

Karnataka Bank Limited

October 17, 2018

Ratings

Facilities/ Instruments	Amount (Rs. Crore)	Rating	Rating Action
Lower Tier II Bonds (ISIN INE614B08013)	-	-	Withdrawn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CARE has withdrawn the rating assigned to the Lower Tier II Bonds (ISIN INE614B08013) of *Karnataka Bank Limited* with immediate effect, as the bank has fully repaid the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 (March 31, 2017: 765) and 1374 ATMs (March 31, 2017: 1380) and 3 extension counters. The bank has a strong presence in South India with 621 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 as on March 31, 2018 stood at 12.04% (Mar'17:13.30%), with Tier I and CET I both at 11.29 (Mar'17: 12.21%). The CAR of Karnataka Bank stands satisfactory at 11.6% as on Jun'18. Gross NPA and Net NPA stood at 4.92% and 2.96% as on March 31, 2018 (GNPA 4.21% and NNPA 2.64% as on Mar'17). The asset quality of Karnataka Bank improved for quarter ended Q1FY19 with GNPA ratio and NNPA ratio at 4.72% and 2.92% respectively.

During H1FY19 the bank redeemed Lower Tier-II bonds amounting to Rs.200 crores.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total Income	5,995	6,378
PAT	452	326
Interest coverage (times)	1.27	1.41
Total Assets	63,703	69,957
Net NPA (%)	2.64	2.96
ROTA (%)	0.75	0.49

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

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Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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	-	-	1)CARE A; Stable (26-Sep-18)	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	-	-	1)Withdrawn (29-May-18)	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 (26-Sep-18)	1)CARE A; Stable (09-Oct-17)	1)CARE A (07-Oct-16)	1)CARE A (07-Oct-15)
4.	Bonds-Tier II Bonds	LT	800.00	CARE A; Stable	1)CARE A; Stable (26-Sep-18)	-	-	-

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