Karnataka Bank Ltd.
Your Family Bank, Across India

Regd. & Head Office
Post Box. No.599, Mahaveera Circle
Kankanady
Mangaluru – 575 002

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E-Mail : investor.grievance@ktkbank.com
Website : www.karnatakabank.com
CIN : L85110KA1924PLC001128

SECRETARIAL DEPARTMENT

HO:SEC:60:2023-24 29.05.2023

The Listing Department, **BSE Limited,** **Phiroje Jeejeebhoy Towers,** **25th Floor, Dalal Street,** **Mumbai 400001.**	**The Listing Department,** **National Stock Exchange of India Limited,** **Exchange Plaza, 5th Floor,** **, /** **Bandra Kurla Complex, Bandra (East),** **Mumbai 400051.**

BSE SCRIP Code: 532652	**NSE SCRIP Code: KTKBANK**

Madam / Dear Sir,

SEBI (LODR) REGULATIONS, 2015: SUBMISSION OF REVISED COPY OF PRESENTATION FOR ANALYSTS / INVESTORS ON FINANCIAL RESULTS Q4FY23

We refer to our letter no.: HO:SEC:59:2023-24 dated 28.05.2023 in which a copy of the presentation for Analysts / Investors on Financial Results of the Bank for the quarter and Financial Year ended 31st March, 2023 was filed.

In compliance with the provisions of Regulation 30 read with Part A of Schedule III and other applicable provisions of SEBI (LODR) Regulations, 2015, we are now submitting a revised presentation for Analysts / Investors on Financial Results of the Bank for the quarter and Financial Year ended 31st March, 2023.

The Q4FY23 Earnings' Audio Conference Call for analysts / investors is scheduled to be held on 30th May, 2023 at 04.00 PM IST, details of which was already filed with stock exchanges vide our letter no.: HO: SEC:48:2023-24 on 22.05.2023.

The analyst presentation has been hosted on the website of the Bank and is available under the link:

https://karnatakabank.com/sites/default/files/2023-05/Q4%20Investor%20Deck%20KBL_compressed.pdf

Please arrange for taking the above disclosure on record and for dissemination.

Yours faithfully,

SHAILESH A BARVE
Digitally signed by SHAILESHA BARVE
Date: 2023.05.29 12:59:42 +05'30'

Shailesha Barve
Asst. Company Secretary

Karnataka Bank
Your Family Bank. Across India.

Investor Presentation

March 2023

99 years of consistent value creation

Key Highlights FY23

- 35.14% YoY growth in operating profit to Rs. 2,208.23 crore
- NIM up by 52 bps YoY to 3.70%
- Cost to Income Ratio down by 543 bps Y-o-Y to 47.14%

- CASA deposits increased by 8.71%YoY
- CASA proportion at 32.97%
- Total deposits increased by 8.68 % YoY
- Retail Deposit increased by 8.67% YoY

- Advances grew by 5.58% YoY
- Yield on advances improved by 57 bps YoY

Provision Coverage Ratio by 739bps to 80.86%

GNPA by 16 bps YoY to 3.74%

NNPA by 72 bps YoY to 1.70%

NPA provision by 50.68% YoY

- Capital Adequacy at 17.45%, up by 179 bps YoY
- ROE up by 801 bps YoY to 15.42%
- ROA at 1.21% up by 65bps Y-o-Y

- Up by 8.16% YoY to Rs. 99,058.34 crore

- Net profit grew by 132.05% YoY to Rs. 1,180.24 crore and 171.39% QoQ to Rs 353.75 crore

- ~13 million, 1 in every 40 Indians bank with us*
- ~8,652 Employees

- Retail 50.34% of loan book
- Mid Corporate 29.48%
- Large Corporate 20.18%

- Metro & Urban 54%
- Semi-urban & Rural 46%

- 901 Branches
- 1,474 ATMs and cash recyclers
- 586 E-lobbies

- Migration to Digital channels at 93.48%

*Out of a bankable population 436 million

Contents

01 Financial Results Q4/ 12M FY23

02 Bank Overview

03 Business Strategy

04 Digital Banking

Karnataka Bank
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Financial Results FY2023

FY23: Brief

I am pleased to share that for FY23, we've made significant progress in all fundamental KPIs, primarily in Loan Advances, expanding Net Interest Margin (NIM), and maintaining a steady CASA base. These highpoints, backed by leading productivity metrics, embody our optimistic outlook as we move forward, showcased by our improved ROA from 0.56% in FY22 to 1.21% in FY23.As we continue on this journey, our focus on the digital transformation of business operations serves as a strategic tool for driving growth. Complementing this, our 'Retailisation' strategy, centred on increasing our more profitable Retail business while judiciously lessening the share of Corporate Loan advances, will be instrumental in further enhancing our performance metrics. We're strategically concentrating on key retail sectors, particularly Home Loans and Loans against Gold, to improve our risk profile and margins, aligning seamlessly with our long-term growth objectives for superior ROA. We've already made a beginning with our retail-centric strategy, as seen in the modest growth of our share of Retail Advances increase to 50.34% in Q4 FY23 from 48.08% in Q3FY23. This shift towards retail lending represents our commitment to portfolio optimization for better asset returns (ROA) and equity (ROE), all while prioritising the delivery of sustainable value to our stakeholders. As we look ahead, it's our century-long legacy of trust that motivates us to continue growing, evolving, and serving our community with utmost integrity and excellence."

MD & CEO(Interim)

Disciplined Execution & Aggressive Digitalisation

+

Committed to Superior Customer Experience and delight

=

Delivering Sustained Profitable Growth

Driving Growth &Profitability

Deposits

March 23	March 22
87,368	80,387
58,561*	53,887*

*Retail Deposits

Advances (Net)

March 23	March 22
59,952	56,783
30,862*	29,666*

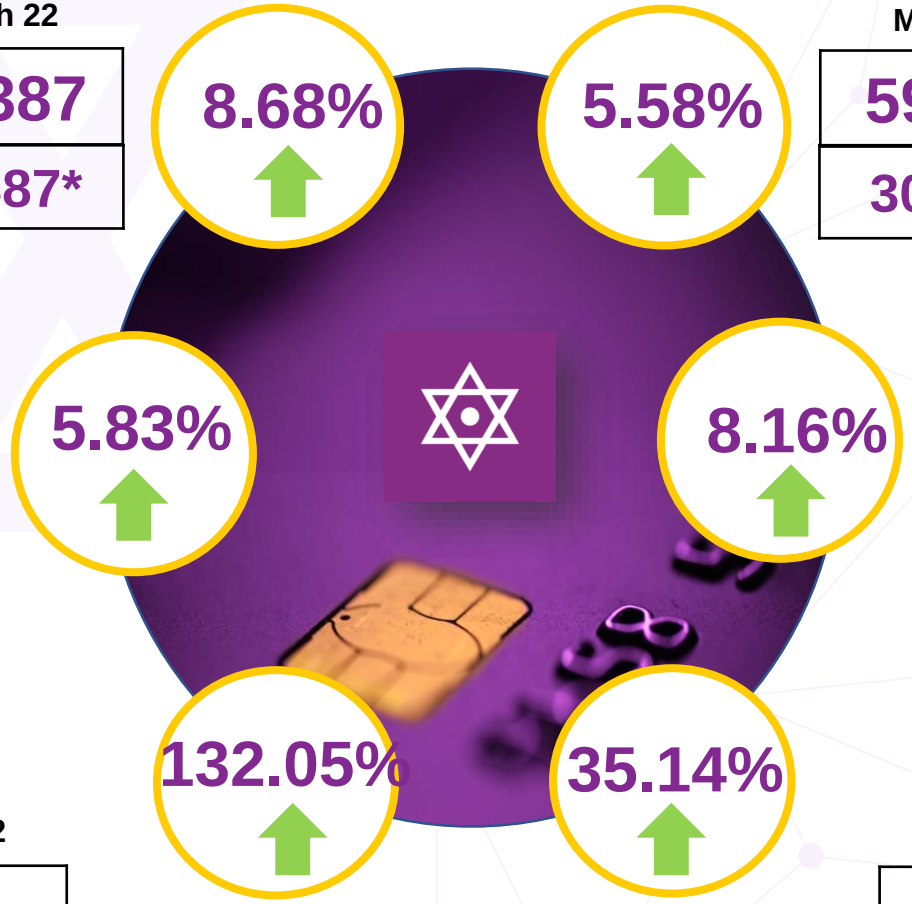
*Retail Advances

Investments

March 23	March 22
23,326	22,041

Balance Sheet Size

March 23	March 22
99,058	91,584



Net Profit

March 23	March 22
1,180	509

Operating Profit

March 23	March 22
2,208	1,634

Expanding Spreads, Returns & Strength

NIM

12M FY23	12M FY22
3.70%	3.18%

52bps

CRAR

12M FY23	12M FY22
17.45%	15.66%

179bps

ROE

12M FY23	12M FY22
15.42%	7.41%

801 bps

ROA

12M FY23	12M FY22
1.21%	0.56%

65bps

CASA

12M FY23	12M FY22
32.97%	32.97%

PCR

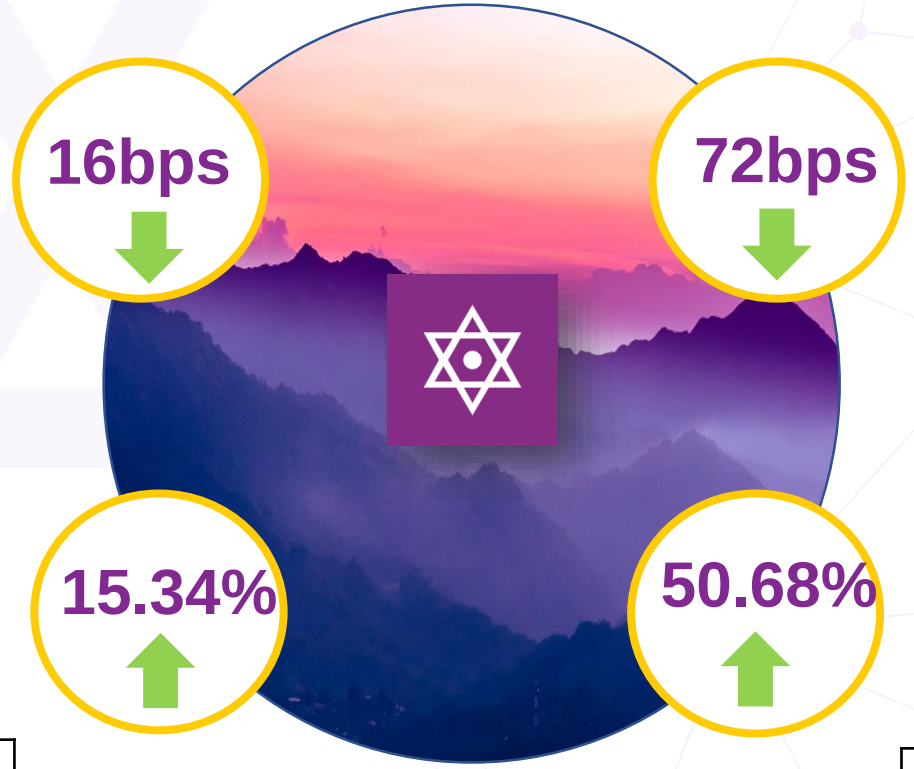
12M FY23	12M FY22
80.86%	73.47%

739bps

Improving Quality of Assets

Gross NPA

12M FY23	12M FY22
3.74%	3.90%



Net NPA

12M FY23	12M FY22
1.70%	2.42%

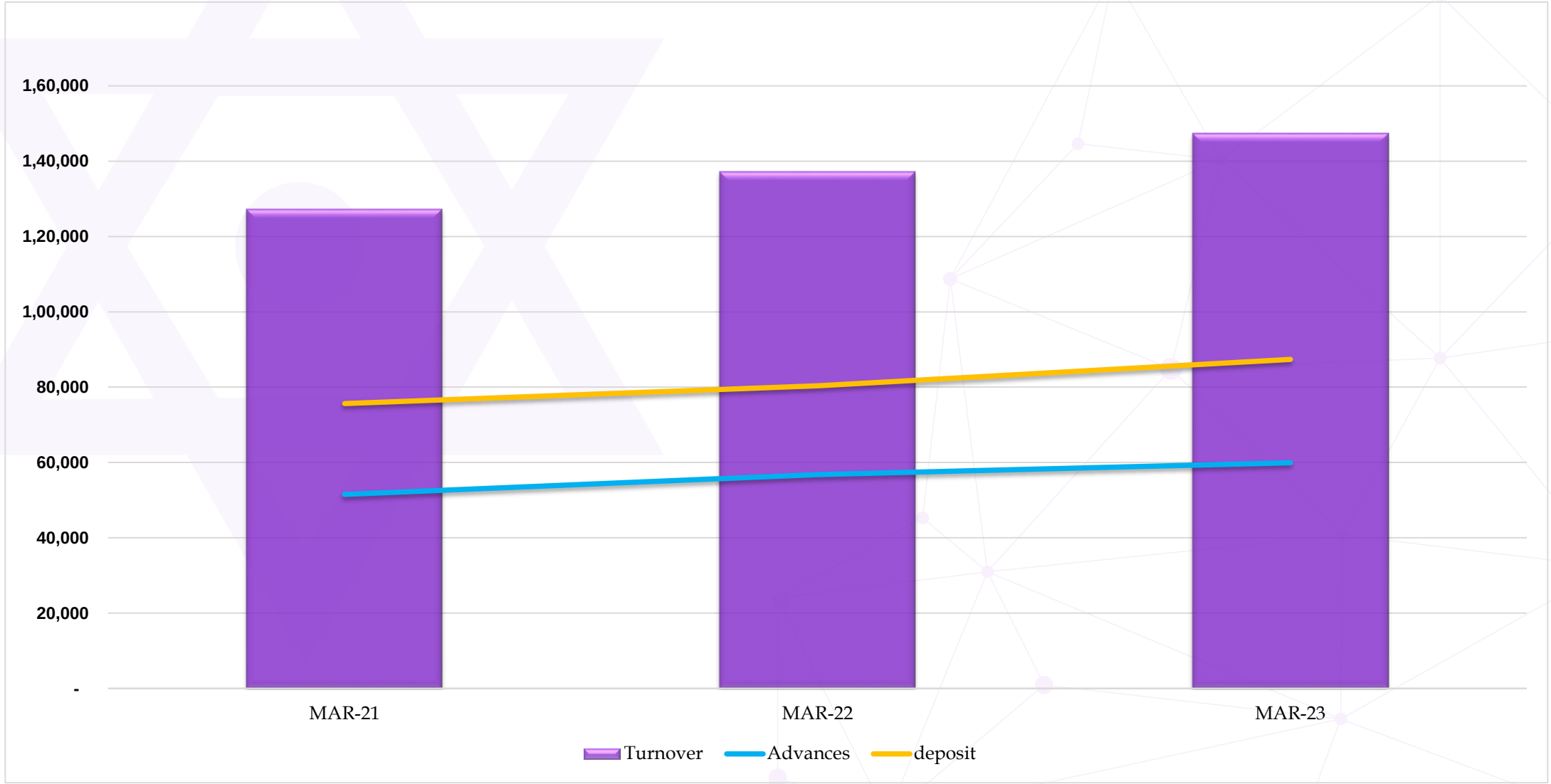
Recovery from Written Off Accounts

12M FY23	12M FY22
283.41	245.72

NPA Provision during the year

12M FY23	12M FY22
889.95	590.61

Continuity of Sustained Growth



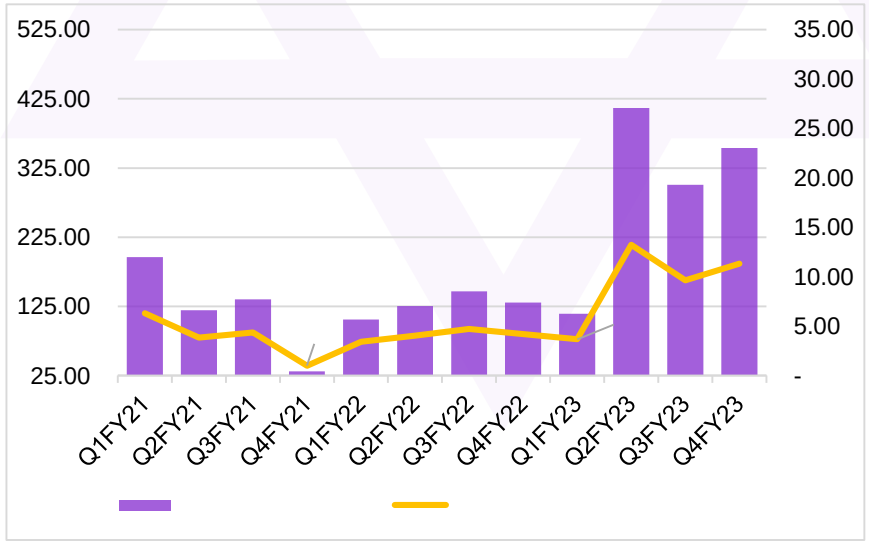
Summary Financial Statement

on Standalone basis

Noteworthy items impacting profitability for FY23:

- Increased accelerated provisioning bringing PCR to 80.86%.
- ROE reaching to 15% levels

Net Profit (Rs in Cr -Quarterly) & EPS (Rs per share) (Quarterly)



Yields, Rates & Margins

			Y-o-Y				Y-o-Y
_____							
Interest Income							
Interest on Advances							
Interest on Investments							
Other interest							
Yield on Advances							
Adjusted yield on Investments %							
_____							
Interest Expense			↑				
Cost of Deposits %							↓
_____							
Net Interest Income			↑				↑
Interest Spread in Lending %			↑				↑
Net Interest Margin %							

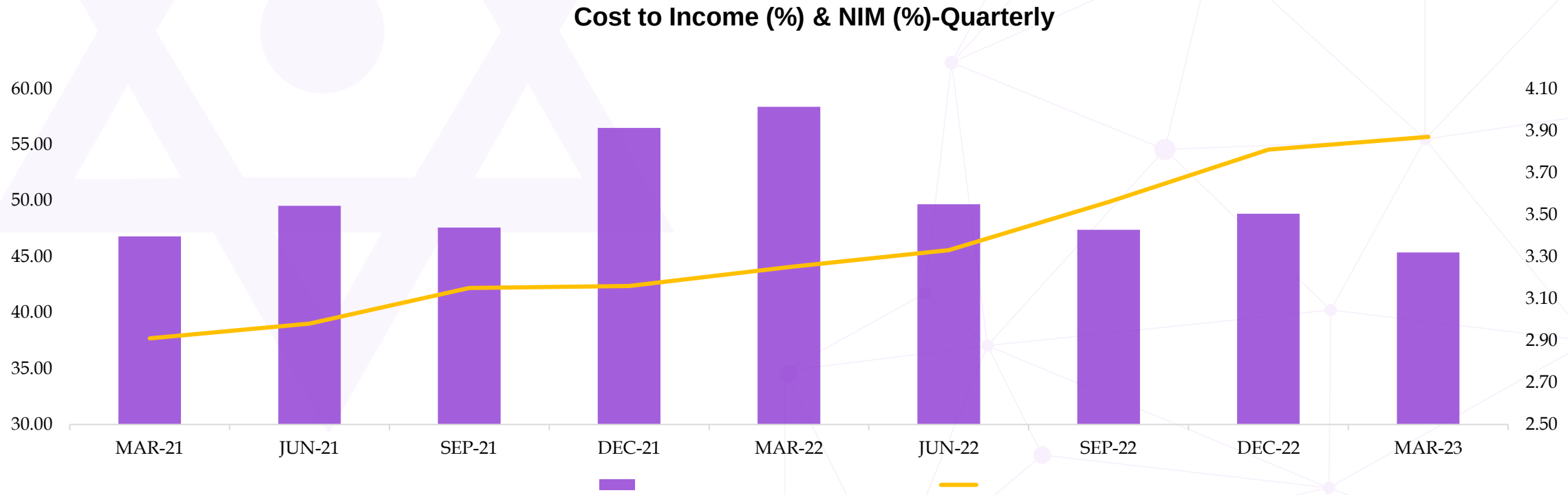
Yields, Rates & Margins

Net Interest Income:

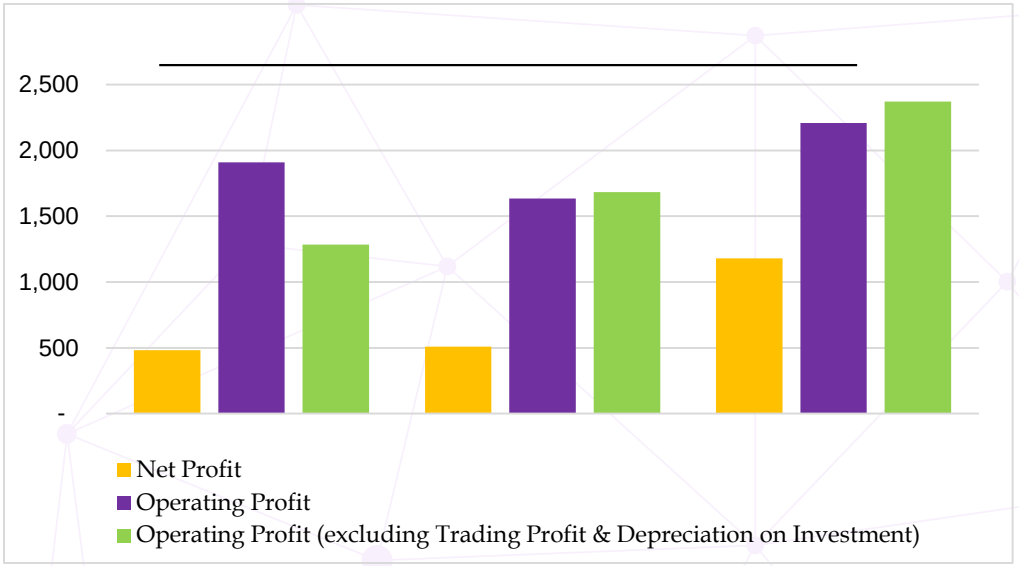
- Net Interest Income grew to Rs. 3,185.10Cr in FY23 as against Rs. 2,491.03Cr in FY22 with Y-o-Y growth of 27.86%

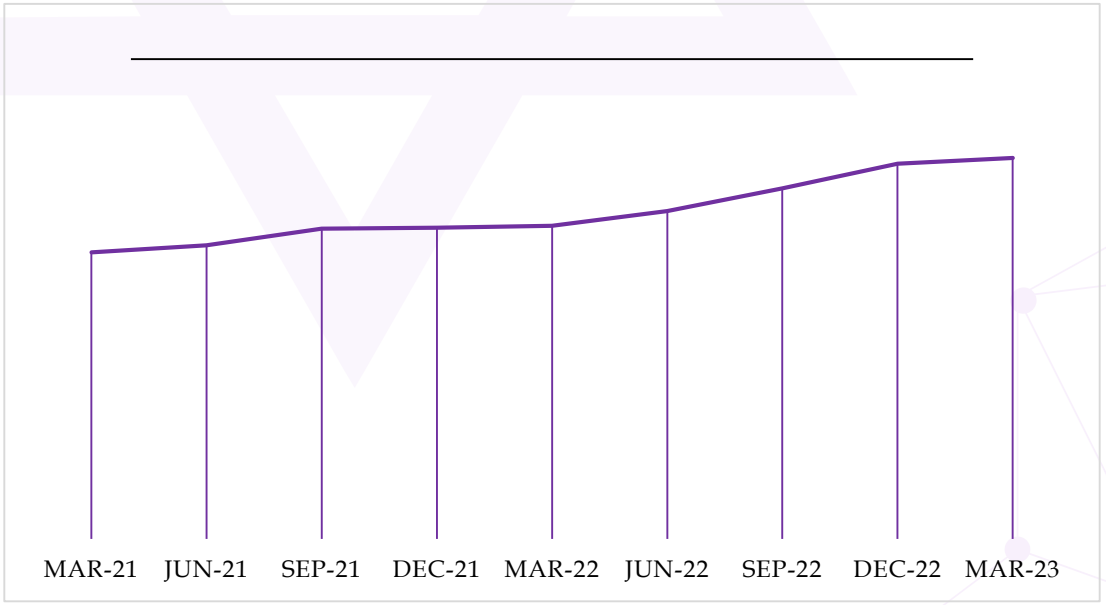
Net Interest Margin:

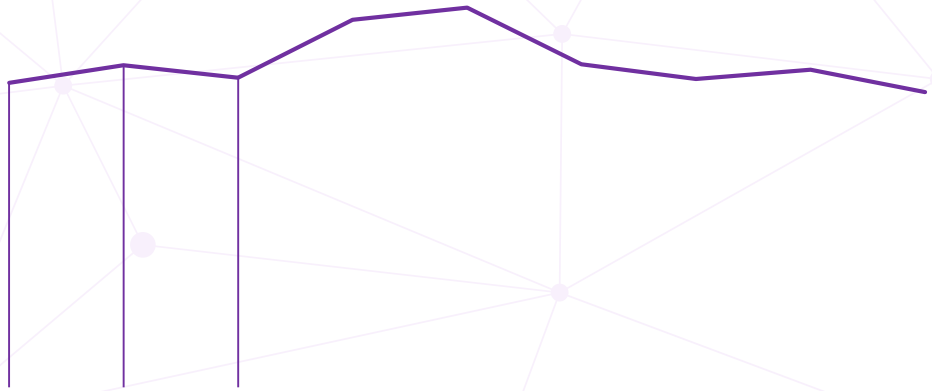
- Net interest Margin grew by 62 bps in FY23 to 3.87%



Income & Profit







Other Income & Expenses

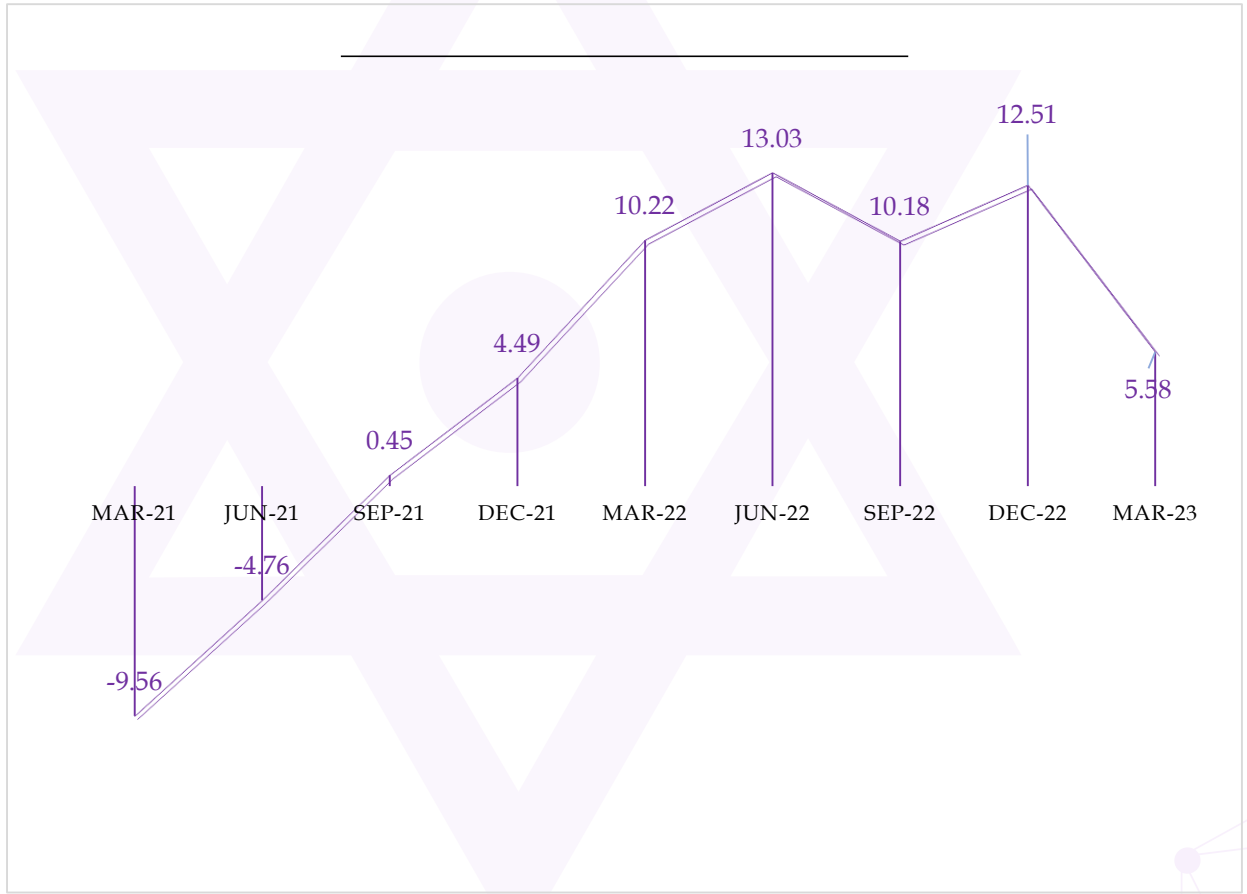
Other Income

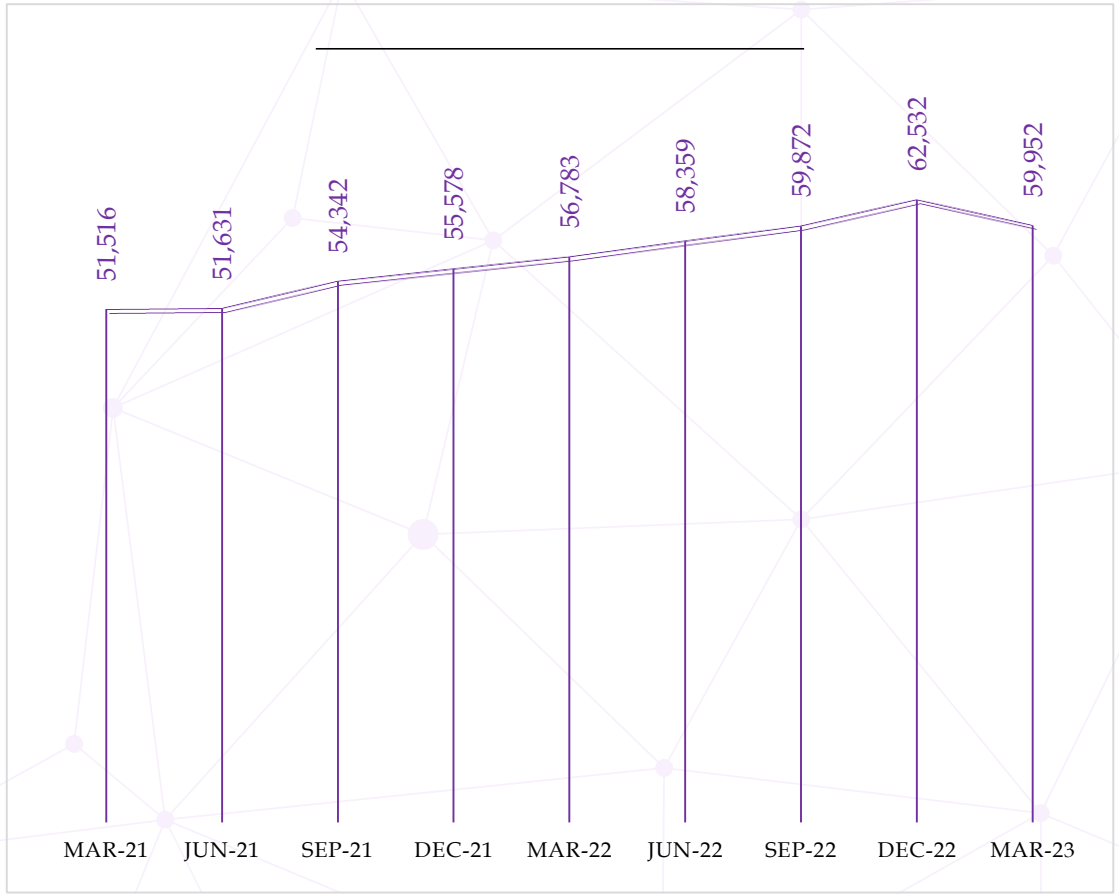
			Y-o-Y				Y-o-Y
			↓				↑
			↑				↑
			↑				↑
			↓				↑
			↑				↑
			↓				↑

Other Expenses

			Y-o-Y				Y-o-Y
			↑				↑
			↑				↑
			↑				↑

Loan Growth momentum

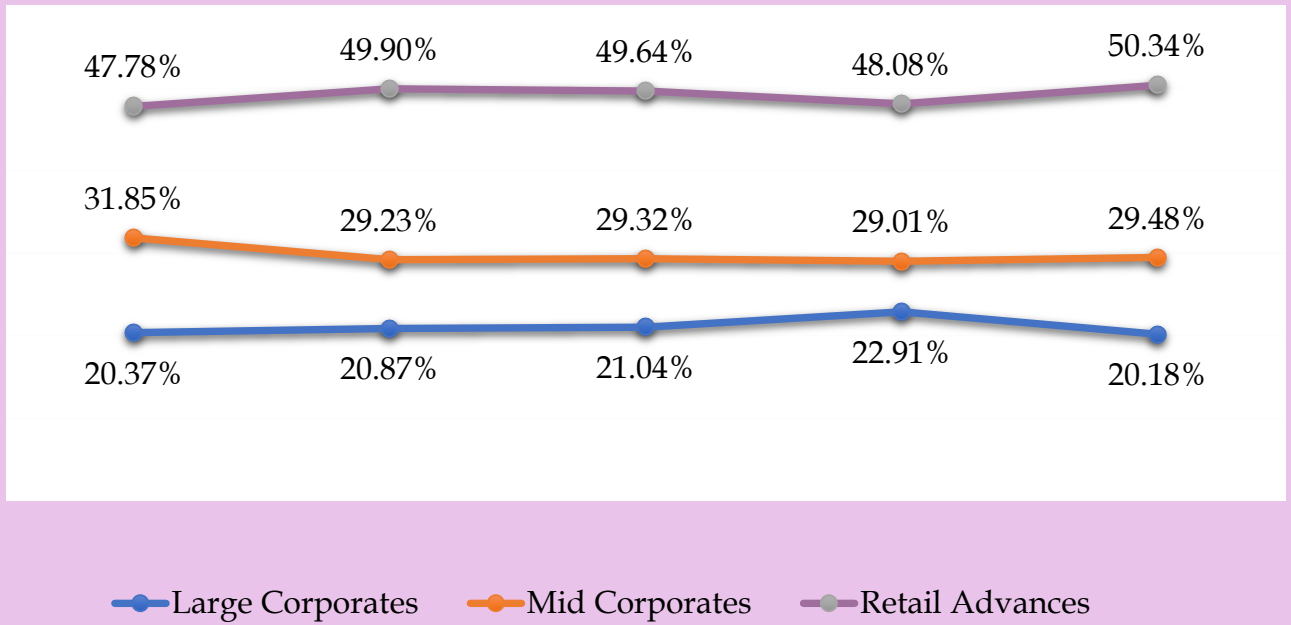




171.78	16.13	0.10

Retailisation Begins

We have embarked on a "Retailisation" strategy, aimed at judiciously growing our Retail assets portfolio and changing the mix of Gross Advances, while gradually reducing the share of Large Corporate Loans. By placing strategic emphasis on key sectors specifically and , we aim to foster improved risk profile and more beneficial margins, thus aligning with our long-term growth objectives.



Our retail-centric approach has shown its effectiveness, with Retail Advances growing to 50.34% in Q4 FY23, from 48.08% in Q3FY23, while Large Corporate advances decreased to 20.18% from 22.91% for the same period.

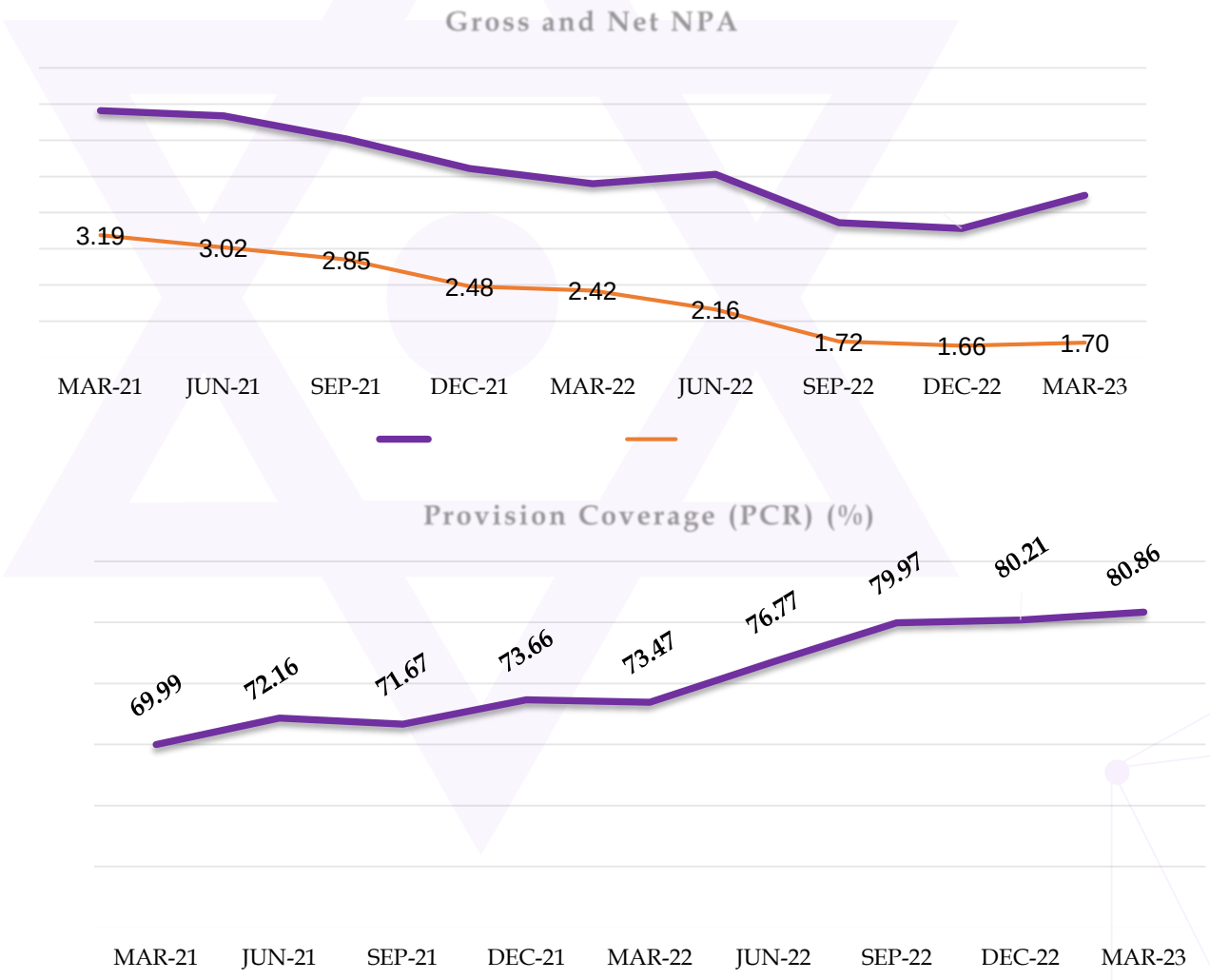
This long-term transition towards greater weightage to retail lending underpins our efforts to optimize our portfolio mix for enhanced returns on assets (ROA) and equity (ROE), delivering sustainable value to stakeholders.

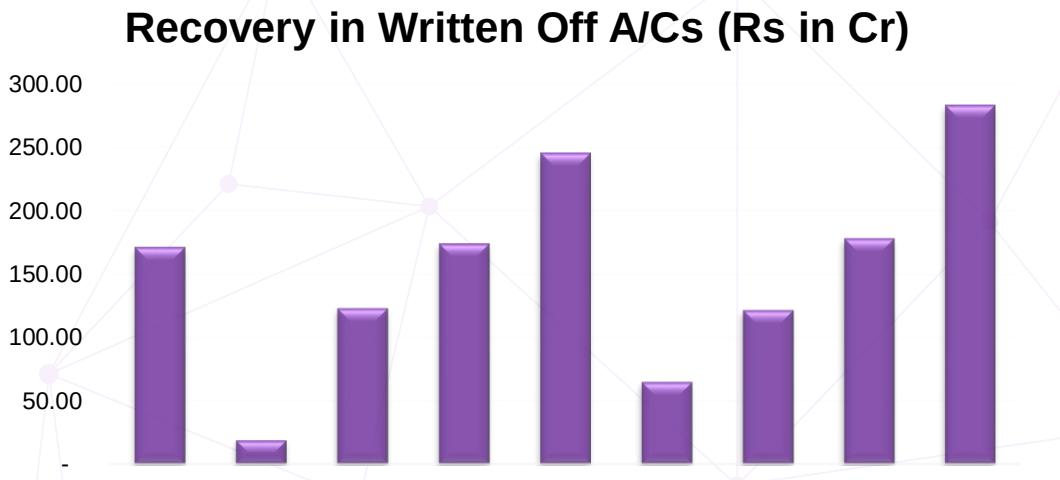
Loan portfolio: Geographical credit concentration

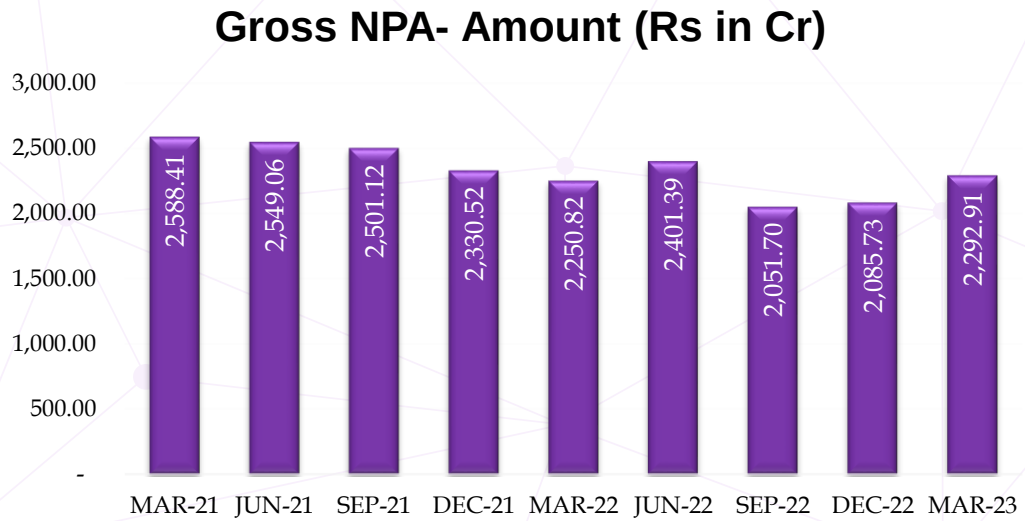
	28,101.63	45.84	1,031.12	1.68	3.67	1,966.94	3.21	7.00
	(26,361.60)	(45.63)	(1,043.00)	(1.81)	(3.96)	(2,490.08)	(4.31)	(9.45)
	9,143.32	14.92	258.64	0.42	2.83	194.22	0.32	2.12
	(9,089.00)	(15.73)	(236.35)	(0.41)	(2.60)	(231.52)	(0.40)	(2.55)
	6,077.35	9.91	107.79	0.18	1.77	170.48	0.28	2.81
	(5,202.18)	(9.01)	(93.20)	(0.16)	(1.79)	(474.33)	(0.82)	9.12
	4,168.25	6.80	140.97	0.23	3.38	98.75	0.16	2.37
	(3,637.88)	(6.30)	(210.67)	(0.36)	(5.79)	(159.11)	(0.28)	(4.37)
	3,489.75	5.69	161.20	0.26	4.26	152.29	0.25	4.36
	(3,290.87)	(5.70)	(120.77)	(0.21)	(3.67)	(187.50)	(0.32)	(5.70)
	2,738.06	4.47	81.07	0.13	2.96	97.17	0.16	3.55
	(2,561.33)	(4.43)	(85.63)	(0.15)	(3.34)	(137.92)	(0.24)	(5.38)
	7,584.42	12.37	512.12	0.84	6.75	521.54	0.85	6.88
	(7,626.48)	(13.20)	(461.18)	(0.80)	(6.05)	(797.82)	(1.38)	(10.46)

(Figures in brackets pertain to March 2022)

Trends: Improving Recoveries & Provision Coverage

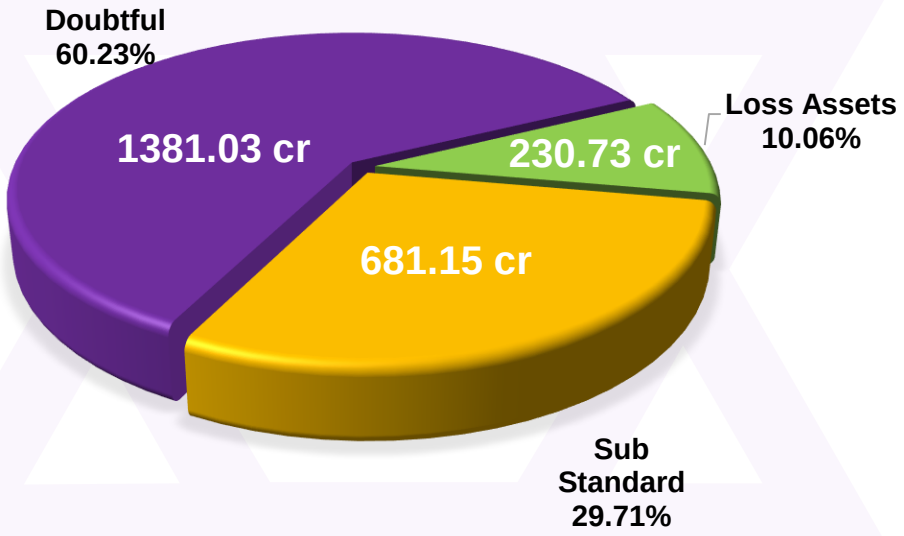




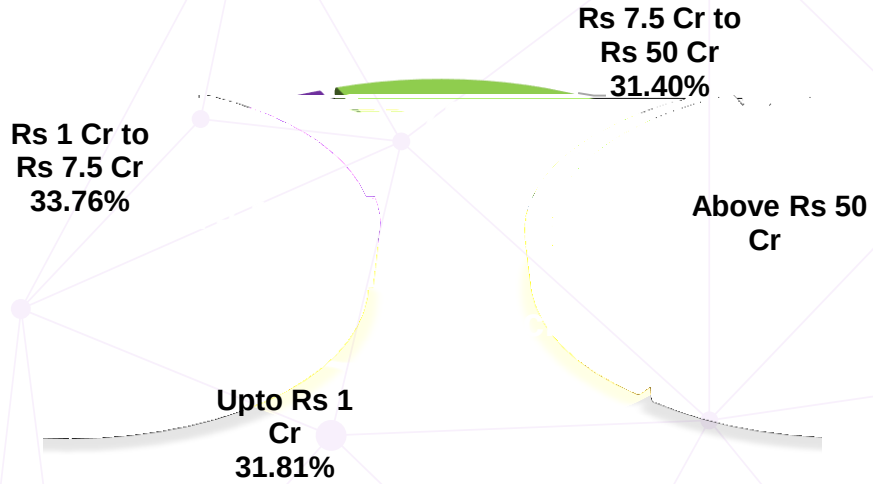


FY23: NPA break-up

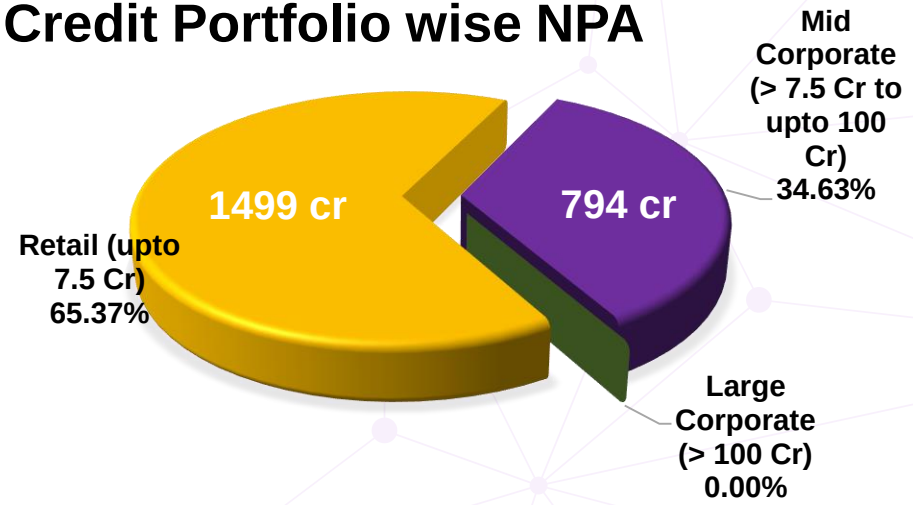
Composition of GNPA



Size wise NPA

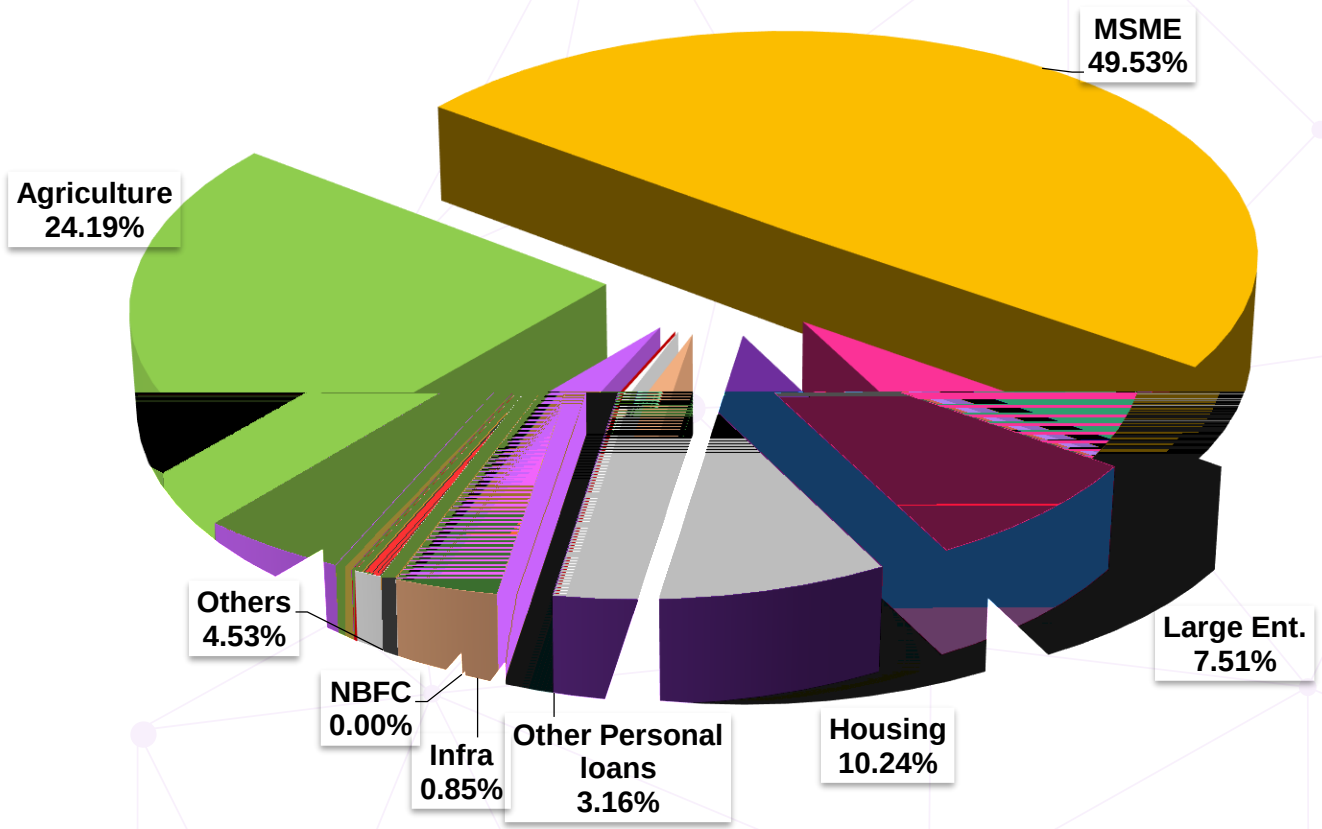


Credit Portfolio wise NPA



NPA movement

Opening GNPA	2,250.82
Additions	1,836.64
Up-gradation	401.70
Recoveries (excluding upgraded accts)	886.59
Technical Write Offs	491.15
Other Write Offs	15.11



NPA Provisioning Breakup

Sub Standard	11(10)	241.83(172.57)	70.32(26.29)	29.08(15.23)
Doubtful 1	7(5)	177.16(74.24)	137.64(55.09)	77.69(74.20)
Doubtful 2	1(9)	15.67(188.61)	15.67(97.98)	100(51.95)
Doubtful 3	2(0)	81.67(0)	81.16(0)	99.38(0)
LOSS	4(1)	57.75(12.44)	57.75(12.44)	100(100)

(Figures in brackets pertain to March 2022)

Asset Quality
Restructured Portfolio

Restructured Portfolio Details

Restructured Amount	2,570.88	630.51	3,201.39	4,478.27
Provision made thereon	265.03	364.7	629.73	735.11
% Provision				

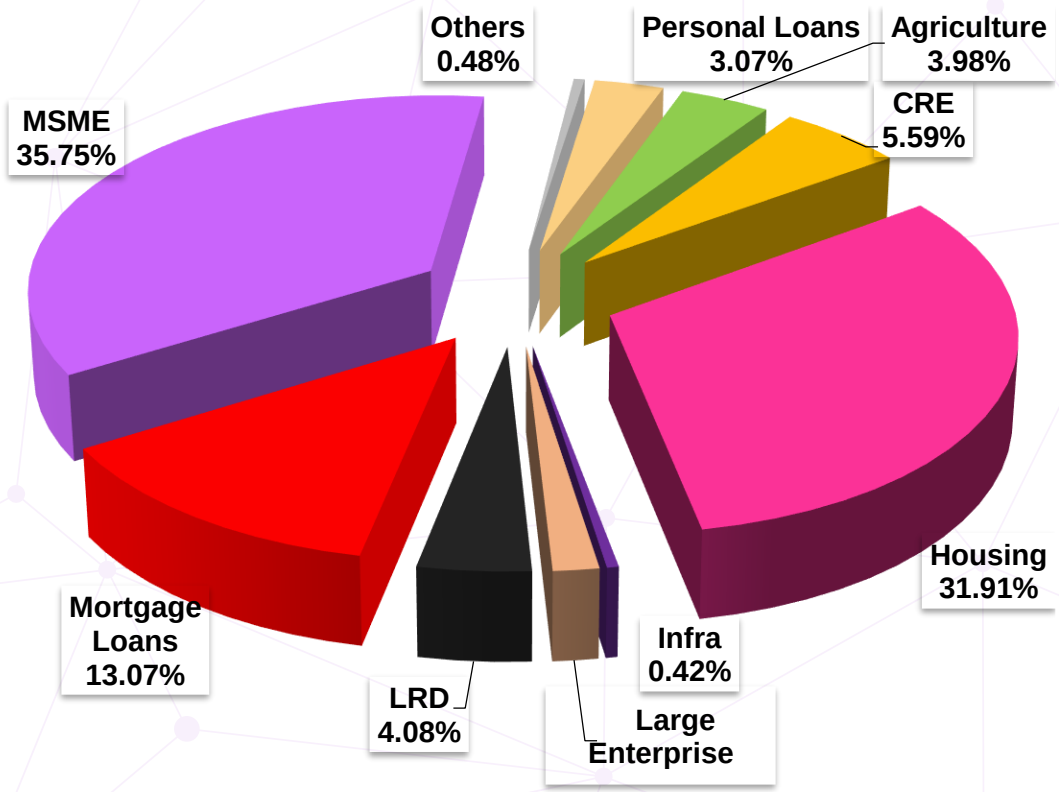
MSME OTR	46.15	170.95	217.10
Resolution Framework-1	30.39	60.31	90.70
Resolution Framework-2	135.18	382.74	517.92
Others	2.62	16.51	19.13

Asset Quality
Restructured Portfolio

Standard Restructured Portfolio Movement

Opening balance	4,115.18
Fresh restructuring during the period	31.22
Increase in balance in the existing restructured accounts	198.49
Upgrade of NPA to Standard category	19.19
Reductions in opening balance	977.92
Downgrades to NPA during the period	806.03
Write-offs during the period	9.25

Standard Restructured Portfolio Break-up



Asset Quality:Effective Risk Management

Karnataka Bank
Your Family Bank. Across India.

ISO 9001: 2015

Bank's Risk Management practices and processes have been accredited with the ISO 9001: 2015 standard on Quality Management Systems

MANAGING RISKS

01 Compliant with the extant 'Basel III' guidelines of RBI

02 Periodical monitoring & reviewing of risk profile of the Bank.

03 Dedicated Market Intelligence Unit (MIU) for sourcing intelligence from external sources on borrowers with exposure ₹100 Crores and above

04 Effective ALM/mid office to monitor Liquidity risk/ Market risk on a continuous basis.

05 Internal Credit Rating for borrowers above ₹ 25 lakh and 'Pool based Approach' rating for borrowers below ₹ 25 lakh & all schematic advances including agriculture.

'KBL96' rating model developed for all sanctions under digital journey.

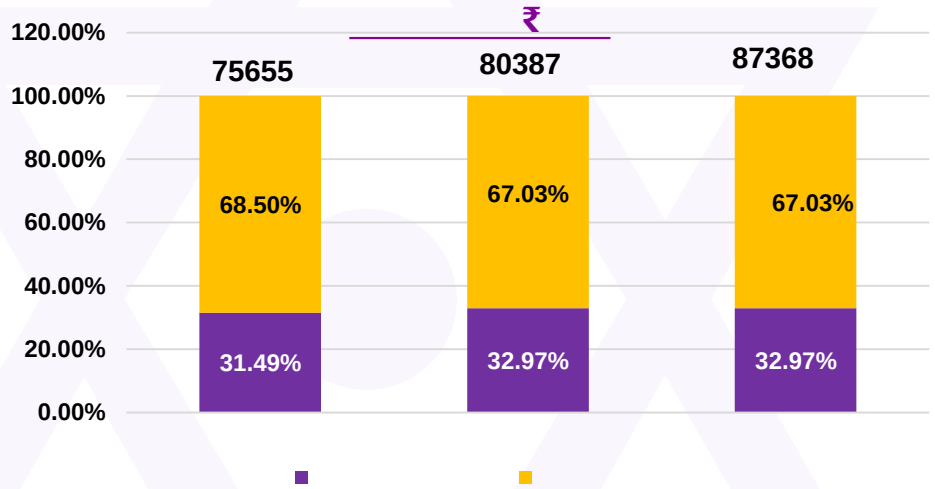
06 Enterprise level fraud risk management system (ELFRMS) to effectively control / prevent online suspicious transactions done by customers & other digital channel transactions.

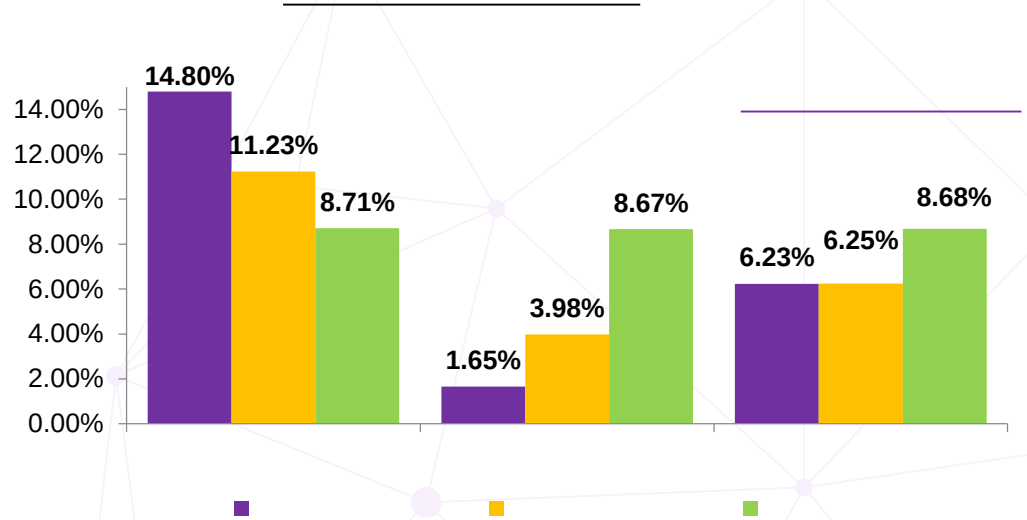
07 Effective Operational risk management by:

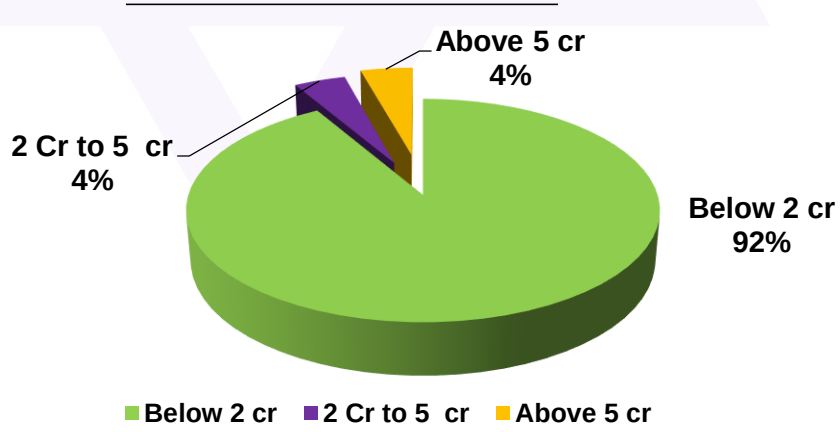
Building up a database of internal Loss data, near- miss cases and other Operational risk events, since Sept 2007.

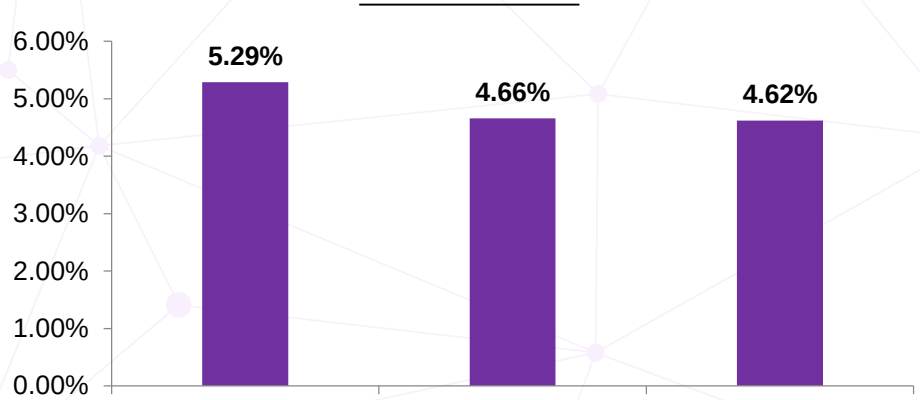
AML monitoring system to scrutinize the customer transactions to ensure compliance to the extant guidelines

Sustained Deposit Franchise

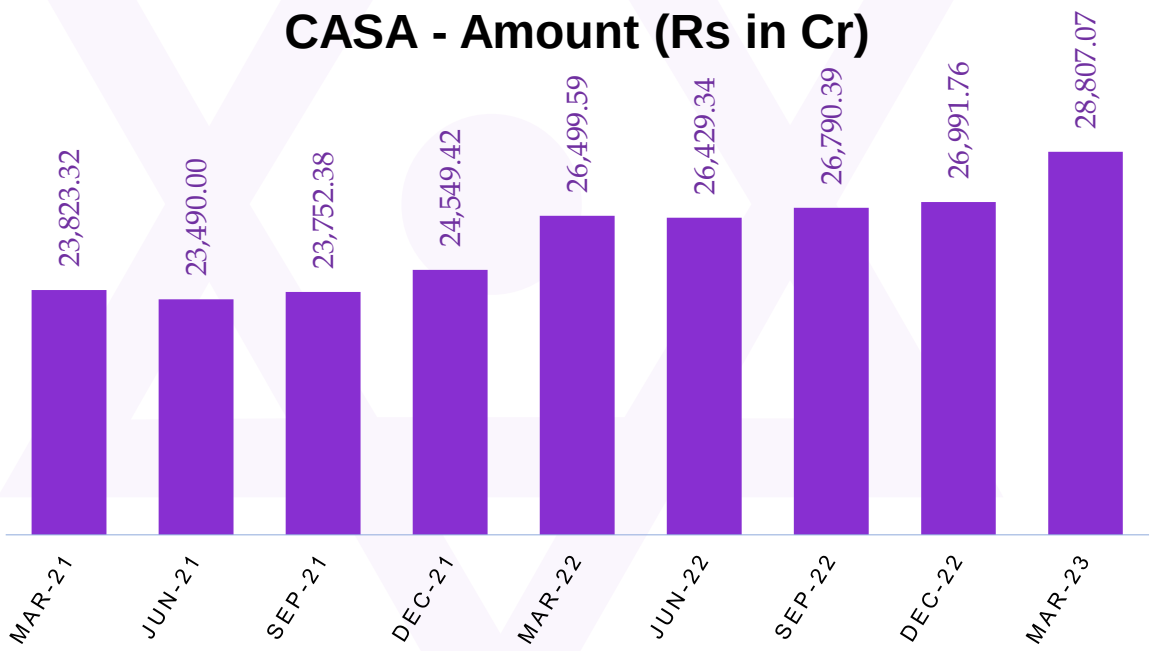


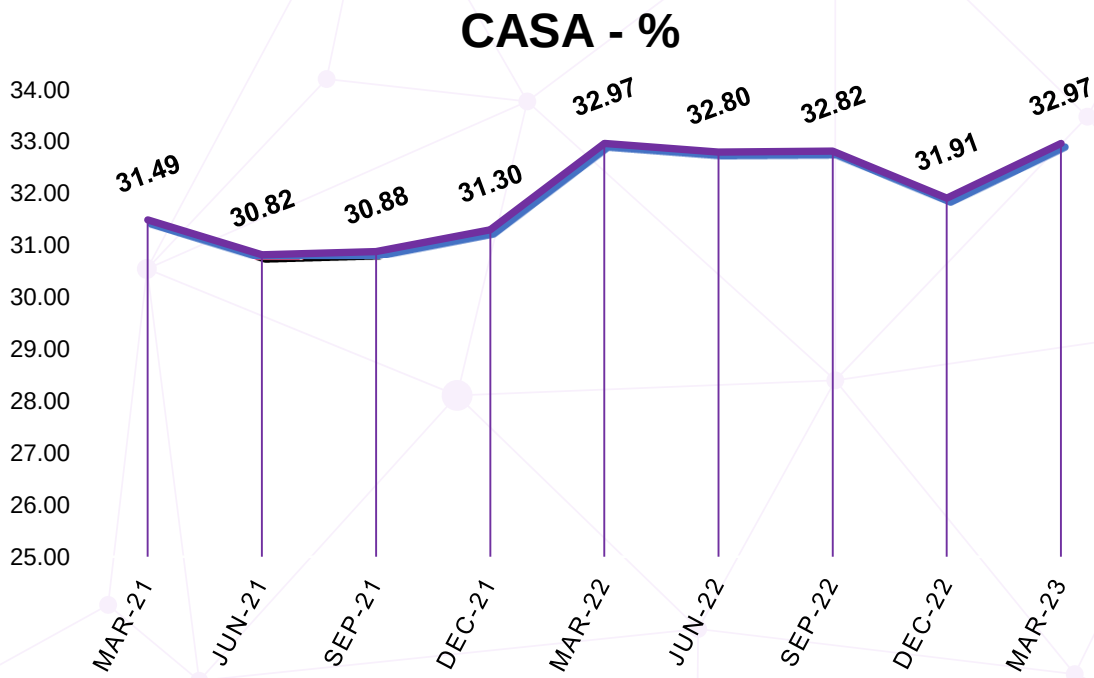




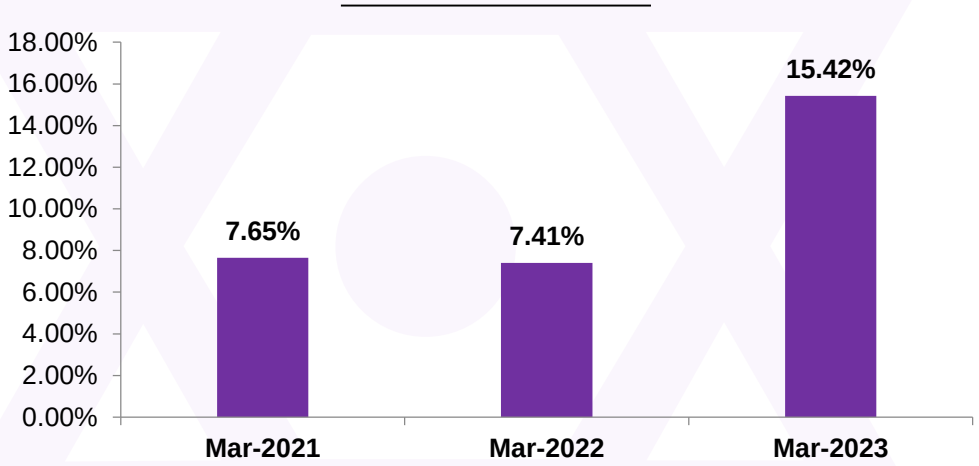


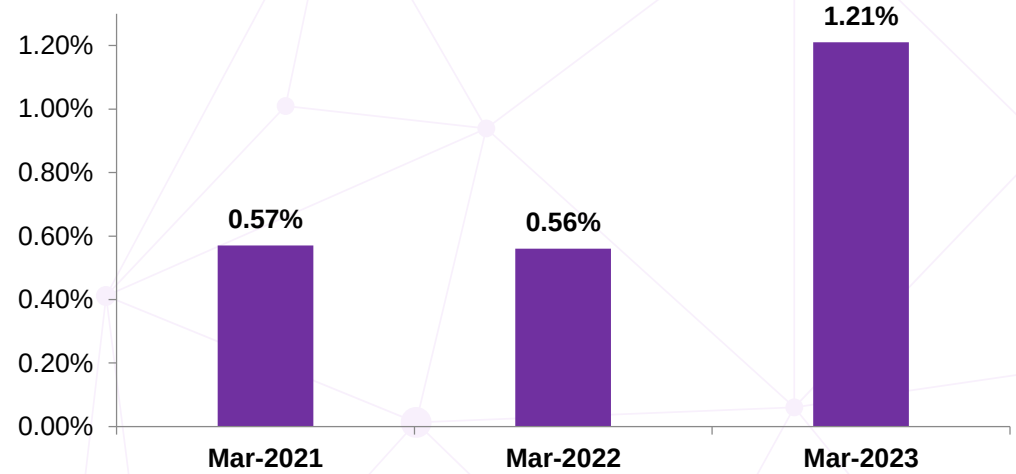
Strong Core Deposit Franchise

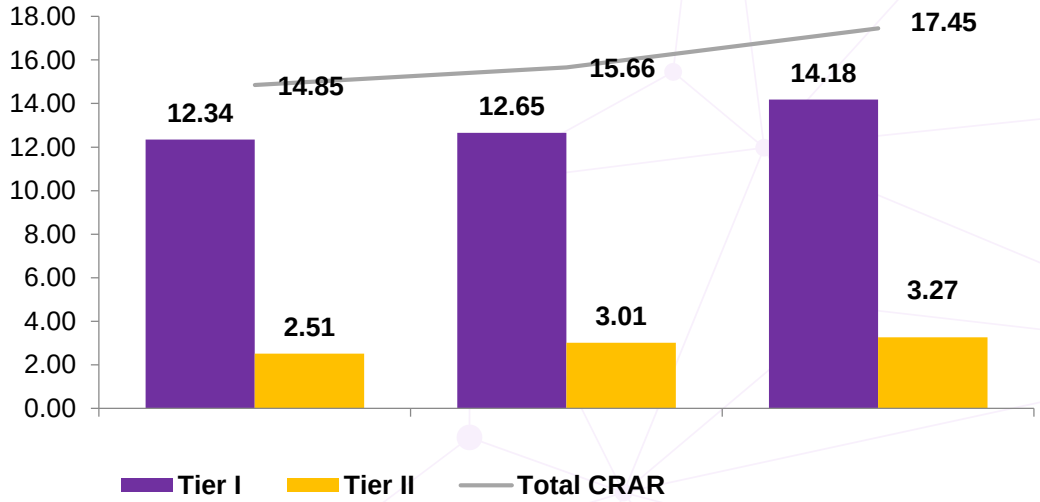




Capital Management - Returns & Adequacy

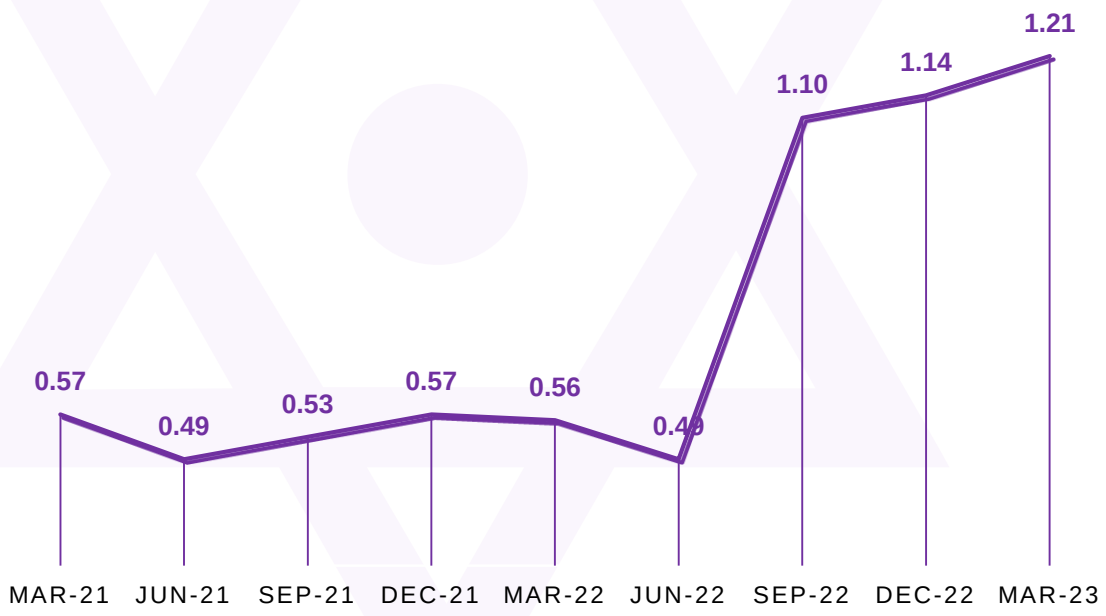




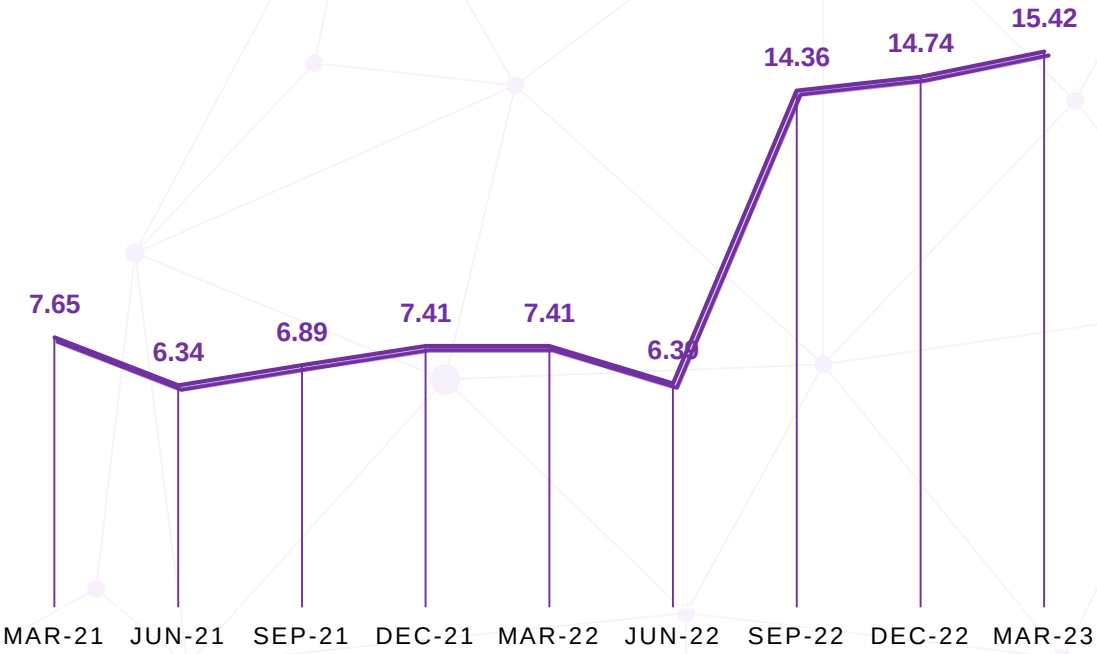


Guiding Returns Towards Higher Levels

R. O. A. (%)

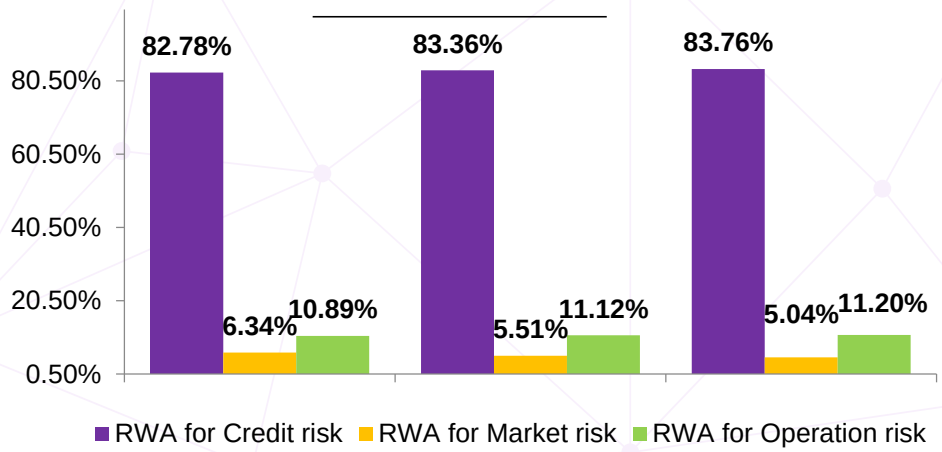


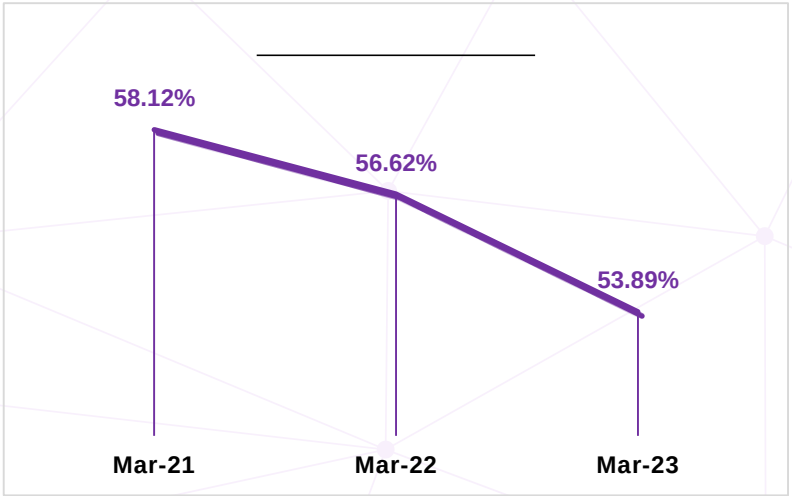
R. O. E. (%)



Capital Management - Capital Adequacy

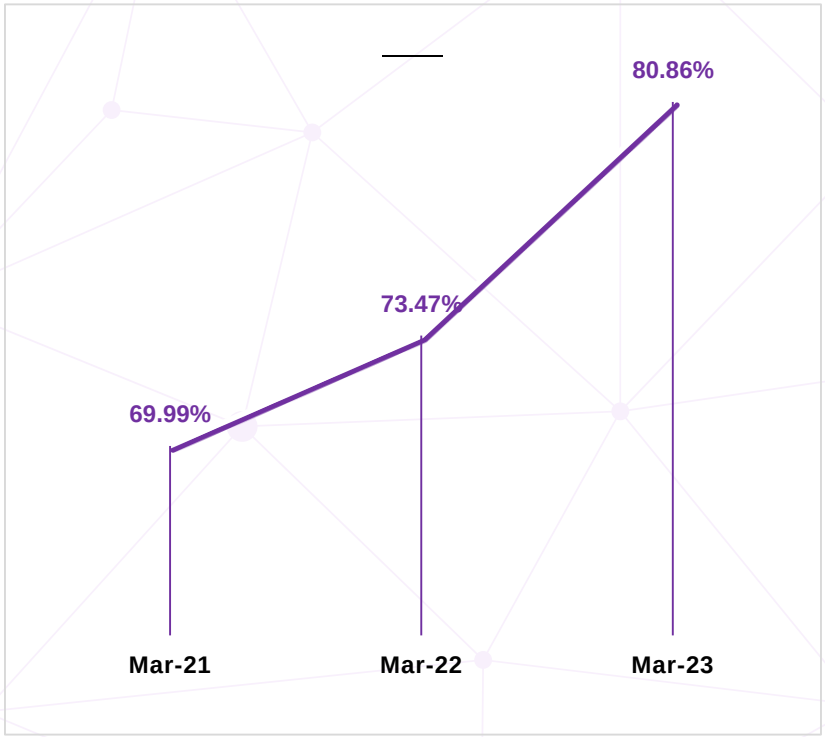
Particulars	31-03-2021	31-03-2022	31-03-2023



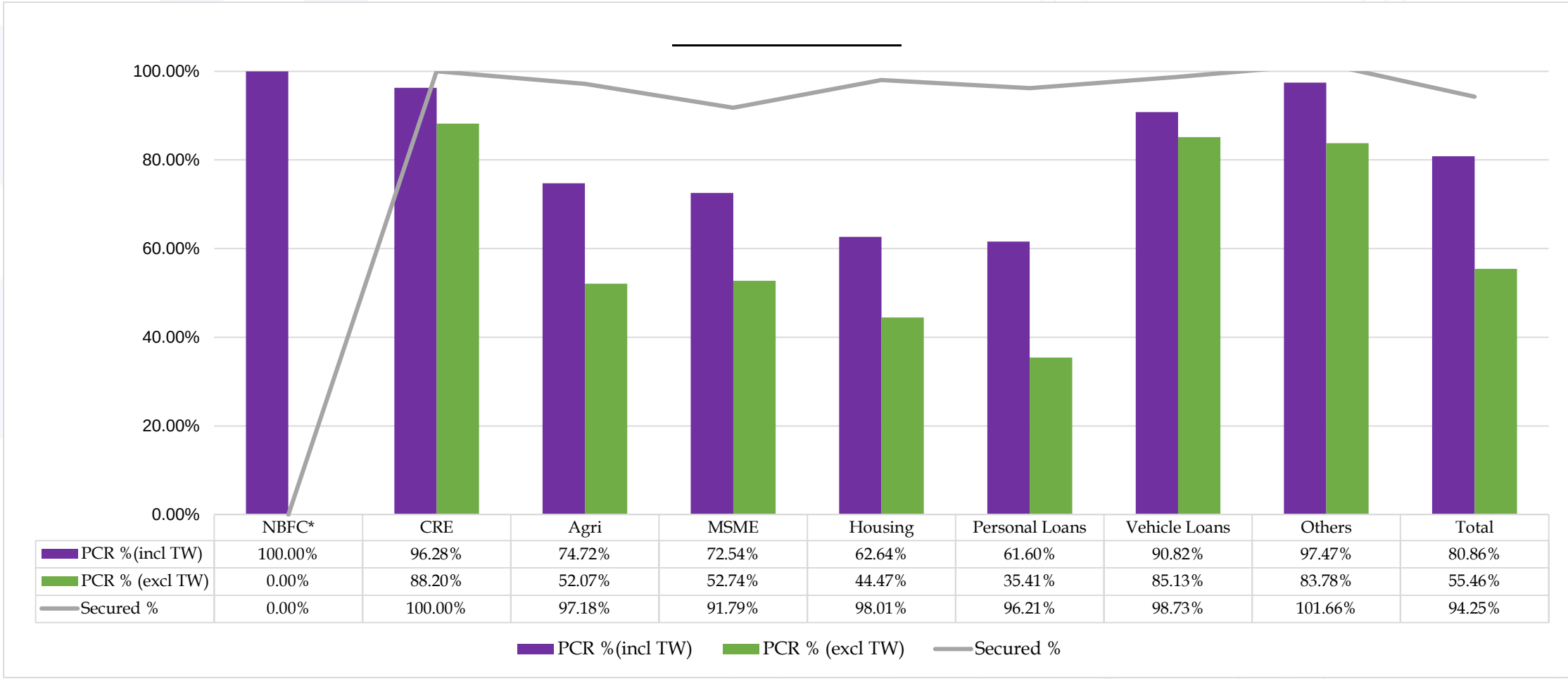


FY23: Provisions

NPA	889.95	590.61
Standard advances	-39.30	278.97
NPI	0	10.00
Fair Value	-82.19	48.11
Tax	260.80	185.94
Others	-1.28	11.75



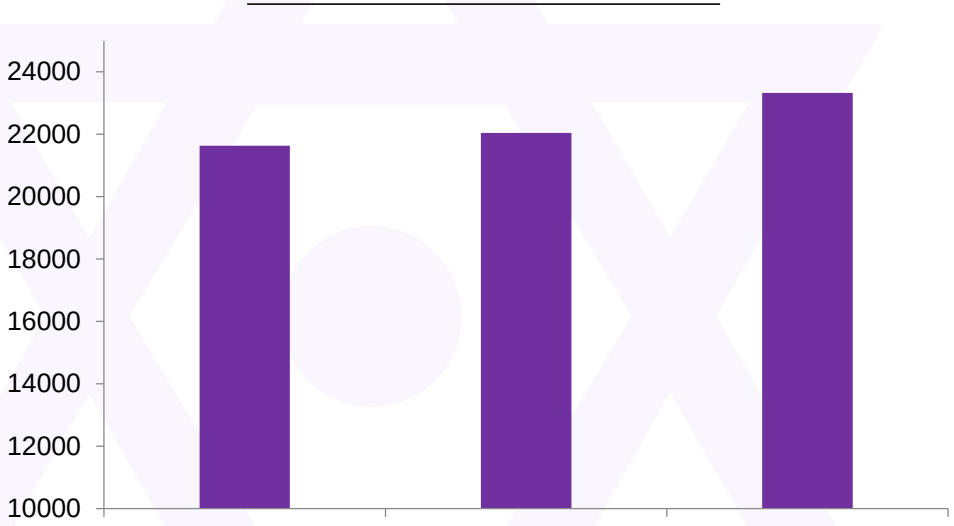
FY23: Provisions

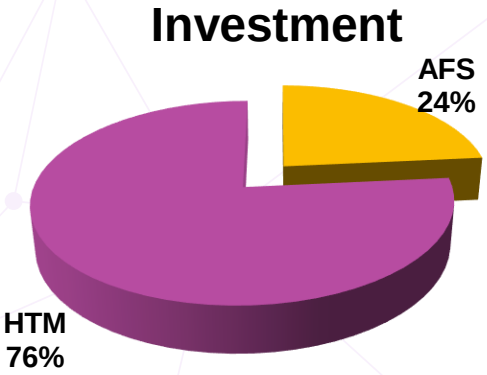


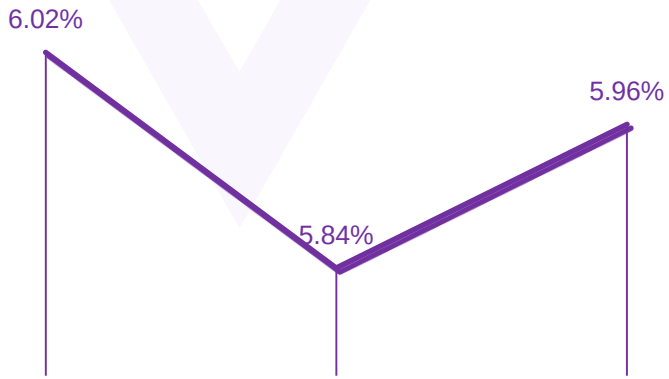
	NBFC*	CRE	Agri	MSME	Housing	Personal Loans	Vehicle Loans	Others	Total
PCR %(incl TW)	100.00%	96.28%	74.72%	72.54%	62.64%	61.60%	90.82%	97.47%	80.86%
PCR % (excl TW)	0.00%	88.20%	52.07%	52.74%	44.47%	35.41%	85.13%	83.78%	55.46%
Secured %	0.00%	100.00%	97.18%	91.79%	98.01%	96.21%	98.73%	101.66%	94.25%

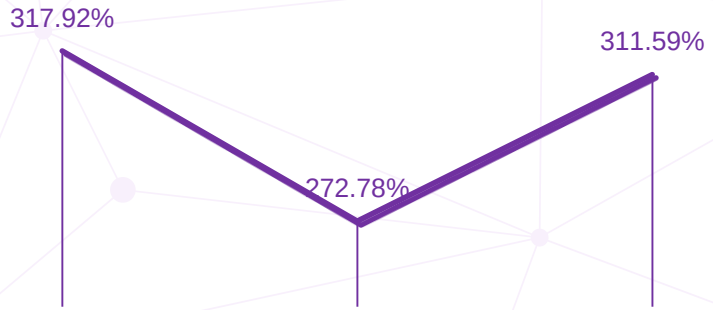
* NBFC Lending only to highly rated entities

Investments

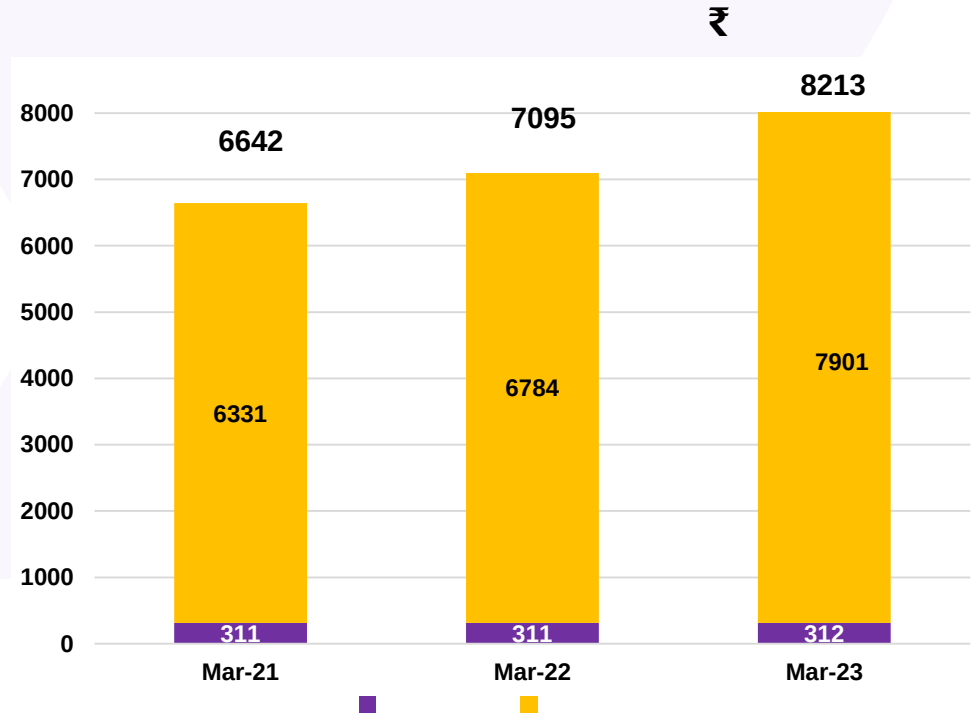


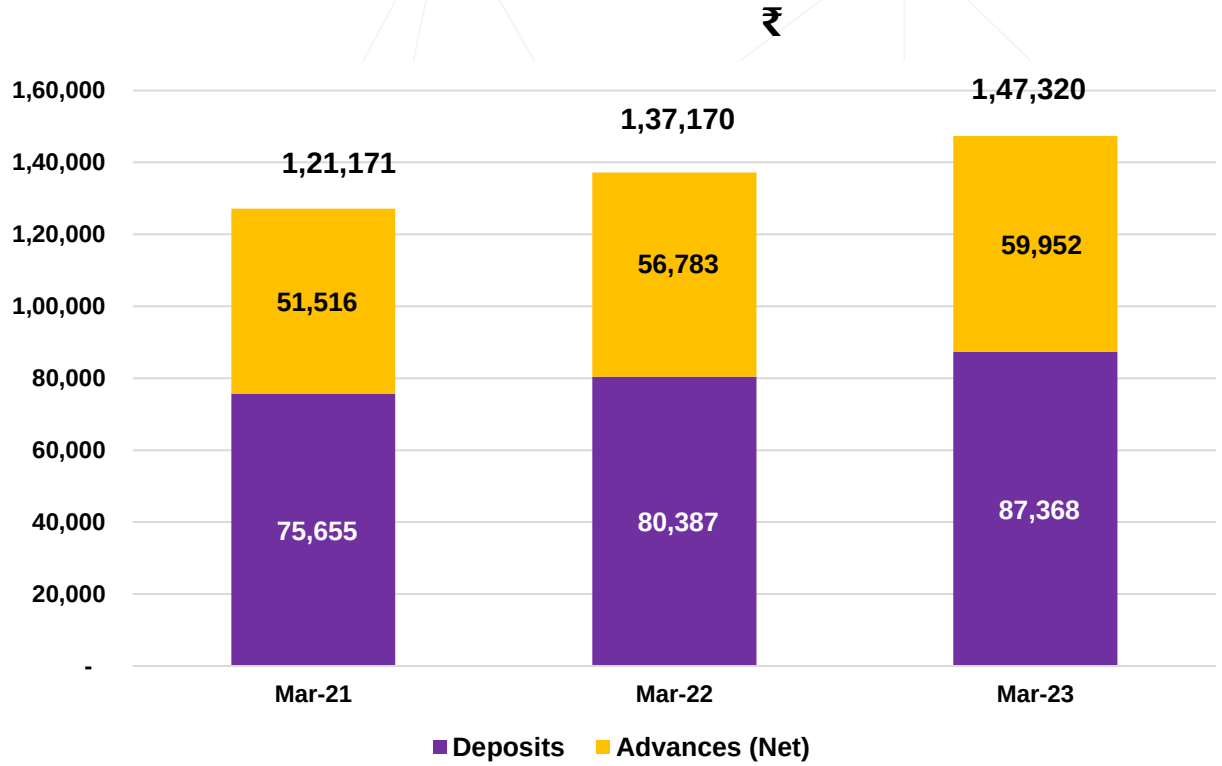






Financial Strength





*including Revaluation Reserve and profit for the period

Karnataka Bank
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Bank Overview

02

Overview: Serving India since 1924

Karnataka Bank
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Our VISION is to be progressive, prosperous and well governed Bank

Our MISSION is to be a technology savvy, customer centric progressive bank with a national presence, driven by the highest standards of corporate governance and guided by sound ethical values.

13 million
Happy customers

871
ATMs

2
DBU's

901
branches

603
Cash recyclers

548 + 38
mini E-lobbies + E-lobbies

1,47,320 crore for FY2023

Overview: Serving India S e 1924

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Tel

100Years of Trust and Resilience

Karnataka Bank
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1924

Incorporation

Incorporated on 18th of February with an initial paid up capital of Rs 11,580/- and the first branch at Mangalore-Dongerkery was opened on 23-05-1924

1949

Silver Jubilee Year

Turnover: Rs 94.98 lakhs

Deposits :Rs 55.59 lakhs
Advances Rs 39.39 lakhs

Branches: 9

1960-66

Takeover

Sringeri Sharada Bank in 1960

Chitaldurg Bank Ltd., (first ever registered Bank in Karnataka -1870) in 1964
Bank of Karnataka Ltd., in 1966

1972

Own Head Office building

Bank's own multistoried Head Office building at Kodialbail, Mangaluru, was built

1974

Golden Jubilee Year

Turnover: Rs 55.23 Cr

Deposits: Rs 33.14 Cr

Advances: Rs 22.09 Cr

Branches: 146

Employees: 1314

100Years of Trust and Resilience

Karnataka Bank
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1984

Diamond Jubilee Year

Turnover: Rs 333.56 Cr

Deposits: Rs 211.34 Cr

Advances: Rs 122.22Cr

1991-99

Growth

Business Turnover crossed Rs 1000 Cr in 1991

Maiden rights cum Public issue of the Bank in 1995 oversubscribed nearly 2.5 times

Financial Express- BRIS Survey awarded the top place to Bank among all private banks in 1997 and 1998 Deposits crossed Rs 4350 Cr ; Top Bank among Indian private Banks in the CMIE-Economic Times Survey

2000-17

Technology adoption & branding

Core Banking system Finacle unveiled (First few Banks to embrace CBS)

Bank's ATM- 'MoneyPlant' launched and First Bancassurance tie-up with M/S Metlife India Insurance Co (P) Ltd

Internet Banking MoneyClick facility launched

New signage with unique colour and design adopted

Bank's Head Office shifted to new Corporate Building , at Pumpwell, Mahaveera Circle, Mangalore

Floated General Insurance Joint Venture –Universal Sompo GI with other banks and investors

Got ISO 27001:2013 Certificate for its IT Setup

2017-20

Transformation

Transformation Project 'KBL – VIKAAS' launched partnering with M/s BCG

Business turnover crossed Rs 1,00,000 crore

Bank launched its official page on Facebook, Twitter, Instagram and YouTube

Staff Training College gets ISO 9001:2015 Certification

Customer base crossed the milestone of 10 million

All time high Net profit posted Rs 477.24 Cr

Digital Center of Excellence (DCOE) at Bengaluru

2020-22

KBL NxT

Operationalized wholly owned non-financial subsidiary – KBL Services Ltd.

Commenced KBL-NxT journey – KBL VIKAAS 2.0

Empanelled as 'Agency Bank' of RBI to facilitate Government business transactions

Launches KBL FASTag

RMD certified under ISO 9001:2015

Net Profit crossed Rs 500 Cr mark in 2022

ACoE at Bengaluru

All time high Net profit posted Rs 1180.24 Cr in FY 23

PCR at 80.86%

Celebrating 100 Years of Trust 1924

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03

Business Strategy

Core Strategy: Transformative Digitalisation

KBL Vikaas 2.0

New transformation journey

Digital Bank of the Future

End to end digital solutions under **KBL-NxT**

Strategic Road Map

Karnataka Bank
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Great Place To Work®

- Great place to work

- Meaningful impact on our communities

Responsible risk management

- Embrace Risk Management.
- Know the Risks strategic, reputation, credit market liquidity operational compliance
- Do things right the first time
- Discover the Robot cause
- Excel at change Management

Extraordinary client experience

- Delight the client
- Deliver expert advice and solutions
- Provide a consistent client experience
- Lead meaningful client reviews
- Evolve the mobile experience

Profitable revenue growth

- Acquire, Grow and retain clients
- Earn client referrals
- Understand client needs and concerns
- Live the sales and service processes
- Value our skills & expertise
- Operate efficiently

First class workplace

- Hire for values
- Strive for excellence
- Invest in each other
- Promote a culture of learning
- Coach in every direction
- Recognize & reward performance
- Balance work and life
- Cultivate diversity
- Spread goodness

Core Strategy: 5 Pillars for FY2022-23

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Implementation of KBL-NxT

KBL- VIKAAS 2.0 and Cyber Fraud Management

01

Integrated Management of Asset Quality

SMA, NPA, Restructured Portfolio, Technical written-off accounts etc.

02

Opening of DBUs

(Digital Banking Units) as per RBI Guidelines

03

Growth Management

Credit & CASA Including garnering Government business

04

ESG

Re-aligning banking activities to ESG Protocols

05

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Digital Banking

Digital initiatives FY23

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Banking services through Whatsapp Channel

01

Wealth management product

02

Under NPCI Projects gone live with UPI Mapper and UPI GST enhancements.

03

Enabled Platform for **Digital sanction** Of Home loans, Personal loans, Car loans, 2-wheeler loans & MSME loans. Opening of SBs through **Tab banking**

State-of-art IT set up which has enabled Anytime Anywhere Banking through alternate delivery channels such as ATMs, VISA International Debit Card, RUPAY Debit Card, Internet Banking, Mobile Banking, IMPS, e-lobby etc.

The Information Security Management System (ISMS) of the Bank has been accredited with ” certificate encompassing at Bank’s Data Centre/ IT Cell, Near line Site [NLS] and Information Technology Department including the DR site [IT & DR]

Pioneer in implementing amongst first generation private sector banks

Digital Banking: Digital Centre of Excellence (DCoE)

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Accelerating Digital Transformation Catalyst

Digital Leads
Enabling reach digitally

2500+

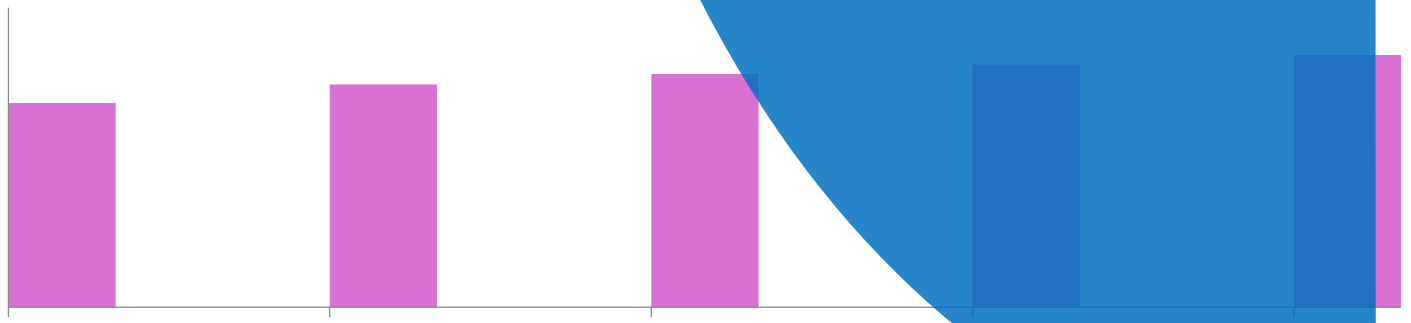
30,000+ customer queries addressed as a Xpress Loan assistance.

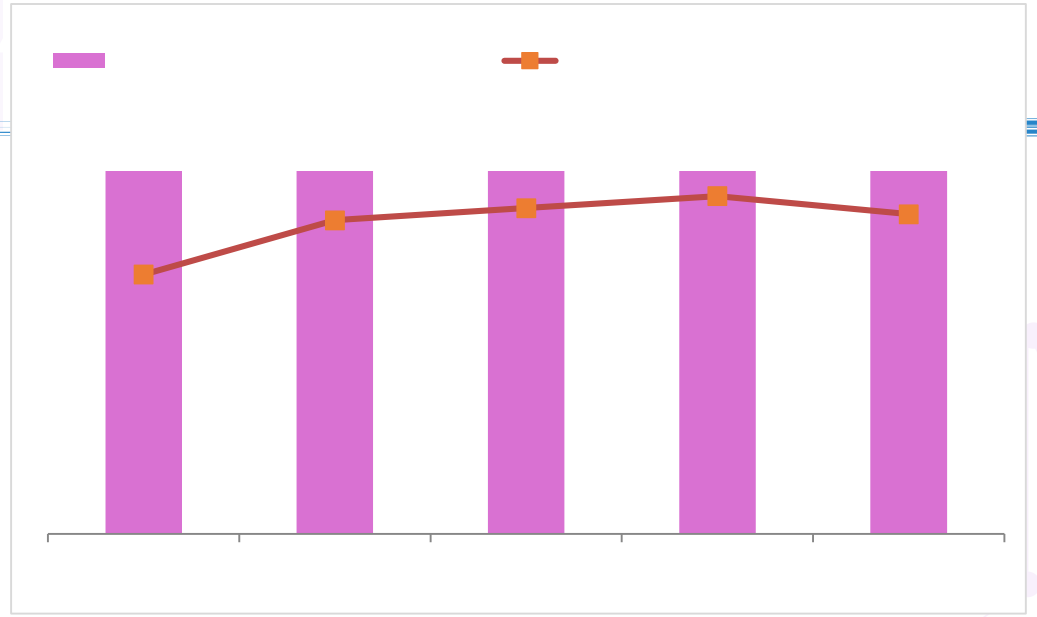
Risk Reduction
Improving Asset Quality
(Cibil V3 >701 Score Portfolio)

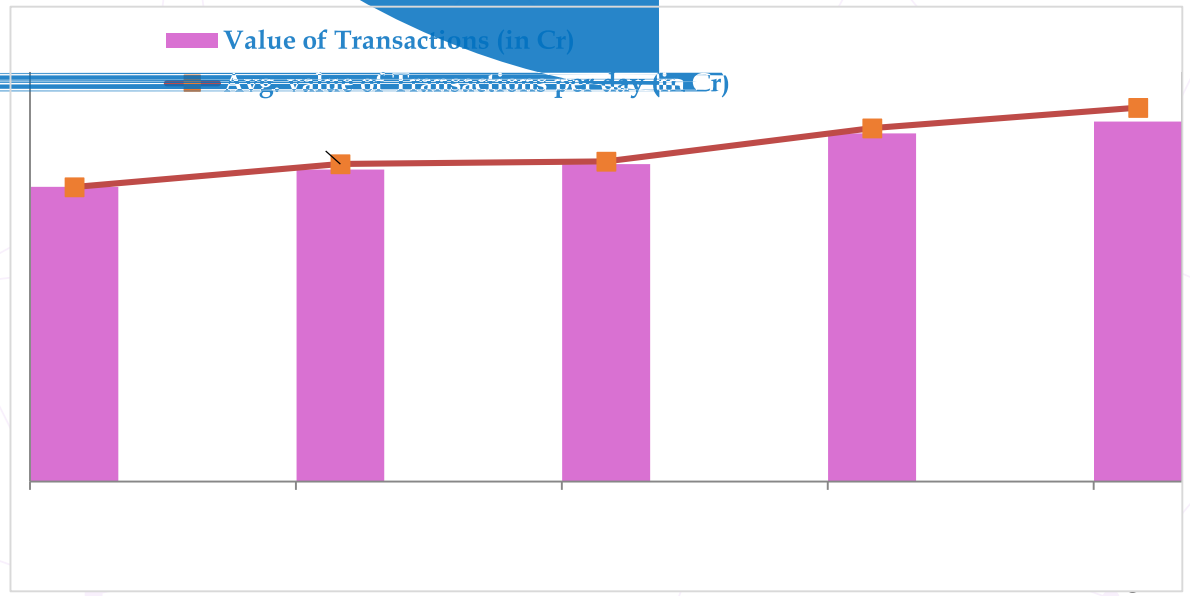
>79.4%

24000+ customers benefiting through relevant need match to services offered

Digital Adoption: Mobile Banking







Digital Channel: Debit Cards

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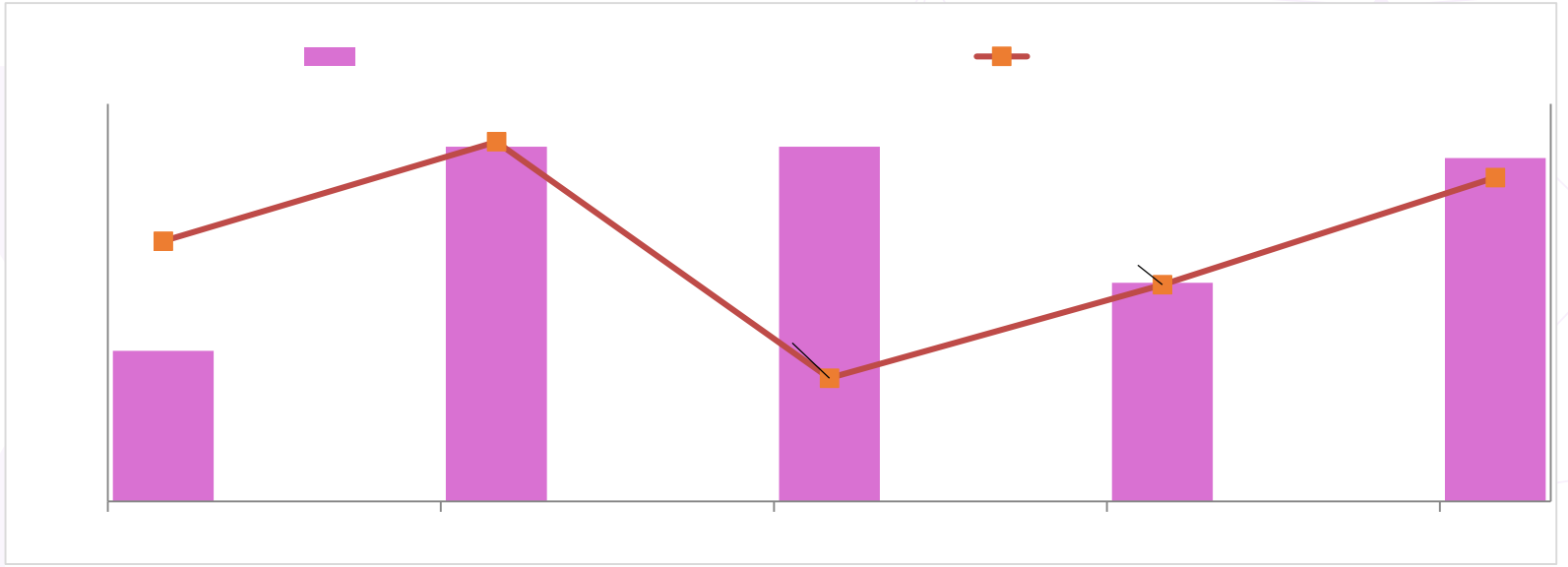
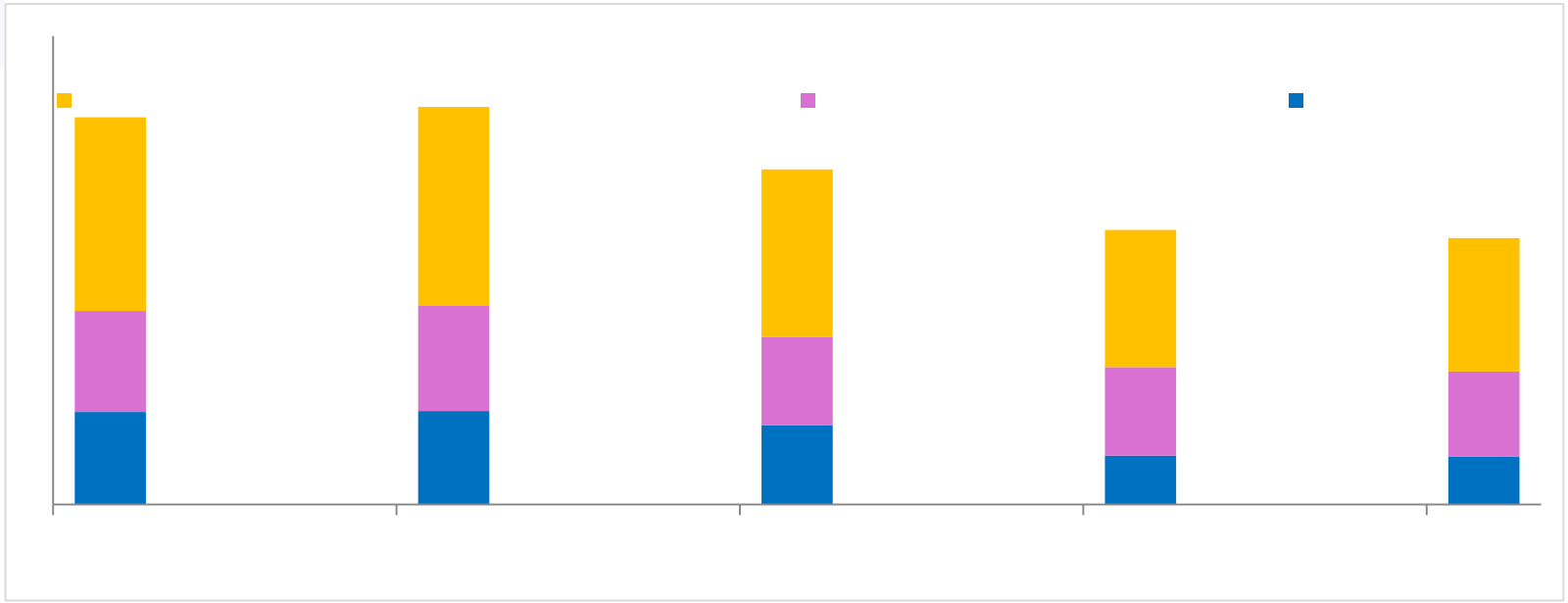
Debit cards Penetration

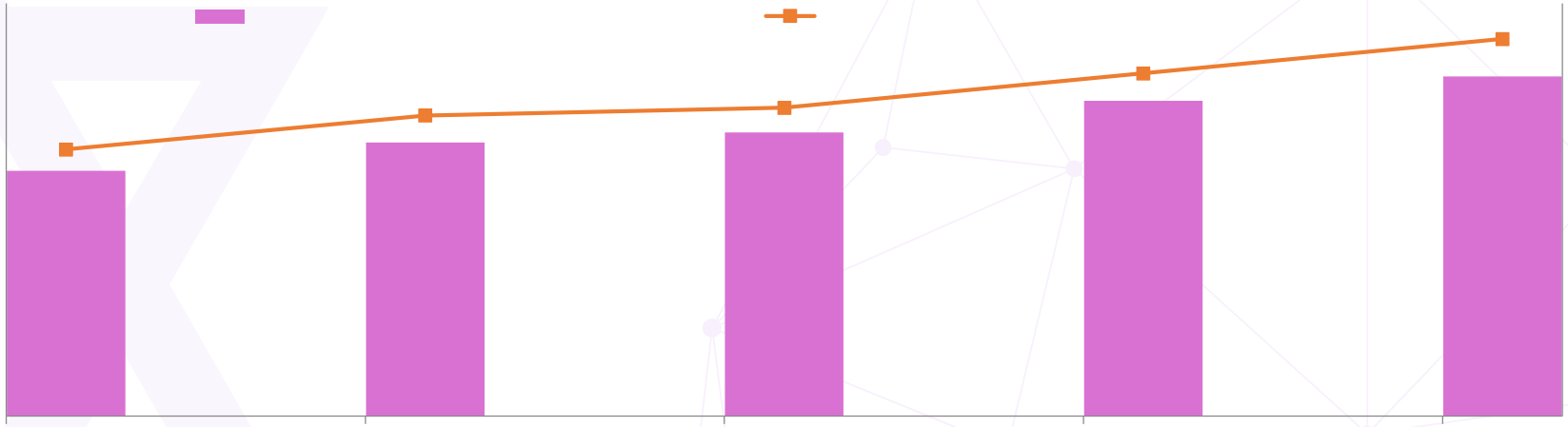


Cards Usage

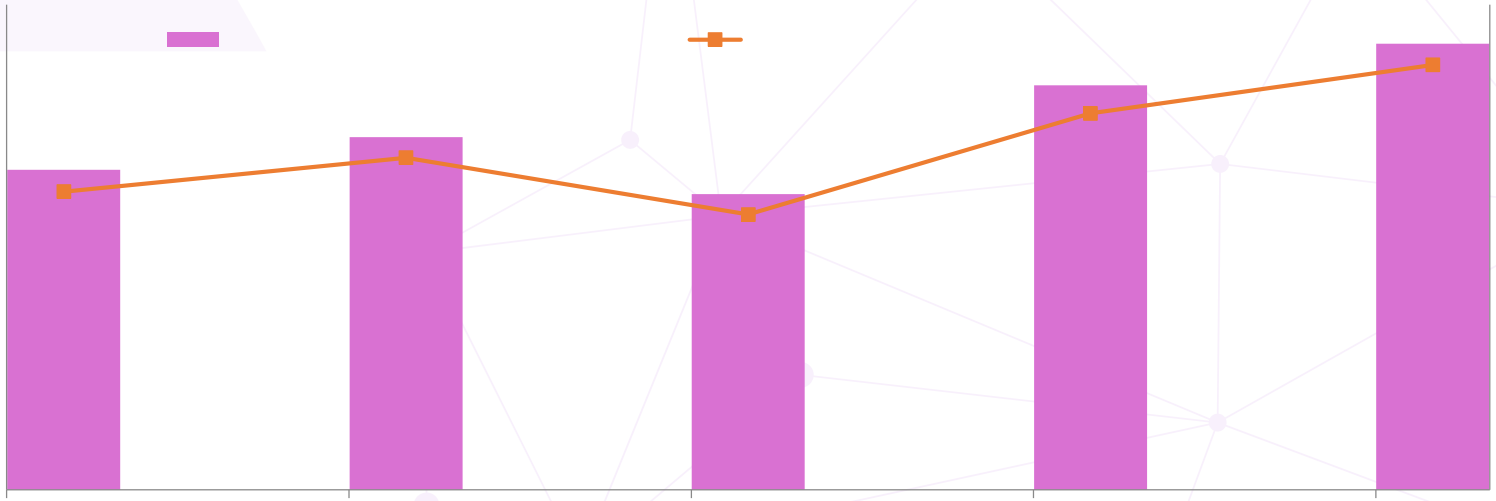


Digital Channel: UPI Transactions

UPI Transactions- count



UPI Transaction Value



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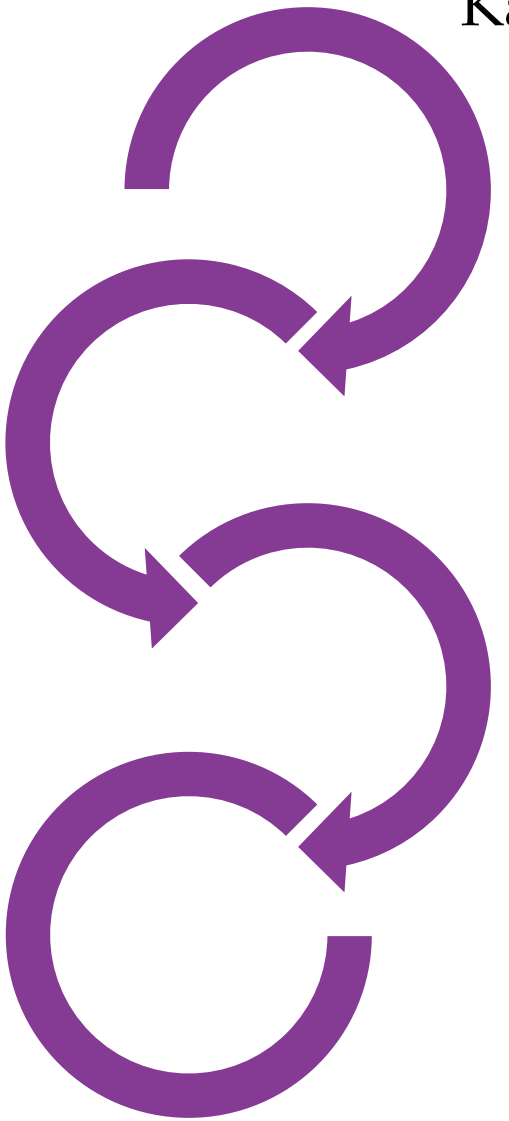

Karnataka Bank's vision…

To emerge as the "Digital Bank of the Future" by embedding data & analytics in business processes to drive data-driven decision making

… Objectives of ACoE

- Robust, cloud enabled, scalable data infrastructure
- Develop Predictive, Business/Strategy & Descriptive analytics use-cases
- Upskilling in-house analytics resources for seamless business continuity
- Unified, scalable, central data repository solution & processing infrastructure
- Integrate analytics with business processes to enable data driven decision making
- Measure & achieve defined business outcomes from analytics use-cases

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Annexures

FY23: Asset Quality - Borrowers under external rating

Gross Bank Credit: ₹61,302 crore (PY Mar 22: ₹ 57,769 crore).

FY23: Asset Quality-Top 50 Borrowers under external rating

AAA	16	5831.57	9.51%	0	0.00	0	0.00	0	0.00	0.00%
AA	13	2862.85	4.67%	0	0.00	0	0.00	0	0.00	0.00%
A	9	821.42	1.34%	0	0.00	0	0.00	0	0.00	0.00%
BBB	5	345.10	0.56%	0	0.00	0	0.00	0	0.00	0.00%
BB	0	0.00	0.00%	0	0.00	0	0.00	0	0.00	0.00%
B	0	0.00	0.00%	0	0.00	0	0.00	0	0.00	0.00%
C	0	0.00	0.00%	0	0.00	0	0.00	0	0.00	0.00%
D	0	0.00	0.00%	0	0.00	0	0.00	0	0.00	0.00%
Unrated	7	868.61	1.42%	0	0.00	0	0.00	0	0.00	0.00%

Gross Bank Credit: ₹ 61,302 crore (PY Mar 22 - ₹ 57,769 crore).

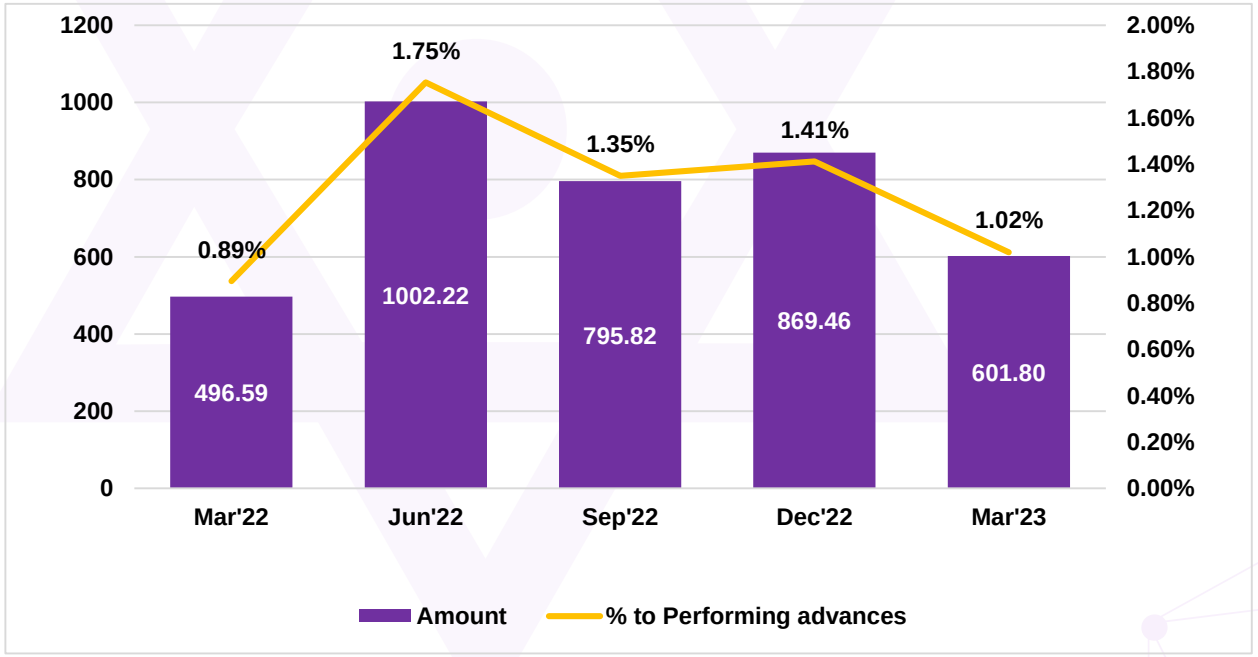
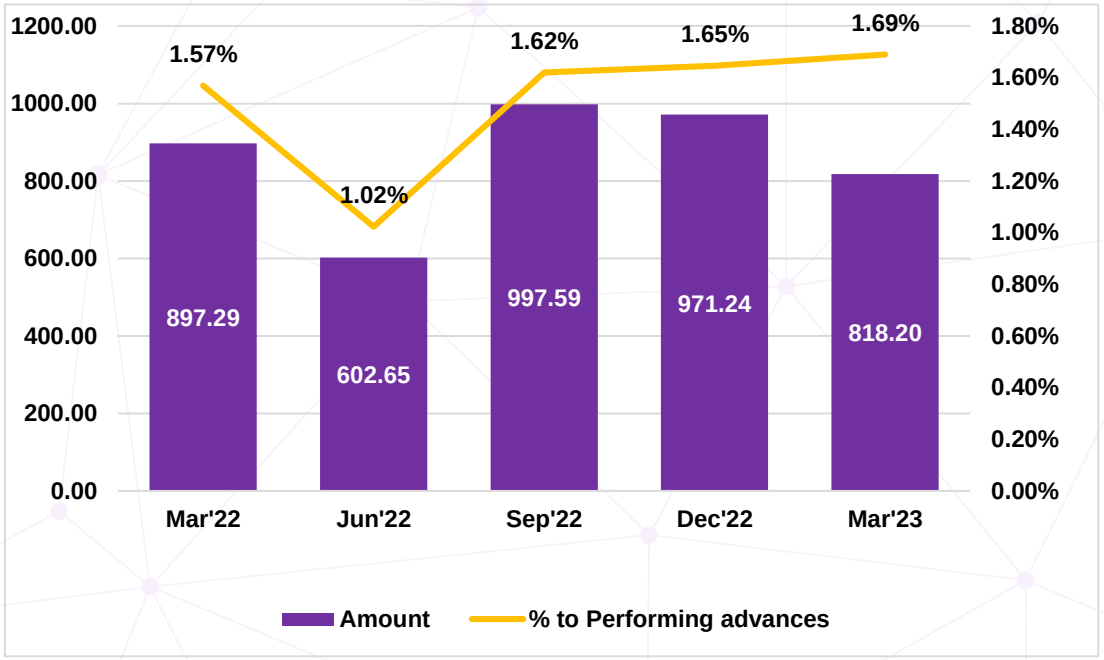
FY23: Asset Quality - External rating of NBFC portfolio

	27									
	2									

Gross Bank Credit: ₹61,302 crore (PY Mar 22: ₹ 57,769 crore).

Asset Quality
NPA & Slippage

crs)



SMA 1 crs)