ended 30th June 2013. Accordingly, corresponding details for the previous years/periods are not applicable.

6. In accordance with the RBI circular DBOD.NO.BP.BC 2/21/06.201/2013-14 dated July 01, 2013 Banks are required to make half yearly Pillar III disclosure under Basel III capital requirements with effect from Sept 30, 2013. The bank has made these disclosures available on its web site at http://ktkbank.com/ktk/BaselDisclosures.jsp#. These disclosures have not been subjected to a limited review by the auditors.

7. The Reserve Bank of India vide its circular NO DBOD/BP.BC NO 41/21.04.141/2013-14 dated Aug 23, 2013, has permitted the banks to (i) retain SLR holdings in HTM category at 24.50% of their NDTL; (ii) transfer SLR securities from AFS / HFT to HTM category up to the limit of 24.50% of NDTL at the lower of book value or market value with an option of valuing such securities as at July 15, 2013 and (iii) distribute the net depreciation on the entire AFS and HFT portfolios on each of the valuation dates in the current financial year in equal installments

R.K.KUMAR & CO. CHENNAI Chartered Accountants
KAMATH & RAU CHARTERED ACCOUNTANTS

during the financial year 2013-14. Consequently, the bank has transferred SLR securities with a book value of Rs. 88465.05 lakh from AFS to HTM category and has fully recognized the valuation loss of Rs. 1677.27 lakh. Further, in accordance with aforesaid RBI circular, out of the net depreciation on investments of Rs. 3639.66 lakh as at Dec 31, 2013, the bank has charged a net depreciation of Rs.2426.44 lakh.

8. 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.

9. Disclosure about investor complaints: Complaints at the beginning of the period Nil, Received during the period 28; Disposed off during the period 28 Unresolved as on Dec 31, 2013 Nil.

10. 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: BANGALORE
DATE: 24-01-2014

For R.K. KUMAR & Co.
Chartered Accountants
FIRM Regn. No: 001595S

(C.R. SUNDARARAJAN)
Partner - Mem. No: 025400

For KAMATH & RAU
CHARTERED ACCOUNTANTS
Firm Reg. No. 001689S

(SRINIVAS S. KAMATH - PARTNER)
Membership No. 201716

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

Kamath & Rau
Chartered Accountants
Karangalpady
Mangalore 575003

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF THE KARNATAKA BANK LIMITED

We have reviewed the accompanying statement of unaudited financial results of The Karnataka Bank Limited for the quarter/Nine months ended 31.12.2013, except for 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 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. 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 97 branches. These reports cover 62.42 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.

R.K. KUMAR & CO. CHENNAI Chartered Accountants

KAMATH & RAU CHARTERED ACCOUNTANTS

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

Kamath & Rau
Chartered Accountants
Karangalpady
Mangalore 575003

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying interim statement of unaudited financial results prepared in accordance with applicable Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) 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 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 R. K. Kumar & Co.
Chartered Accountants
Firm Regn.No.001595S

(C R Sundararajan)
Partner
Membership No. 025400

Date: 24th January, 2014
Place: Bangalore

For Kamath & Rau
Chartered Accountants
Firm Regn. No. 001689S

(Srinivas S. Kamath)
Partner
Membership No. 201716