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

20.05.2016 SECRETARIAL DEPARTMENT
HO: SEC: 108 : 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,
Bombay Stock Exchange 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

OR. 477/16-17

Karnataka Bank Ltd.

Your Family Bank, Across India.

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

Phone : 0824-2228222 Fax: 0824-2225587
E-Mail : plgdev@ktkbank.com
Website : www.karnatakabank.com
CIN : L85110KA1924PLC001128

PLANNING AND DEVELOPMENT DEPARTMENT

PRESS RELEASE

Date: 20-05-2016

KARNATAKA BANK POSTS ANNUAL NET PROFIT OF Rs. 415.29 CRORE

AND PROPOSES DIVIDEND OF 50%

Mangaluru Head Quartered, Karnataka Bank, has reported a net profit of Rs. 415.29 crore and proposed a dividend of 50% for the Financial Year 2015-16.

The gross income of the Bank for the year has increased from Rs. 5,205.41 crore to Rs. 5535.07 crore recording an annual growth rate of 6.33%. The operating profit of the Bank has increased from Rs. 773.38 crore to Rs. 854.53 crore showing a growth rate of 10.49%. The Net Interest Income has increased by 11.47% on year-on-year basis to Rs. 1302.87 crore from Rs. 1,168.85 crore. The net profit for the fourth quarter ended March 31, 2016 was Rs. 106.79 Crore when compared to the net profit of Rs. 134.42 crore for the corresponding period last year.

The meeting of the Board of Directors of the Bank, which was held today, here at Mangaluru, has approved the audited financial statements of FY 2016.

The business turnover of the Bank has touched Rs. 84,391 crore as on 31-03-2016, registering a growth rate of 8.63% on year-on-year basis. The deposits of the Bank grew from Rs. 46,009 crore to Rs. 50,488 crore with a growth rate of 9.74% and advances grew from Rs. 31,680 crore to Rs. 33,902 crore with a growth rate of 7.02%. The CASA deposits grew at a rate of 15.58% and reached a level of 26.26% of total deposits as of 31.03.2016, as against 24.94% as on 31.03.2015.

The Gross NPAs decreased to 3.44% as at the end of Q4 of FY 2015-16 compared to 3.56% as at the end of Q3 of FY 2015-16. Similarly, the Net NPA decreased to 2.35% as at the end of Q4 of FY 2015-16 compared to 2.41% as at the end of Q3 of FY 2015-16.

The capital adequacy ratio of the Bank stood at 12.03% (under Basel III) as at the end of March-2016 as against minimum 9% stipulated by RBI.

"I am happy to present 4th quarter result, which has not only given a decent net profit, but also contained the NPAs to a large extent, besides strengthening the Balance Sheet. It is all the more important to note that even under adverse economic conditions, Karnataka Bank has been able to deliver a strong and consistent result, thus depicting the strong fundamentals of the Bank. Going forward, I am sure we are entering into a sweet spot." said Shri P Jayarama Bhat, MD & CEO of the Bank.

As on 31-03-2016, Bank has 725 branches and 1,275 ATMs, with 50 e-lobbies/mini e-lobbies. The Bank has plans to open another 40 new branches and 225 new ATMs by March-2017 with 100 new e-lobbies/mini e-lobbies, thus aiming for 2,265 service outlets, comprising of 765 branches & 1,500 ATMs with 150 e- lobbies/mini e-lobbies. Further, Bank has 12 Regional Offices.

During the year, the Bank has won a record number of 8 Excellence Awards from renowned institutions such as IBA, ASSOCHAM, IDRBT, CIMSME & FIEO, under various categories. Bank has also received "Sanman Patra" from the Commissioner of Central Excise & Service Tax for Compliance to Service Tax Provisions and secured "ISO 27001:2013" certificate for its three I.T. set-ups. Recently, the Bank has also won Award of Excellence for "Outstanding Performance in MSME funding" instituted by Federation of Industry, Trade & Services [FITS] and "STP AWARD" from Bank of New York, Mellon in recognition of the Bank's improved payment formatting and Straight-Through Processing success rate.

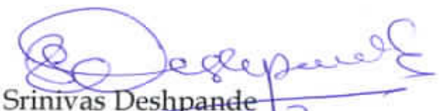
The Bank aspires to clock a business turnover of Rs. 1,00,000 crore with growth rate of 18.5% for the year 2016-17 comprising of deposits of Rs. 58,500 crore and advances of Rs. 41,500 crore.

Chief Manager-Public Relations
Planning & Development Dept.

PERFORMANCE HIGHLIGHTS

(Rupees in Crore)

Parameters	Q4 FY16	Q4 FY15	% change / Variation	FY16	FY15	% change / Variation
Operating Profit	254.37	189.35	34.34%	854.53	773.38	10.49%
Net Profit	106.79	134.42	(-) 20.55%	415.29	451.45	(-) 8.01%
Total Income	1,447.68	1,308.04	10.68%	5,535.07	5,205.41	6.33%
Net Interest Income	359.73	291.32	23.48%	1,302.87	1,168.85	11.47%
Other Income	170.01	111.69	52.22%	542.86	506.99	7.08%
Net Interest Margin (%)	2.57	2.28	29 bps	2.40	2.36	4 bps
Return on Assets (%)	0.76	1.05	(-) 29 bps	0.76	0.91	(-) 15 bps
Gross NPA %	3.44	2.95	49 bps	3.44	2.95	49 bps
Net NPA %	2.35	1.98	37 bps	2.35	1.98	37 bps
CRAR (%) Basel III	12.03	12.41	(-) 38 bps	12.03	12.41	(-) 38 bps
CASA Ratio (%)	26.26	24.94	132 bps	26.26	24.94	132 bps
CD Ratio (%)	67.15	68.86	(-) 171 bps	67.15	68.86	(-) 171 bps
Deposits	50,488	46,009	9.74%	50,488	46,009	9.74%
Advances	33,902	31,680	7.02%	33,902	31,680	7.02%



Srinivas Deshpande
CHIEF MANAGER – PUBLIC RELATIONS