



Karnataka Bank Ltd.

F. No. 1303 (H.O.)

Estd : 1924

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

Phone : 2228222
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18.10.2012

SECRETARIAL DEPARTMENT

HO: SEC: 500 : 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,

We enclose copy of the press communiqué released by us regarding half yearly results and Net Profit, for your kind information.

Thank You,

Yours faithfully,

COMPANY SECRETARY



Karnataka Bank Ltd.

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P.B. No.599 Mahaveera Circle
Kankanady, Mangalore-575 002

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PLANNING & DEVELOPMENT DEPARTMENT

PRESS RELEASE

Date: 17.10.2012

Karnataka Bank Half Yearly Net Profit ₹200.62 crore up by 121%

Karnataka Bank has registered 120.80% growth in Net Profit during half year ended September 2012 at ₹200.62 crore against ₹90.86 crore for the corresponding period last year. Further, on quarter to quarter basis, there is a jump of net profit from ₹41.08 crore to ₹117.19 crore, thus registering a y.o.y growth rate of 185.27%. The total business has also increased by ₹8448 crore from ₹47,916 crore to ₹56,364 crore during the period, registering a y.o.y growth of 17.63 per cent.

The total deposit increased by ₹5119 crore from ₹28,849 crore to ₹33,968 crore, registering a y.o.y growth of 17.74 per cent. The advances increased by ₹3328 crore from ₹19,067 crore to ₹22395 crore, registering a y.o.y growth of 17.46 per cent. The clientele base increased by 9.61 lakhs from 56.34 lakhs as on September 2011 to 65.95 lakhs as on September 2012.

The retail core deposits constitute 97.57% of total deposits, thus indicating less dependence on whole sale deposits.

Current account and Savings account (CASA) increased by ₹1,226 crore from ₹6,744 crore to ₹7,970 crore, registering a y.o.y growth of 18.2 per cent.

The bank earned a total income of ₹2021.03 crore for the half year ended September 2012 as against ₹1609.22 crore for the corresponding period, registering a growth of 25.59 per cent. The Operating Profit has increased by ₹103.91 crore from ₹223.79 crore (as on September 2011) to ₹327.70 crore (as on September 2012) and the growth rate is 46.43 per cent. The net interest income has increased by ₹121.26 crore from ₹333.27 crore to ₹454.53 crore registering a growth of 36.38 percent. The net interest margin also increased

from 2.06 per cent to 2.40 per cent. The net interest margin of the Bank expanded by 34 basis points to 2.40%.

The annualised Earnings Per Share increased from ₹9.66 as on Sep 30, 2011 to ₹21.30 as on Sep 30 2012. The Book Value per share increased from ₹128.39 to ₹137.98. The capital adequacy ratio stood at 12.17 per cent (under BASEL II standards) against the regulatory requirement of minimum 9 per cent.

Shri P Jayarama Bhat, Managing Director and CEO of the bank, stated that the healthy growth in business coupled with good recoveries has enabled the bank to attain the present level of performance. The retail loan book, which accounted for just 38% of the portfolio a couple of Years back, has steadily increased to 48.67%. On account of this "retail Push", the yield has increased and delinquency has come down. Bank has put in place strategies to increase the retail loans portfolio to a level of at least 60%.

During the half year, the Bank has already opened 7 branches and 57 ATMs and the process of opening of another 40 branches and 41 ATMs is on the way so as to surpass the target of 1000 service outlets by March 2013, consisting of 550 branches and 450 ATMs.

Bank has recently launched 'KBL Mobile'- one more alternate delivery channel for the convenience of its customers. The said "life style changing banking" mobile facility enables customers to make Banking transactions through their mobile sets, 24X7.

Bank has engaged the services of renowned Management Consultants M/s KPMG for its Business Process Reengineering [B.P.R.] project called "PROJECT TEJAS" so as to comprehensively reengineer & reposition its marketing efforts, sector prioritization, delivery channels, employee reskilling, brand building etc. with optimum utilization of all the resources at its disposal. This initiative is aimed at 'high growth n superior quality' across its assets, liabilities, products & services.

Bank has bagged national award- 'Runners-Up' for the Best Banker for Customer Friendliness, instituted by Sunday Standards 'FINWIZ-2012 Bankers award', organized by The New Indian Express. Bank has also been conferred with "The I.B.A. Banking Technology Awards 2011" instituted by Indian Banks



Association. The Bank has been adjudged as the 2nd Runner up under 'BEST RISK MANAGEMENT & SECURITY INITIATIVE' and also the 2nd Runner up under "BEST FINANCIAL INCLUSION INITIATIVE" in the category of Private Sector Banks.

The Bank is aiming to grow at a rate of over 25% during current FY 2012-13, with Business Turnover of ₹65,000 crore consisting of Deposits of ₹39,000 crore and Advances of ₹26,000 crore, said Shri P Jayarama Bhat, Managing Director & CEO of the Bank.

Performance Highlights						
(₹ in crore)						
	Half Year ended			Quarter Ended		
	30.09.12	30.09.11	% Change	30.09.12	30.09.11	% Change
Net Profit	200.62	90.86	120.80%	117.19	41.08	185.27%
Operating Profit	327.70	223.79	46.43%	158.77	116.71	36.04%
Net Interest Income (NII)	454.53	333.27	36.38%	232.65	181.47	28.08%
Advances	22,395	19,067	17.46%	22,395	19,067	17.46%
Deposits	33,968	28,849	17.74%	33,968	28,849	17.74%
Gross NPA	3.22%	4.01%		3.22%	4.01%	
Net NPA %	2.08%	2.22%		2.08%	2.22%	
CRAR %	12.17%	12.85%		12.17%	12.85%	
Net Interest Margin (NIM) %	2.40%	2.06%		2.39%	2.20%	
CASA %	23.47%	23.40%		23.47%	23.40%	
CD Ratio%	65.93%	66.09%		65.93%	66.09%	


Chief Manager