

**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
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29.07.2016

SECRETARIAL DEPARTMENT

HO: SEC: 278 : 2016-17

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

2. The General Manager,
BSE Limited
Corporate Relationship Dept
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI-400 001

Dear Sir,

We enclose copy of the press communiqué released by us for your kind information.

Thank You,
Yours faithfully,

COMPANY SECRETARY



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

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H.O. DEV. PR OR NO 3013 / 16-17. **PRESS RELEASE**

Date: 29-07-2016

KARNATAKA BANK Q1 PROFIT UP BY 11.16% TO RS. 121.54 CRORES

Karnataka Bank posted a stable Q1 FY17 result with net profit growing at 11.16% to Rs. 121.54 crores as against Rs. 109.34 crore during Q1 FY16.

The operating profit of the Bank has increased from Rs. 239.02 crore to Rs. 261.92 crore showing a growth rate of 9.58%. The Net Interest Income has increased by 10.07% on year-on-year basis to Rs. 364.69 crore from Rs. 331.32 crore.

The meeting of the Board of Directors of the Bank, which was held today, here at Mangaluru, has approved the financial statements of Q1 as on 30-06-2016.

The business turnover of the Bank has touched Rs. 86,447 crore as on 30-06-2016, registering a growth rate of 10.66% on year-on-year basis. The deposits of the Bank grew from Rs. 46,767 crore on year-on-basis to Rs. 51,501 crore with a growth rate of 10.12% and advances grew from Rs. 31,352 crore on year-on-year basis to Rs. 34,946 crore with a growth rate of 11.47%. The CASA deposits grew at a rate of 15.49% and reached a level of 26.22% of total deposits as of 30.06.2016, as against 25% as on 30.06.2015.

Gross NPAs stood at Rs 1,389 crore as at the end of Q1 of FY 2016-17, constituting 3.92% of gross advances. Net NPAs stood at Rs. 911 crore as at the end of Q1 of FY 2016-17, constituting 2.61% of net advances.

The capital adequacy ratio of the Bank stood at 11.64% (under Basel III) as at the end of June-2016 as against minimum 9% stipulated by RBI.

“Even though there is some spike in NPAs in Q1 in line with the Industry trend, the NPAs are reasonably contained within the tolerance zone. Further, it is a matter of satisfaction to note that, the preventive measures initiated by the Bank to minimize the collateral damages of NPAs has resulted in safe guarding the bottom line”, said Shri P Jayarama Bhat, MD & CEO of the Bank.

As on 30-06-2016, Bank has 733 branches and 1,297 ATMs, with 52 e-lobbies/mini e-lobbies. The Bank has plans to open another 32 new branches and 203 new ATMs by March-2017 with 48 new e-lobbies/mini e-lobbies, thus aiming for 2,265 service outlets, comprising of 765 branches & 1,500 ATMs with 100 e-lobbies/mini e-lobbies.

The Bank aspires to clock a business turnover of Rs. 96,000 crore for the year 2016-17 comprising of deposits of Rs. 56,500 crore and advances of Rs. 39,500 crore.

PERFORMANCE HIGHLIGHTS

(Rupees in Crore)

Parameters	Q1 FY 2016-17	Q1 FY 2015-16	% change / Variation
Operating Profit	261.92	239.02	9.58%
Net Profit	121.54	109.34	11.16%
Total Income	1,434.96	1,348.17	6.44%
Net Interest Income	364.69	331.32	10.07%
Other Income	174.36	119.12	46.37%
Net Interest Margin (%)	2.55%	2.55%	No change
Return on Assets (%)	0.85%	0.84%	+1 bps
Gross NPA %	3.92%	3.26%	+66 bps
Net NPA %	2.61%	2.05%	+56 bps
CRAR (%) [Basel III]	11.64%	12.07%	[-]43 bps
CASA Ratio (%)	26.22%	25.00%	+122 bps
CD Ratio (%)	67.86%	67.04%	+82 bps
Deposits	51,501.25	46,766.85	10.12%
Advances	34,946.19	31,351.64	11.47%

Srinivas Deshpande
(CHIEF MANAGER - PUBLIC RELATIONS)