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Karnataka Bank Ltd.

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PLANNING & DEVELOPMENT DEPARTMENT

PRESS RELEASE **Dt: 15-05-2014**

KARNATAKA BANK'S Q4 NET PROFIT AT ₹ 81.21 CRORE, UP BY 20.51%.

Mangalore based Premier Private Sector Bank, Karnataka Bank Ltd., has reported an increase of 20.51% in its Q4 Net Profit at ₹ 81.21 crore. In the corresponding period of last year, the net profit was at ₹ 67.39 crore. The meeting of the Board of Directors of the Bank which was held today, here at Mangalore, has approved the audited financial statements. Bank has also proposed a dividend of 40% to its share holders.

The business turnover of the Bank has touched ₹ 68,928 crore as on 31-03-2014, registering a growth rate of 12.51% on year-on-year basis. The deposits of the Bank grew from ₹ 36056.22 crore to ₹ 40582.83 crore with a growth rate of 12.55% and advances grew from ₹ 25207.68 crore to ₹ 28345.49 crore with a growth rate of 12.45 %.

The gross income of the Bank for the year has increased from ₹ 4161.93 crore to ₹ 4694.41 crore recording an annual growth rate of 12.79%. The operating profit of the Bank has increased from ₹ 635.34 crore to ₹687.05 crore showing a growth rate of 8.14%. The Net Interest Income has increased by 16.86 % on year-on-year basis to ₹ 1056.07 crore from ₹ 903.73 crore. The annual Net Profit is ₹ 311.03 crores.

The capital adequacy ratio of the Bank stood at 13.30 % (under Basel II) and at 13.20% (under Basel III) as at the end of March-2014 as against minimum 9% stipulated by RBI.

"The year 2013-14 was a challenging year for the economy on account of various domestic and international factors. Inspite of this, Karnataka Bank has been able to show a modest growth in all spheres of banking and has also made prudent provisions, which goes a long way in strengthening the Balance Sheet. Sustainable growth, containing the NPAs, prudent provisioning, expansion of network of branches and ATMs etc have been the highlights of

Current Year's performance. Going forward, the increased network of branches, implementation of BPR [Business Process Re-engineering] recommendations etc will add to the top line and I am optimistic of an impressive growth in the years to come", said Shri P Jayarama Bhat, MD & CEO of the Bank. "Capital Adequacy of 13.20% as per Basel III, as against the minimum stipulation of 9% by RBI, is a testimony for Bank's inherent strengths", he added.

The Bank which has its presence in 21 states and 2 union territories has opened 50 new branches & 196 ATMs during 2013-14. As on 31-03-2014 Bank has 600 branches and 700 ATMs. The Bank has plans to open 75 more new branches and 300 more new ATMs by March-2015, thus aiming for 1,675 service outlets, consisting of 675 branches & 1000 ATMs.

During the year, Bank has received many recognitions:

1. Bank has bagged the **"ABP News – BFSI [Banking Financial Services & Insurance] Best Bank Award"** under the Category of Private Sector Banks.
2. Bagged the coveted **"Federation of Indian Export Organisations [FIEO]** Southern Region Excellence Award 2012-13",
3. Adjudged as the 2nd Runner up of **"IBA Banking Technology Awards 2012-13"** for Customer Management Initiative under private sector banks category.
4. Adjudged "Runner Up" of **ASSOCHAM Social Banking Excellence Award 2013** under the "Private Sector Banks Category" in recognition of the significant initiatives being undertaken by the Bank in the sphere of social banking.
5. Bagged **"Sunday Standard FINWIZ – 2013** Best Bankers Awards" under 3 categories, viz
    a. Best Bank for Customer Friendliness under the category of Midsized Banks.
    b. Best Banker for Customer Orientation under the category of Private Sector Banks.
    c. Best Banker for HR under the category of Private Sector Banks.
6. Bagged the coveted **IDRBT Banking Technology Excellence Awards** for the year 2012-13 among Small Banks, under 2 categories viz [a] Best Bank Award for Managing IT Risks. [b] Best Bank Award for use of IT for business innovation.

As part of Financial Inclusion initiative, Bank has opened 13 Financial Inclusion branches apart from 17 Ultra Small branches in Unbanked Rural areas during the year 2013-14.

The Bank is eyeing a business turnover of ₹ 83,000 crore for the year 2014-15 comprising of deposits of ₹ 48,000 crore and advances of ₹ 35,000 crore.

PERFORMANCE HIGHLIGHTS

(Rupees in Crore)

Parameters	Q4 FY14	Q4 FY13	% change / Variation	FY14	FY13	% change / Variation
Advances	28345	25208	12.45	28345	25208	12.45
Deposits	40583	36056	12.55	40583	36056	12.55
Total Income	1172.58	1090.32	7.54	4694.41	4161.93	12.79
Other Income	113.98	129.18	-11.77	505.58	397.64	27.15
Net Profit	81.21	67.39	20.51	311.03	348.08	-10.64
Gross NPA %	2.92	2.51%	41 bps	2.92	2.51%	41 bps
Net NPA %	1.91	1.51%	40 bps	1.91	1.51%	40 bps
Net Interest Income	249.93	221.40	12.89	1056.07	903.73	16.86
Net Interest Margin (%)	2.17%	2.17%	Nil	2.40	2.31%	9 bps
CRAR (%) Basel II	13.30	13.22%	8 bps	13.30	13.22%	8 bps
CASA Ratio (%)	25.42	24.92%	50 bps	25.42	24.92%	50 bps
CD Ratio (%)	69.85	69.91%	-6 bps	69.85	69.91%	-6 bps

CHIEF MANAGER [PR]