F. No. 1303 (H.O.)

Karnataka Bank Ltd.

Estd : 1924 CIN: L85110KA1924PLC001128

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

15.05.2014

SECRETARIAL DEPARTMENT

HO:SEC:72 :2014-15

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

Kind Attention: Manager - Listing

Dear Sir,

Sub: Audited financial results for the year ended March 31, 2014

Please find enclosed the copy of the audited financial results for the year ended 31.03.2014 taken on record by the Board of Directors at the meeting held on 15.05.2014. The Board has recommended dividend @ Rs.4.00/- per share for the above period.

Thank You,

Yours faithfully,

COMPANY SECRETARY

Document1

KARNATAKA BANK LTD

REGD & HEAD OFFICE, MANGALORE

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2014

(Rs in Lakhs)

		Quarter ended 31.3.2014 (Audited	Quarter ended 31.12.2013 (Reviewed)	Quarter ended 31.03.2013 *(Audited)*	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)
1	Interest Earned (a+b+c+d)	**105860**	106769	96114	**418883**	376429
a)	Interest/Discount on advances/bills	**79300**	81190	72684	**316155**	281772
b)	Income on Investments	**26388**	26209	23823	**102192**	93843
c)	Interest on balances with Reserve Bank of India and other inter bank funds	**39**	11	113	**273**	367
d)	Others	**133**	(641)	(506)	**263**	447
2	Other Income	**11398**	9785	12918	**50558**	39764
3	TOTAL INCOME (1+2)	**117258**	116554	109032	**469441**	416193
4	Interest expended	**80867**	79619	73974	**313276**	286056
5	Operating expenses (i+ii)	**27476**	20060	19699	**87460**	66604
i)	Employees Cost	**17983**	11758	11251	**52540**	37508
ii)	Other operating expenses	**9493**	8302	8448	**34920**	29096
6	TOTAL EXPENDITURE ((4+5) (excluding provisions & Contingencies)	**108343**	99679	93673	**400736**	352660
7	Operating Profit before provisions & contingencies (3-6)	**8915**	16875	15359	**68705**	63533
8	Provisions (other than tax) and Contingencies	**3839**	4041	5429	**27840**	17115
9	Exceptional Items	**0**	0	0	**0**	0
10	Profit (+)/Loss (-) from Ordinary Activities before tax (7-8-9)	**5076**	12834	9930	**40865**	46418
11	Tax Expense	**(3045)**	2164	3191	**9762**	11610
12	Net Profit (+)/Loss (-) from Ordinary activities after Tax (10-11)	**8121**	10670	6739	**31103**	34808

KARNATAKA BANK LTD. ACCOUNTS DEPARTMENT H.O., MANGALORE

R.K. KUMAR & CO. CHENNAI Chartered Accountants

K. MATH & RAU CHARTERED ACCOUNTANTS

		Quarter ended 31.3.2014 (Audited	Quarter ended 31.12.2013 (Reviewed)	Quarter ended 31.03.2013 *(Audited)*	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)
13	Extraordinary Items (net of tax expense)	**0**	0	0	**0**	0
14	Net Profit (+)/Loss (-) for the period (12-13)	**8121**	10670	6739	**31103**	34808
15	Paid up equity share capital (Face Value Rs 10/-)	**18842**	18842	18835	**18842**	18835
16	Reserves excluding revaluation reserves	---	---	----	**286378**	266873
17	Analytical Ratios					
i)	Percentage of shares held by Government of India	**Nil**	Nil	Nil	**Nil**	Nil
ii)	Capital Adequacy Ratio (%)					
	Basel II	**13.30**	13.01	13.22	**13.30**	13.22
	Basel III	**13.20**	12.86	NA	**13.20**	NA
iii)	Earning per share (EPS) (Rs) before Extraordinary items (net of Tax expense) * Not Annualized					
	- Basic EPS	**4.31***	5.66*	3.58*	**16.51**	18.48
	- Diluted EPS	**4.31***	5.66*	3.57*	**16.50**	18.46
	Earnings per share (EPS) (Rs) after extraordinary items (net of Tax expense) *Not Annualized					
	- Basic EPS	**4.31***	5.66*	3.58*	**16.51**	18.48
	- Diluted EPS	**4.31***	5.66*	3.57*	**16.50**	18.46
iv)	NPA Ratios					
	(a) (i) Gross NPA	**83593**	99681	63886	**83593**	63886
	(a) (ii) Net NPA	**53804**	59944	37775	**53804**	37775
	(b) (i) % of Gross NPA	**2.92**	3.65	2.51	**2.92**	2.51
	(b) (ii)% of Net NPA	**1.91**	2.23	1.51	**1.91**	1.51
	(c) Return on Assets	**0.71**	0.96	0.66	**0.71**	0.89
18	Public Shareholding					
	No of shares	**188412372**	188409936	188343110	**188412372**	188343110

KARNATAKA BANK LTD. ACCOUNTS DEPARTMENT

R.K.KUMAR & CO. CHENNAI Chartered Accountants

KAMATH & RAU CHARTERED ACCOUNTANTS Firm Reg. No. 0016035 KADRI MALPADY MANGALORE - 3

		Quarter ended 31.3.2014 (Audited	Quarter ended 31.12.2013 (Reviewed)	Quarter ended 31.03.2013 *(Audited)*	Year ended 31.03.2014 (Audited)	Year ended 31.03.2013 (Audited)
	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
	- 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

Notes forming part of audited financial results of the Bank for the Quarter/year ended March 31, 2014

1. The above audited financial results have been taken on record by the audit committee on 15th May 2014 and approved by the Board of Directors' of the Bank at their meeting held on 15th May 2014. The same have been subjected to audit by the statutory central auditors of the bank, in line with guidelines issued by the Reserve Bank of India and as per listing agreement with the stock exchanges.

2. The working results of the Bank for the quarter/year ended March 31, 2014 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 2014 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, 2013

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. 23.59 crore and Rs. 7.82 crore towards Pension and gratuity respectively will be dealt with as per the guidelines of the Reserve bank of India

KARNATAKA BANK LTD. ACCOUNTS DEPARTMENT H.O.

R.K.KUMAR & CO. CHENNAI Chartered Accountants

KAMATH & RAU

5. Employees cost includes Rs. 76.02 crore being the incremental cost on account of liabilities for superannuation Schemes due to change in the bases of estimation in line with the Policy framed by the Board considering the guidelines issued by IBA in this regard.

6 Pursuant to RBI guidelines on Utilization of Floating provisions/Counter Cyclical Provisioning buffer in terms of DBOD.No.BP.95/21.04.048/2013-14 dated Feb 7, 2014 and also in pursuance to the bank's Board approved policy, the bank has utilised a sum of Rs. 3.46 crore from Counter Cyclical buffer account towards the requirements of specific provisions for NPA.

7. During the year, the Bank, pursuant to RBI's circular No DBOD. No. BP .BC. 77/21.04.018/2013-14 dated 20th December 2013, has created DTL of Rs.27.01 crore on Special Reserve for the period up to March 31, 2013 and has adjusted the same directly from the Revenue Reserve. Further, the Bank has created a DTL of Rs. 7.89 crore in respect of the amounts transferred to Special Reserve for the year ended March 31, 2014 by charging of the same to the Profit and Loss Account for the year.

8. In terms of RBI circular DBOD.BP.BC.NO.41/21.04.141/2013-14 dated August 23, 2013 on "Investment Portfolio of the Bank-Classification, valuation and Provisioning", the bank has transferred SLR Securities with the face value of Rs. 900.00 crore (book value of Rs. 884.65 crore) held under "AFS" portfolio to "HTM" Portfolio and loss on such transfers amounting to Rs.16.77 crore has been recognized during the year.

9. Pending finalization of wage revision effective November 1, 2012, the bank has made a provision of Rs. 33.43 crore during the current year on estimated basis. The cumulative provision held there on of on 31.03.2014 aggregates to Rs.55.93 crore.

10. The Bank has recognized the Income Tax Liability of Rs. 143.60 crore on its Book Profits in terms of section 115JB of the Income Tax Act. Out of this a sum of Rs. 135.31 crore being MAT credit entitlement under section 115 JAA of the Income Tax act, 1961 has been recognized and treated as an Asset.

11. In terms of RBI circular DBOD. No. BPBC.88/21.06.201/2012-13 dated 28.03.2013 banks have been advised to disclose the capital Adequacy Ratio computed under Basel III regulations from the quarter ended June 2013.Accordingly; corresponding details for the previous year/periods are not furnished.

12. In accordance with the RBI circular DBOD. No. BPBC.2/21.06.201/2013-14 dated 01.07.2013, banks are required to make half yearly Pillar III disclosures under Basel III capital requirements with effect from 30th September, 2013.The disclosures have been made available on the banks web site at the following link http://ktkbank.com/ktk/BaselDisclosures.jsp#

13. 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.

14. 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.

15. The figures of the last quarter of the current year and the previous year 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.

R.K. KUMAR & CO. CHENNAI Chartered Accountants

KAMATH & RAU Firm Reg. No. 0015098 MANGALPADY MANGALORE - 3 Ph.: 2443415 2443150 CHARTERED ACCOUNTANTS

16. 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	15	15	NIL

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

By order of the Board

P Jayarama Bhat
Managing Director and C.E.O.

Place: Mangalore
Date: 15th May 2014

KARNATAKA BANK LTD. ACCOUNTS DEPARTMENT H.O., MANGALORE

R.K. KUMAR & CO. CHENNAI Chartered Accountants

KAMATH & RAU Firm Reg. No. 001689S MANGALORE - 3 CHARTERED ACCOUNTANTS

SUMMARY BALANCE SHEET AS ON 31ST MARCH 2014

(Rs in lakhs)

	As on 31.03.2014	As on 31.03.2013
CAPITAL AND LIABILITIES		
Capital	18842	18835
Reserves and Surplus	286378	266873
Deposits	4058283	3605622
Borrowings	191519	157976
Other Liabilities and Provisions	147858	103332
TOTAL	**4702880**	**4152638**
ASSETS		
Cash and balances with Reserve Bank of India	215273	171796
Balances with Banks and Money at Call & Short Notice	18467	23584
Investments	1522678	1343248
Advances	2834549	2520768
Fixed Assets	19748	16696
Other Assets	92165	76546
TOTAL	**4702880**	**4152638**

KAMATH & RAU ★ CHARTERED ACCOUNTANTS ★

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

KARNATAKA BANK LTD. ★ ACCOUNTS DEPARTMENT ★ H.O., MANGALORE ★

SEGMENT RESULTS FOR THE QUARTER/YEAR ENDED 31.03.2014

Business Segments

(Rs. in lakhs)

	Segmentwise Results	3 Months ended			Year ended	
	Particulars	31.03.2014 Audited	31.12.2013 Reviewed	31.03.2013 Audited	31.03.2014 Audited	31.03.2013 Audited
		(Rs. in lakhs)				
1	**Segment Revenue**					
	(a) Treasury Operations	28904	27628	26592	117821	104395
	(b) Corporate Banking	33778	39415	37493	149254	134912
	(c) Retail Banking	52255	47628	43190	192909	169545
	(d) Other Banking Operations	2321	1883	1757	9457	7341
	Total	**117258**	**116554**	**109032**	**469441**	**416193**
2	**Segment Results (after Provisions before Tax)**					
	(a) Treasury Operations	-250	-3185	-825	-438	-2595
	(b) Corporate Banking	-2077	5250	3375	5073	7285
	(c) Retail Banking	6432	9936	7157	31480	39486
	(d) Other Banking Operations	1580	1505	907	7303	4645
	Total	5685	13506	10614	43418	48821
	Less: Un-allocable Expenditure	609	672	684	2553	2403
	Profit before Tax	**5076**	**12834**	**9930**	**40865**	**46418**
3	**Capital employed**					
	(a) Treasury Operations	126386	128227	116054	126386	116054
	(b) Corporate Banking	87597	86924	87647	87597	87647
	(c) Retail Banking	89793	89338	80750	89793	80750
	(d) Other Banking Operations	36	155	23	36	23
	(e) Unallocated	1408	1375	1234	1408	1234
	Total	**305220**	**306019**	**285708**	**305220**	**285708**

KARNATAKA BANK LTD. ACCOUNTS DEPARTMENT H.O., MANGALORE

R.K. KUMAR & CO. CHENNAI Chartered Accountants

KAMATH & RAU CHARTERED ACCOUNTANTS

R K Kumar & Co.,
Chartered Accountants
2nd Floor Congress Buildings
573, Mount Road
Chennai 600006

Kamath & Rau
Chartered Accountants
Near Bunts Hostel
Karangalpady
Mangalore 575003

Independent Auditor's Report

To

The Shareholders
The Karnataka Bank Limited
Mangalore

Report on the Financial Statements

1. We have audited the accompanying financial statements of The Karnataka Bank Limited, which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss 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 18 branches/ offices audited by us and 606 branches/offices audited by branch auditors.

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 and Accounting Standards notified under the Companies Act, 1956 ("this Act") read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

R.K. KUMAR & CO. CHENNAI Chartered Accountants

KAMATH & RAU Firm Reg. No. 001695S KARANGALPADY MANGALORE-3 Ph.: 2443415 2443150 CHARTERED ACCOUNTANTS

R K Kumar & Co.,
Chartered Accountants
2nd Floor Congress Buildings
573, Mount Road
Chennai 600006

Kamath & Rau
Chartered Accountants
Near Bunts Hostel
Karangalpady
Mangalore 575003

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 judgement, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 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, 2014;

   (ii) in the case of the Profit and Loss Account of the profit 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.

R.K. KUMAR & CO. CHENNAI Chartered Accountants

KAMATH & RAU CHARTERED ACCOUNTANTS

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2nd Floor Congress Buildings
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Chennai 600006

Kamath & Rau
Chartered Accountants
Near Bunts Hostel
Karangalpady
Mangalore 575003

Emphasis of Matter

7. Without qualifying our opinion, we draw attention to:

   (a) ***Note No. 3.13*** *of the financial statements, regarding deferment of pension and gratuity liability of the bank to the extent of Rs.31.41 crore to be amortized in the next year pursuant to the exemption granted by the Reserve Bank of India from the application of the provisions of Accounting Standard (AS) 15, Employee Benefits vide circular No. DBOD. BP. BC /80/21.04.018/2010-11 dated Feb.9th 2011; and*

   (b) ***Note 8*** *of the financial statements, which describes the accounting treatment of the expenditure on creation of Deferred Tax Liability of Rs. 27.01 crore on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at 31st March 2013, pursuant to RBI's Circular No. DBOD No.BP.BC.77/ 21.04.018 / 2013-14 dated 20th December 2013.*

Report on Other Legal and Regulatory Matters

8. 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.

9. 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 purpose 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.

   (c) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

10. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

R.K. KUMAR & CO. CHENNAI Chartered Accountants

KAMATH & RAU Firm Regn. No. 001535S KARANGALPADY MANGALORE - 3 Ph.: 2443415 2443150 CHARTERED ACCOUNTANTS

R K Kumar & Co.,
Chartered Accountants
2nd Floor Congress Buildings
573, Mount Road
Chennai 600006

Kamath & Rau
Chartered Accountants
Near Bunts Hostel
Karangalpady
Mangalore 575003

11. 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 account and the returns;

(ii) in our opinion, proper books of account 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 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

C R Sundararajan
Partner
M No 025400

R.K. KUMAR & CO. CHENNAI Chartered Accountants

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

Srinivas S Kamath
Partner
M No 201716

Mangalore
May 15, 2014