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

21.10.2013 SECRETARIAL DEPARTMENT

HO/SEC/468/2013-14

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 30.09.2013.

Please find enclosed copy of the unaudited financial results for the quarter-ended 30.09.2013 taken on record by the Board of Directors at the meeting held on 21.10.2013. A copy of the limited review report of the Statutory Auditors is enclosed.

Thank You,

Yours faithfully,

COMPANY SECRETARY

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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 Period ended 30.09.2013, 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 94 branches. These reports cover 59.07 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 ★ Firm Reg. No. ★ CHARTERED ACCOUNTANTS

R K Kumar & Co.,
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

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

(Srinivas S. Kamath)
Partner
Membership No. 201716

Date: 21st October, 2013
Place: Mangalore

KARNATAKA BANK LIMITED

Regd. Office: Mangalore – 575002

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER/HALF YEAR ENDED SEPT 30, 2013

(Rs. in Lakhs)

		UNAUDITED					AUDITED
		Quarter ended			Half year ended		Year ended
		30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.03.2013
1	Interest Earned (a+b+c+d)	106469	99785	94548	206254	183881	376429
a)	Interest/Discount on advances/ bills	79851	75814	70426	155665	137572	281772
b)	Income on Investments	25759	23836	23992	49595	45243	93843
c)	Interest on balances with Reserve Bank of India and other inter bank funds	95	128	120	223	141	367
d)	Others	764	7	10	771	925	447
2	Other Income	8780	20595	8689	29375	18222	39764
3	TOTAL INCOME (1+2)	115249	120380	103237	235629	202103	416193
4	Interest expended	78015	74775	71284	152790	138428	286056
5	Operating expenses (i+ii)	20070	19854	16076	39924	30905	66604
i)	Employees Cost	11286	11513	8306	22799	16844	37508
ii)	Other operating Expenses	8784	8341	7770	17125	14061	29096
6	TOTAL EXPENDITURE ((4+5) excluding provisions & Contingencies)	98085	94629	87360	192714	169333	352660
7	Operating Profit before provisions & contingencies (3-6)	17164	25751	15877	42915	32770	63533
8	Provisions (other than tax) and Contingencies	12671	7289	2275	19960	7981	17115
9	Exceptional Items	0	0	0	0	0	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	4493	18462	13602	22955	24789	46418
11	Tax Expense	1598	9045	1883	10643	4727	11610
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	2895	9417	11719	12312	20062	34808
13	Extraordinary Items (net of tax expense)	0	0	0	0	0	0
14	Net Profit (+)/Loss (-) for the period (12-13)	2895	9417	11719	12312	20062	34808
15	Paid up equity share capital (Face value Rs 10/-)	18842	18836	18832	18842	18832	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
ii)	Capital Adequacy Ratio (%)						
	Basel II	13.47	14.08	12.17	13.47	12.17	13.22
	Basel III	13.22	13.86	NA	13.22	NA	NA

KARNATAKA BANK LTD. ACCOUNTS DEPARTMENT H.O. MANGALORE

R.K. KUMAR & CO. CHENNAI Chartered Accountants

KAMATH & RAU CHARTERED ACCOUNTANTS

		UNAUDITED					AUDITED
		Quarter ended			Half year ended		Year ended
		30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.03.2013
iii)	Earnings per share (EPS) (Rs) before extraordinary items(Net of Tax Expenses) * not Annualized.						
	- Basic EPS	1.54 *	5.00*	6.22*	6.54*	10.65*	18.48
	- Diluted EPS	1.54 *	4.99*	6.22*	6.53*	10.64*	18.46
	Earning per share (EPS) (Rs) after extraordinary items(Net of Tax Expenses) * not Annualized.						
	- Basic EPS	1.54*	5.00*	6.22*	6.54 *	10.65*	18.48
	- Diluted EPS	1.54*	4.99*	6.22*	6.53 *	10.64*	18.46
iv)	NPA Ratios as on date						
	Gross NPA	96211	82299	72942	96211	72942	63886
	Net NPA	59309	49189	46431	59309	46431	37775
	% of Gross NPA	3.59	3.22	3.22	3.59	3.22	2.51
	% of Net NPA	2.25	1.96	2.08	2.25	2.08	1.51
	Return on Assets	0.27	0.90	1.21	0.58	1.06	0.89
18	Public Shareholding						
	No of shares	188407202	188348904	188306672	188407202	188306672	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

KARNATAKA BANK LTD. ACCOUNTS DEPARTMENT H.O., MANGALORE
R.K. KUMAR & CO CHENNAI Chartered Accountants
KAMATH & RAU Firm Reg. No. 004693S CHARTERED ACCOUNTANTS

SUMMARY BALANCE SHEET AS ON SEPTEMBER 30,2013

(Rs in lakhs)

	As on	As on
	30.09.2013	30.09.2012
CAPITAL AND LIABILITIES		
Capital	18842	18832
Reserves and Surplus	279208	261061
Deposits	3801371	3396831
Borrowings	214370	146807
Other Liabilities and Provisions	119804	89202
TOTAL	**4433595**	**3912733**
ASSETS		
Cash and balances with Reserve Bank of India	194656	172628
Balances with Banks and Money at Call & Short Notice	3345	18307
Investments	1495958	1404167
Advances	2646870	2239526
Fixed Assets	17180	15598
Other Assets	75586	62507
TOTAL	**4433595**	**3912733**

SEGMENT RESULTS FOR THE QUARTER /HALF YEAR ENDED SEPTEMBER 30,2013

	Segment wise Results	UNAUDITED					AUDITED
		Quarter Ended			Half Year Ended		Year ended
	Particulars	30.09.2013	30.06.2013	30.09.2012	30.09.2013	30.09.2012	31.03.2013
		(Rs. in lakhs)					
1	**Segment Revenue**						
	(a) Treasury Operations	28041	33248	26043	61289	50736	104395
	(b) Corporate Banking	37681	38380	32182	76061	64971	134912
	(c) Retail Banking	47602	45424	42236	93026	80846	169545
	(d) Other Banking Operations	1925	3328	2776	5253	5550	7341
	Total	**115249**	**120380**	**103237**	**235629**	**202103**	**416193**
2	**Segment Results (after Provisions before Tax)**						
	(a) Treasury Operations	-4674	7671	-266	2997	-11	-2595
	(b) Corporate Banking	388	1471	3179	1900	3738	7285
	(c) Retail Banking	7901	7252	9021	15112	18339	39486
	(d) Other Banking Operations	1531	2687	2248	4218	3862	4645
	Total	**5146**	**19081**	**14182**	**24227**	**25928**	**48821**
	Less: Un-allocable Expenditure	653	619	580	1272	1139	2403
	Profit before Tax	**4493**	**18462**	**13602**	**22955**	**24789**	**46418**
3	**Capital employed**						
	(a) Treasury Operations	125668	125587	124261	125668	124261	116054
	(b) Corporate Banking	84967	85130	77264	84967	77264	87647
	(c) Retail Banking	86140	83116	77138	86140	77138	80750
	(d) Other Banking Operations	24	21	37	24	37	23
	(e) Unallocated	1251	1274	1193	1251	1193	1234
	Total	**298050**	**295128**	**279893**	**298050**	**279893**	**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 half year ended SEPTEMBER 30,2013

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 October 21, 2013. 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 half year ended Sept 30, 2013 debited its Profit & Loss Account a sum of Rs 1570.50 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.

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 furnished.

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 the following link. These disclosures have not been subjected to a limited review by the auditors. (Link: http://ktkbank.com/ktk/BaselDisclosures.jsp#)

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 during the financial year 2013-14. Consequently, the bank has transferred SLR securities with a book value of Rs. 88465.05 lakhs from AFS to HTM category and has fully recognized the valuation loss of Rs. 1677.27 lakhs. Further, in accordance with aforesaid RBI circular , out of the net depreciation on investments of Rs. 5847.27 lakhs as at Sept 30, 2013, the bank has charged a net depreciation of Rs. 1949.09 lakhs.

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 48; Disposed off during the period 48 Unresolved as on Sept 30, 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

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

(C R Sundararajan)
Membership No. 025400

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

(Srinivas S Kamath)
Membership No. 201716

Place: Mangalore
Date: Oct 21, 2013