

Karnataka Bank Limited

May 29, 2018

Ratings

Facilities/ Instruments	Amount (Rs. Crore)	Rating	Rating Action
Lower Tier II Bonds (ISIN INE614B09029)	-	-	Withdrawn

Details of instruments/facilities in Annexure-I

Detailed Rationale, Key Rating Drivers and Detailed description of the key rating drivers

CARE has withdrawn the rating assigned to the Lower Tier II Bonds (ISIN INE614B09029) of Karnataka Bank Limited with immediate effect, as the bank has fully repaid the aforementioned NCD issue in full and there is no amount outstanding under the issue as on date.

Analytical approach: Not Applicable

Applicable Criteria

[Policy on Withdrawal of ratings](#)

About the Company

Karnataka Bank Ltd. (KBL) is a Mangalore-based, small-sized, old private sector bank which was set up in 1924. As on March 31, 2018; the branch network was spread across 800 branches and 1374 ATMs and 2 extension counters. The bank has a strong presence in South India with 622 branches as on March 31, 2018 (of which 492 branches are located in Karnataka). All branches are under Core Banking Solution since 2007. The Total Capital Adequacy of the bank under Basel III stood at 12.04%, with Tier I and CET I both at 11.29% as on March 31, 2018 (Mar'17:13.30). Gross NPA and Net NPA stood at 4.92% and 2.96% as on March 31, 2018 (Mar'17: GNPA 4.21%, NNPA 2.64%).

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total Income	5,535	5,995
PAT	415	452
Interest coverage (times)	1.23	1.27
Total Assets	56,500	63,703
Net NPA (%)	2.35	2.64
ROTA (%)	0.77	0.75

A: Audited

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About CARE Ratings:

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an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Bonds-Lower Tier II	-	-	-	-	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Bonds-Lower Tier II	LT	200.00	CARE A; Stable	-	1)CARE A; Stable (09-Oct-17)	1)CARE A (07-Oct-16)	1)CARE A (07-Oct-15)
2.	Bonds-Lower Tier II	LT	-	Withdrawn	-	1)CARE A; Stable (09-Oct-17)	1)CARE A (07-Oct-16)	1)CARE A (07-Oct-15)
3.	Bonds-Lower Tier II	LT	250.00	CARE A; Stable	-	1)CARE A; Stable (09-Oct-17)	1)CARE A (07-Oct-16)	1)CARE A (07-Oct-15)

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