Karnataka Bank Ltd.

Regd. & Head Office Estd: 1924
P.B. No.599 Mahaveera Circle
Kankanady, Mangalore-575 002

Phone : 0824-2228222
Grams : Abhyudaya, FAX: 0824-2225587
E-mail : plgdev@ktkbank.com

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PLANNING & DEVELOPMENT DEPARTMENT

KARNATAKA BANK'S ANNUAL NET PROFIT UP 41.46% AT ₹ 348.08 crore.

Mangalore based Premier Private Sector Bank, Karnataka Bank Ltd., has posted a net profit of ₹ 348.08 crore for the financial year 2012-13 as against ₹ 246.07 crore for 2011-12 showing a growth rate of 41.46 %.

The business turnover of the Bank has touched ₹ 61263.90 crore registering a growth rate of 17.07 % on year-on-year basis. The deposits of the Bank grew from ₹ 31,608.32 crore to ₹ 36056.22 crore with a growth rate of 14.07 % and advances grew from ₹ 20,720.70 crore to ₹ 25207.68 crore with a growth rate of 21.65 %.

The gross income of the Bank has increased from ₹ 3,447.27 crore to ₹ 4161.93 crore recording a growth rate of 20.73 %. The operating profit of the Bank has increased from ₹ 510.21 crore to ₹ 635.34 crore showing a growth rate of 24.53 %. The Net Interest Income has increased by 23.44 % on year-on-year basis to ₹ 903.73 crore from ₹ 732.12 crore. Bank's Board has also recommended a higher dividend of 40 % as compared to 35% last year.

The Non Performing Assets have shown declining trend. The Net NPA % of the Bank has decreased from 2.11% as on 31.03.2012 (₹435.20 crores) to 1.51 % as on 31.03.2013 (₹377.75 crores). The gross NPA% also decreased from 3.27 % as on 31-03-2012 (₹ 684.72 crores) to 2.51 % as on 31-03-2013 (₹ 638.86 crores)

The capital adequacy ratio of the Bank stood at 13.22 % (under Basel II) as at the end of March-2013 as against minimum 9% stipulated by RBI.

"Good recovery in NPAs & impressive growth in advances have contributed to an all time high net profit of ₹ 348.08 crore" said Sri P Jayarama Bhat, MD & CEO of the Bank.

During Q4 of the FY 13, Bank has earned an Operating profit of ₹ 153.59 crore as compared to ₹ 182.35 crore of Q4 FY12 and Net Profit of ₹ 67.39 crore as compared to ₹ 83.16 crore earned during Q4 FY12. "Bank has acted prudently by making adequate provisions with an intention to strengthen the balance sheet", observed Sri. P. Jayarama Bhat.

The Bank which has its presence in 20 states and 2 union territories has opened 47 new branches & 152 ATMs during 2012-13. As on 31-03-2013 Bank has 550 branches and 504 ATMs. In line with national priority, the Bank has opened 10 financial inclusion branches [FIB] at Arakere, Aiadakatti GP, Hothpet GP, Vibhuthikere GP, Haradanahalli GP, Babbur GP, Chinchali GP, Kodigehalli GP, Jajur GP & Attavara GP, thus taking the total number of FIBs to 19. The Bank has also provided banking facilities through B.C model [Business Correspondents] to the remote villages. Further, Bank has opened 26 Ultra Small Branches [USB] during 2012-13. Bank has also sponsored Financial Literacy and Credit Counselling Centre [FLCC] at Kundugol, Karnataka.

During the year, Bank has received many recognitions, Bank has been adjudged as the (i) **"Best Banker In Customer Friendliness – Runner Up"** in the mid-sized bank category by The Sunday Standard Finwiz 2012, (ii) **"Best Risk Management & Security Initiative – Second Runner Up"** and (iii) **"Best Financial Inclusion Initiative - Second Runner Up"** in the category of Private Sector Banks by the Indian Banking Association, **(iv) "Operational Excellence Award"** by NPCI for ATMs, **(v) "STP Award"** by Bank of New York Mellon for improved payment formatting and Straight Through Process [STP] rate. Further, Bank has secured **"ISO 27001:2005"** certificate of registration from NQA [National Quality Assurance] for its three I.T. set-ups.

The Bank has plans to open 50 more new branches and 100 more new ATMs by March-2014, thus aiming for 1,200 service outlets, consisting of 600 branches & 600 ATMs.

The Bank is eyeing a business turnover of ₹ 78,000 crore for the year 2013-14 comprising of deposit of ₹ 45,500 crore and advances of ₹ 32,500 crore.

The Bank has partnered with M/s KPMG Advisory Services for implementing "Project Tejas", its Business Process Re-engineering initiative which aims at "High growth with superior quality"

PERFORMANCE HIGHLIGHTS

(Rupees in Crore)

Parameters	Q4 FY13	Q4 FY12	% change	FY13	FY12	% change
Advances	25208	20,721	21.65	25208	20,721	21.65
Deposits	36056	31,608	14.07	36056	31,608	14.07
Total Income	1090.32	955.33	14.13	4161.93	3,447.27	20.73
Other Income	129.18	94.61	36.54	397.64	346.28	14.83
Operating Profit	153.59	182.35	(15.77)	635.34	510.21	24.53%
Net Profit	67.39	83.16	(18.96)	348.08	246.07	41.46
Gross NPA %	2.51%	3.27%	(-)76 bps	2.51%	3.27%	(-)76 bps
Net NPA %	1.51%	2.11%	(-)60 bps	1.51%	2.11%	(-)60 bps
Net Interest Income	221.40	214.19	3.37	903.73	732.12	23.44
Net Interest Margin (%)	2.31%	2.19%	12 bps	2.31%	2.19%	12 bps
CRAR (%)	13.22%	12.84%	38 bps	13.22%	12.84%	38 bps
CASA Ratio (%)	24.91%	24.56%	35 bps	24.91%	24.56%	35 `bps
CD Ratio (%)	69.91%	65.55%	436 bps	69.91%	65.55%	436 bps

CHIEF MANAGER PR

Chief Manager - Public Relations
Planning & Development Dept.