F. No. 1303 (H.O.)

Karnataka Bank Ltd.

Estd : 1924

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

Phone : 2228222
Grams : Abhyuday
Fax : 0824-2225588 / 2225589

20.07.2012 SECRETARIAL DEPARTMENT

HO/SEC/850/2012-13

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 30.06.2012.

Please find enclosed copy of the unaudited financial results for the quarter ended 30.06.2012 taken on record by the Board of Directors at the meeting held on 20.07.2012. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,

COMPANY SECRETARY

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Vishnu Daya & CO.,
Chartered Accountants
337, Karuna Complex, 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 30.06.2012 ("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.

VISHNU DAYA & CO. ★ CHARTERED ACCOUNTANTS ★ F.R. No. 0084565 BANGALORE 560 003

R.K. KUMAR & CO. ★ CHENNAI ★ Chartered Accountants

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

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

In the conduct of our Review we have relied on the reports received from concurrent auditors of 100 branches. These reports cover 68.85 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.

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: 20th July, 2012
Place:Mangalore

KARNATAKA BANK LIMITED

Regd. Office: Mangalore – 575002

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30.06.2012

(Rs. in Lakhs)

		Quarter ended 30.06.2012 (unaudited)	Quarter ended 31.3.2012 (unaudited)	Quarter ended 30.06.2011 (unaudited)	Year ended 31.03.2012 (Audited)
1	Interest Earned (a+b+c+d)	89774	86828	68679	311288
a)	Interest/Discount on advances/bills	67587	66625	51694	237380
b)	Income on Investments	21251	20405	16960	73633
c)	Interest on balances with Reserve Bank of India and other inter-bank funds	21	35	10	99
d)	Others	915	-237	15	176
2	Other Income	9092	8705	8210	33439
3	TOTAL INCOME (1+2)	98866	95533	76889	344727
4	Interest expended	67144	64653	53311	236887
5	Operating expenses (i+ii)	14829	12645	12870	56819
i)	Employees Cost	8538	5397	7779	32495
ii)	Other operating expenses	6291	7248	5091	24324
6	TOTAL EXPENDITURE ((4+5) (excluding provisions & Contingencies)	81973	77298	66181	293706
7	Operating Profit before provisions & contingencies (3-6)	16893	18235	10708	51021
8	Provisions (other than tax) and Contingencies	5706	7572	5958	22162
9	Exceptional Items	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	11187	10663	4750	28869
11	Tax Expense	2844	2347	-228	4252
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	8343	8316	4978	24607
13	Extraordinary Items (net of tax expense)	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	8343	8316	4978	24607
15	Paid up equity share capital (Face Value Rs 10/-)	18830	18829	18822	18829
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
ii)	Capital Adequacy Ratio (%)				
	i) Basel –I	11.54	11.95	12.38	11.95
	ii) Basel - II	12.50	12.84	13.05	12.84

R.K. KUMAR & CO. CHENNAI Chartered Accountants

F.R. No. 004356S BANGALORE 560 008 CHARTERED ACCOUNTANTS

KARNATAKA BANK LTD. H.O. MANGALORE ACCOUNTS DEPARTMENT

		Quarter ended 30.06.2012 (unaudited)	Quarter ended 31.3.2012 (unaudited)	Quarter ended 30.06.2011 (unaudited)	Year ended 31.03.2012 (Audited)
iii)	Earning per share (EPS) (Rs)				
	a) Basic EPS	4.43*	4.42*	2.64*	13.07
	b) Diluted EPS	4.43*	4.41*	2.64*	13.06
	before Extraordinary items (net of Tax expense)				
	b)) Basic EPS				
	Diluted EPS	4.43*	4.42*	2.64*	13.07
	after Extraordinary items (net of Tax expense)	4.43*	4.41*	2.64*	13.06
	* Not Annualised				
iv)	NPA Ratios as on date				
	a) Gross NPA	72729	68472	67732	68472
	Net NPA	42976	43520	33796	43520
	b) % of Gross NPA	3.31	3.27	3.68	3.27
	% of Net NPA	1.99	2.11	1.87	2.11
	c) Return on Assets-	0.90	0.94	0.62	0.73
18	Public Shareholding				
	-No of Shares	188294456	188284090	188205757	188284090
	-Percentage of Share holding	100%	100%	100%	100%
19	Promoters and Promoter group shareholding				
	a) Pledged /encumbered				
	-Number of shares	NA	NA	NA	NA
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	NA	NA	NA	NA
	-Percentage of shares (as a % of the total share capital of the company.	NA	NA	NA	NA
	b) Non-encumbered				
	-Number of shares	NA	NA	NA	NA
	- Percentage of shares(as a % of the total shareholding of promoter and promoter group)	NA	NA	NA	NA
	-Percentage of shares (as a % of the total share capital of the company.	NA	NA	NA	NA

R.K. KUMAR & CO. CHENNAI Chartered Accountants

VISHNUDAYA & CO. F.R. No. 0034565 BANGALORE 560 001 CHARTERED ACCOUNTANTS

KARNATAKA BANK LTD. ACCOUNTS DEPARTMENT H.O. MANGALORE

SEGMENT RESULTS FOR THE QUARTER ENDED 30.06.2012

	Particulars	Quarter ended 30.06.2012 (Unaudited)	Quarter ended 31.03.2012 Unaudited	Quarter end 30.06.2011 (Unaudited)	Year ended 31.03.2012 (Audited)
		(Rs. in Lakhs)			
1	**Segment Revenue**				
	(a) Treasury Operations	24693	22573	19565	84400
	(b) Corporate Banking	32790	30539	27904	117613
	(c) Retail Banking	38609	40792	27299	135537
	(d) Other Banking Operations	2774	1629	2121	7177
	Total	**98866**	**95533**	**76889**	**344727**
2	**Segment Results (after Provisions before Tax)**				
	(a) Treasury Operations	-4380	-5487	-7788	-29795
	(b) Corporate Banking	1075	-3484	2477	2719
	(c) Retail Banking	13306	18907	8883	52159
	(d) Other Banking Operations	1745	1323	1700	5967
	Total	**11746**	**11259**	**5272**	**31050**
	Less: Unallocable Expenditure	559	596	522	2191
	Profit before Tax	**11187**	10663	**4750**	**28859**
3	**Capital employed**				
	(a) Treasury Operations	117220	115407	102471	115407
	(b) Corporate Banking	77012	76404	75920	76404
	(c) Retail Banking	72707	66792	55101	66792
	(d) Other Banking Operations	41	50	43	50
	(e) Unallocated	1188	1168	1163	1168
	Total	**268169**	**259821**	**234698**	**259821**

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

R.K. KUMAR & CO. ★ CHENNAI ★ Chartered Accountants

VISHWANATH & CO. ★ CHARTERED ACCOUNTANTS ★ F/R. No. 008454S BANGALORE 560 003

KARNATAKA BANK LTD. H.O. MANGALORE ACCOUNTS DEPARTMENT

Notes forming part of the un-audited financial results for the quarter ended 30.06.2012

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 20th July, 2012. 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 figures for the quarter ended 31st March 2012 are the balancing figures between the audited figures for the full financial year 2011-12 and the published year to date figures up to the end of the third quarter of the financial year 2011-12

4. 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, gratuity etc., 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.

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 quarter ended June 2012 debited its Profit & Loss Account a sum of Rs. 785.25 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 10, Disposed off during the period 10, unresolved as on 30.06.2012 - 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: 20th July 2012