

## Karnataka Bank net profit declines 20.5% to Rs. 106.79 crore in Q4

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Jayarama Bhat, MD and CEO

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### *Higher provisioning impacts bottomline*

Mangaluru, May 20:

Karnataka Bank reported a 20.5 per cent decline in net profit at Rs. 106.79 crore in the fourth quarter of 2015-16, compared with Rs. 134.42 crore in the corresponding period of the previous fiscal.

The board of directors of the bank, which met in Mangaluru on Friday to consider the audited financial results for 2015-16, has recommended a dividend of 50 per cent for 2015-16.

Speaking to *BusinessLine* after the meeting, P Jayarama Bhat, Managing Director and Chief Executive Officer, said there was growth in operating profit and net interest income.

However, net profit fell slightly because of higher provisioning, he said.

The bank made a provision of Rs. 112.50 crore during the fourth quarter of 2015-16 as against Rs. 63.11 crore in the third quarter of 2015-16. However, there was a reversal of provisioning of around Rs. 4.49 crore during the fourth quarter of 2014-15.

### **Good recovery**

Bhat said that the bank contained its non-performing assets (NPAs) compared to the industry scenario, and managed its asset portfolio well. "We had a good recovery as against the slippages. This quarter we had a recovery of Rs. 337 crore and slippages of Rs. 331 crore," he said.

The gross and net NPAs came down to 3.44 per cent and 2.35 per cent, respectively, in Q4 of 2015-16 as against 3.56 per cent and 2.41 per cent in Q3 of 2015-16.

The gross and net NPAs of the bank stood at 2.95 per cent and 1.98 per cent in Q4 of 2014-15, respectively.

“By March 2017, we are projecting to bring down gross and net NPAs below the level of 2.5 per cent and 1.5 per cent, respectively,” he said.

The net interest income (NII) increased to Rs. 359.73 crore ( Rs. 291.32 crore) during the fourth quarter, recording a growth of 23.48 per cent.

He said the robust growth helped the bank record an operating profit of Rs. 254.37 crore ( Rs. 189.35 crore) during the quarter, a growth of 34.34 per cent. Other income stood at Rs. 170.01 crore ( Rs. 111.69 crore).

### **FY2015-16**

Net profit for 2015-16 stood at Rs. 415.29 crore as against Rs. 451.45 crore in 2014-15.

On the outlook for the current financial year, he said the bank is targeting business turnover of Rs. 1 lakh crore with a growth rate of 18.5 per cent for 2016-17.

On Friday, the scrip of Karnataka Bank closed at Rs. 120.05 on BSE, up 7.14 per cent, against the previous close of Rs. 112.05.

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