

# INVESTOR PRESENTATION Q2 FY24

Banking with Legacy, Embracing the  
Future

Celebrating 100 years of trust





**Karnataka Bank Ltd.**  
Your Family Bank. Across India

# Table of Contents

**01** Independent Board and Experienced Management Team

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**02** Progress during the Quarter

---

**03** Strategic Roadmap

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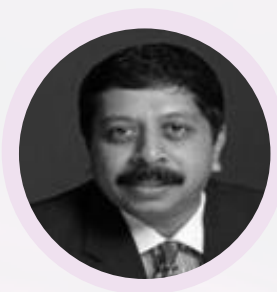
**04** Our Strengths

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**05** Financial Highlights



# Experienced Management Team...



*Srikrishnan H*

**MD & CEO**

Former MD & CEO, Jio Payments Bank; ED, Yes Bank; Founding Team, HDFC Bank



*Sekhar Rao*

**Executive Director**

Former COO, CSB Bank; National Head, RBL; Co-Founder, Savvy India



*Balachandra Y V*

**Chief Operating Officer**

28-years operations veteran at Karnataka Bank



*Gokuldas Pai*

**Chief Business Officer**

34-years veteran at Karnataka Bank across various business functions



*Abhishek Sankar Bagchi*

**Chief Financial Officer**

Former CFO, NSDL Payments Bank; Dy-VP, Finance & Accounts, Axis Bank



*Pankaj Gupta*

**Chief Digital & Marketing Officer**

Formerly at Sify Technologies, HCL Services, Wipro Infotech



*Gurumurthy R K*

**Head – Treasury**

Formerly at DBS Bank, Laxmi Vilas Bank, Bank One, ING Vysya Bank



*To Be Announced*

**Chief Product Officer/ Head of Products**

Inducting laterals from various fields with proven pedigree aligned to the transformational journey of the Bank



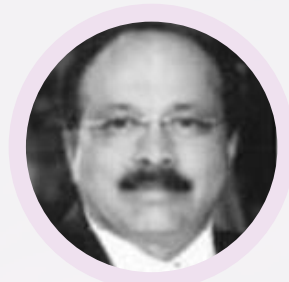
# ..Guided by an Independent Board

With no shareholder holding >5% share capital in the Bank



*P Pradeep Kumar*

Part Time Chairman,  
Independent Director  
Former MD, State Bank of India



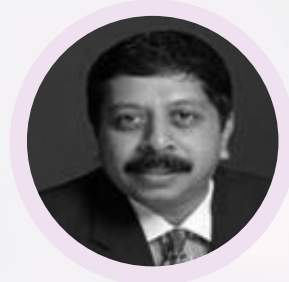
*Keshav Krishnarao Desai*

Independent Director  
Managing Partner, Desai Group



*Balakrishna Alse S*

Independent Director  
Former ED, Oriental Bank of  
Commerce



*Srikrishnan H.*

MD & CEO



*Justice A V Chandrashekar*

Independent Director  
Former Judge, High Court of  
Karnataka



*Kalmanje Gururaj Acharya*

Independent Director  
Senior Partner, M/s. K G Acharya &  
Co.; Former Independent Director,  
State Bank of Mysore



*Sekhar Rao*

Executive Director



*Uma Shankar*

Independent Director  
Former ED, Reserve Bank of India



*Jeevandas Narayan*

Independent Director  
Former MD, State Bank of  
Travancore;  
Deputy MD, State Bank of India



*B R Ashok*

Non-Executive Director  
Partner, M S K C & Associates

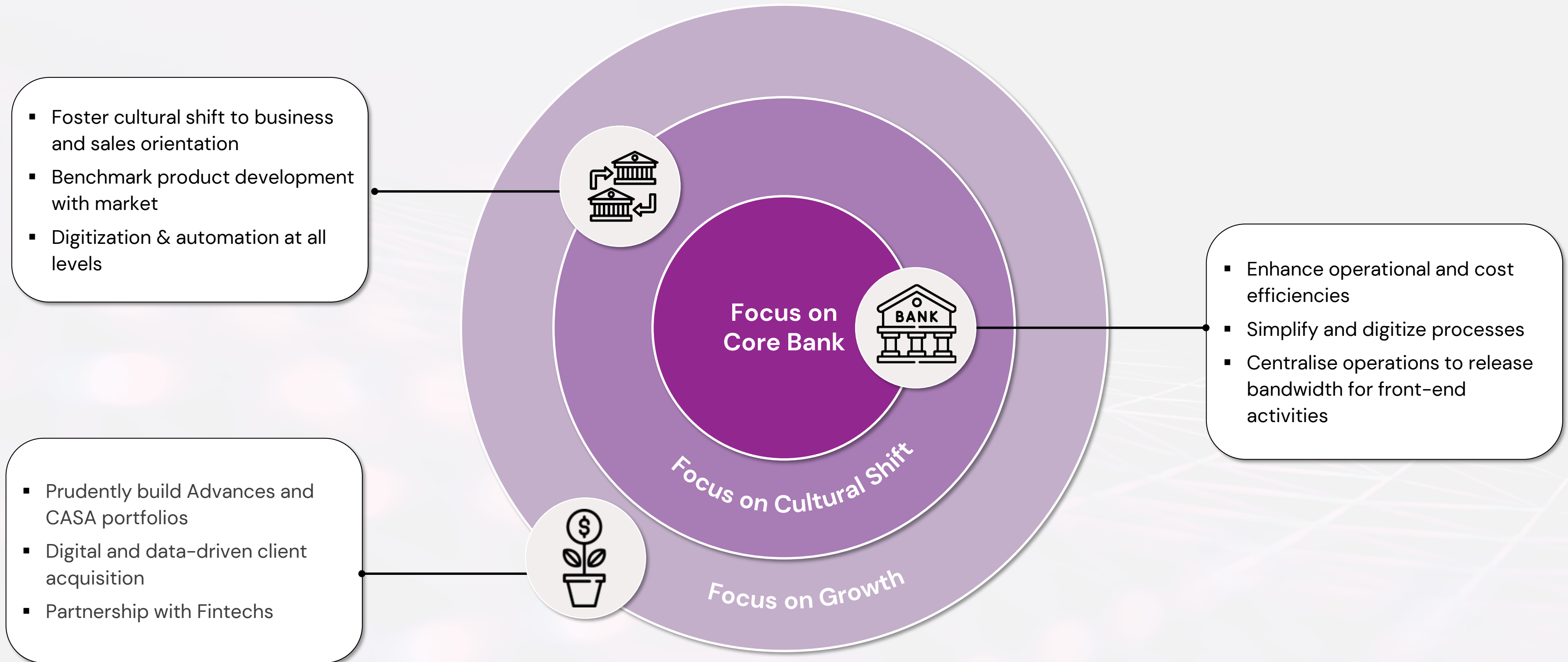


*Dr D S Ravindran*

Independent Director  
Former Principal Secretary, Govt.  
of Karnataka



# Banking with a Legacy, Embracing the Future



# Progress during the Quarter

Q2FY24

Banking with Legacy, Embracing the  
Future

Celebrating 100 years of trust





# Key Milestones

## Capital for Growth

₹ 1500 Cr.

Tier-1 Capital  
Approved by the Board



### Tranche 1 – INR 800 Cr.

- Allotment completed post receipt of shareholder approval
- Backed by marquee institutional investors



### Tranche 2 – INR 700 Cr.

- Raising of INR 700 Cr. funds by issue of equity shares by way of QIP / Preferential Issue / Rights Issue / any other permissible mode

The Bank has received RBI approval to exercise call option on its Tier-2 Bonds issued under Series V



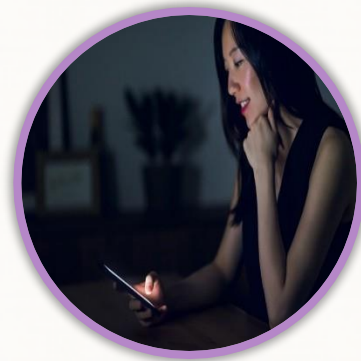
# Key Milestones

## Digital and data-driven client acquisition



### Outbound Sales Team

- Inducted ~250 Sales Officers and ~400 Feet on Ground
- Covering key markets and target segments



### Launched CRM

- Integration of customer data and interactions across Marketing and Sales department
- Enhanced customer engagement and improved business efficiency



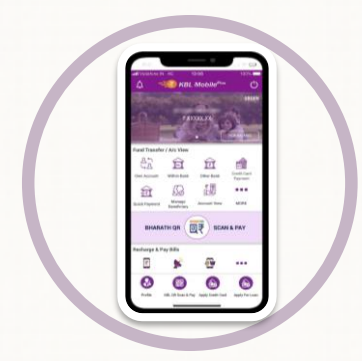
### Leveraging Customer360

- Comprehensive understanding of customer behavior to enhance user experiences
- Extensive analysis of customer interactions across diverse touchpoints and channels



### Website Development

- Target to go live in coming quarter
- Developer portal with 400+ APIs



### KBL Mobile Plus

- Enhanced customer engagement
- User friendly interface with intuitive navigation





# Key Milestones

## New Products Launched During the Quarter



### KBL-Swarna Bandhu

- Partnered with SahiBandhu, a gold loan aggregator
- Gold loan services at doorstep



### Corporate Salary Account Schemes

- Bundled salary proposition, including zero balance account with concessions for loan processing, locker rentals, etc.
- Introduced three variants tailored to cater to all segments



### Collection of GST

- Live with GST service and collection
- Multiple modes including Over the Counter (OTC) & Internet Banking



# Key Milestones

## Awards & Recognitions in Q2



### Infosys Finacle (Innovation awards 2023)

Received by Shri Vinay Kulkarni, Dy. GM & CTrO, & Shri Gopalakrishna Samaga B, Dy. GM, RO Mumbai

### Business Icon Award 2023 (Finance and Banking Sector)

Received by Shri Nagaraja Upadhyaya, DGM, RO Bangalore, & Shri. Iranna Nagaral, RSE, RO Bangalore

### ET Iconic Brands of India 2023

Received by Shri. Raghavendra, DGM, RO Mumbai, Shri Santosh Kumar, AGM, Corporate Finance Branch, Mumbai, & Shri Satya Ramesh, Regional Sales Executive, RO Mumbai

# Strategic Roadmap

"Start up @ 100"

Banking with Legacy, Embracing the Future

Celebrating 100 years of trust





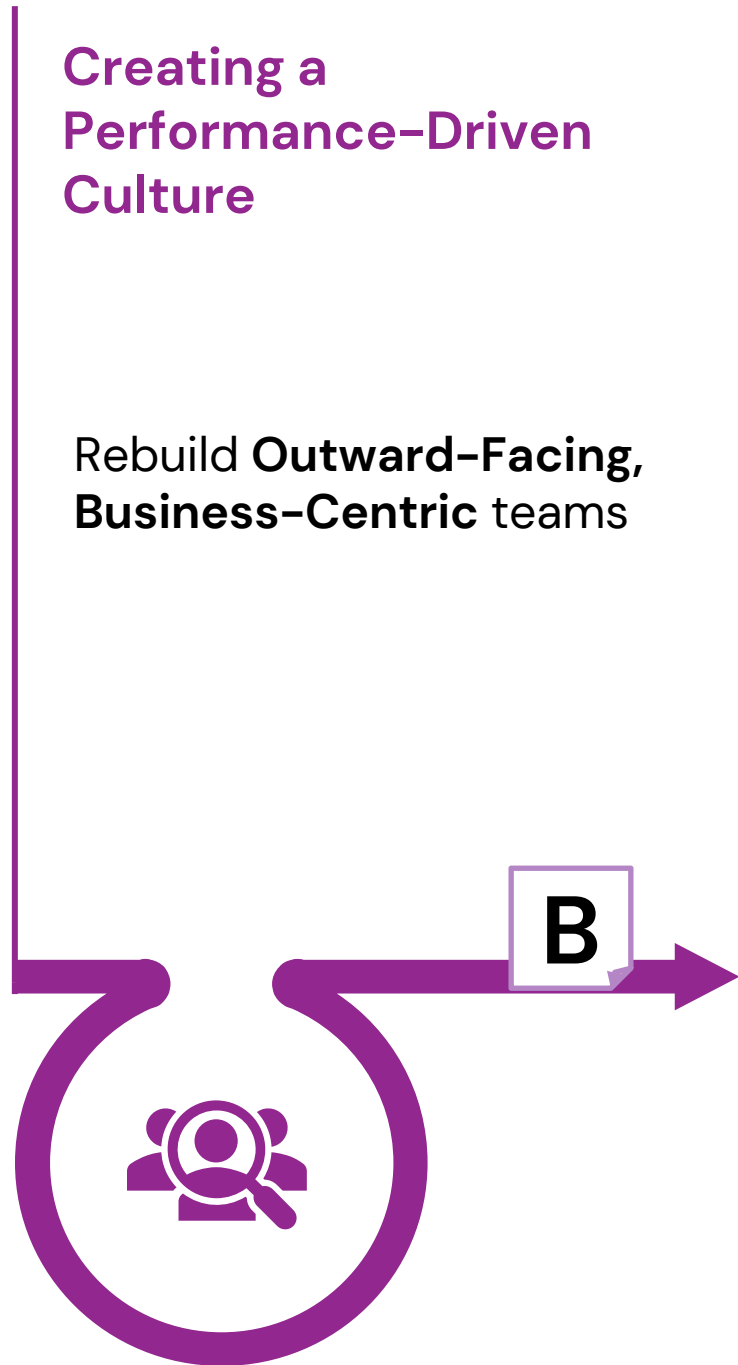
# Strategic Roadmap



**A**

**Delivering Excellence in Core Businesses with Underlying Technology Platform**

Through tech-driven **Processes, Products & People** targeting Rural, MSME and Retail sector



**B**

**Creating a Performance-Driven Culture**

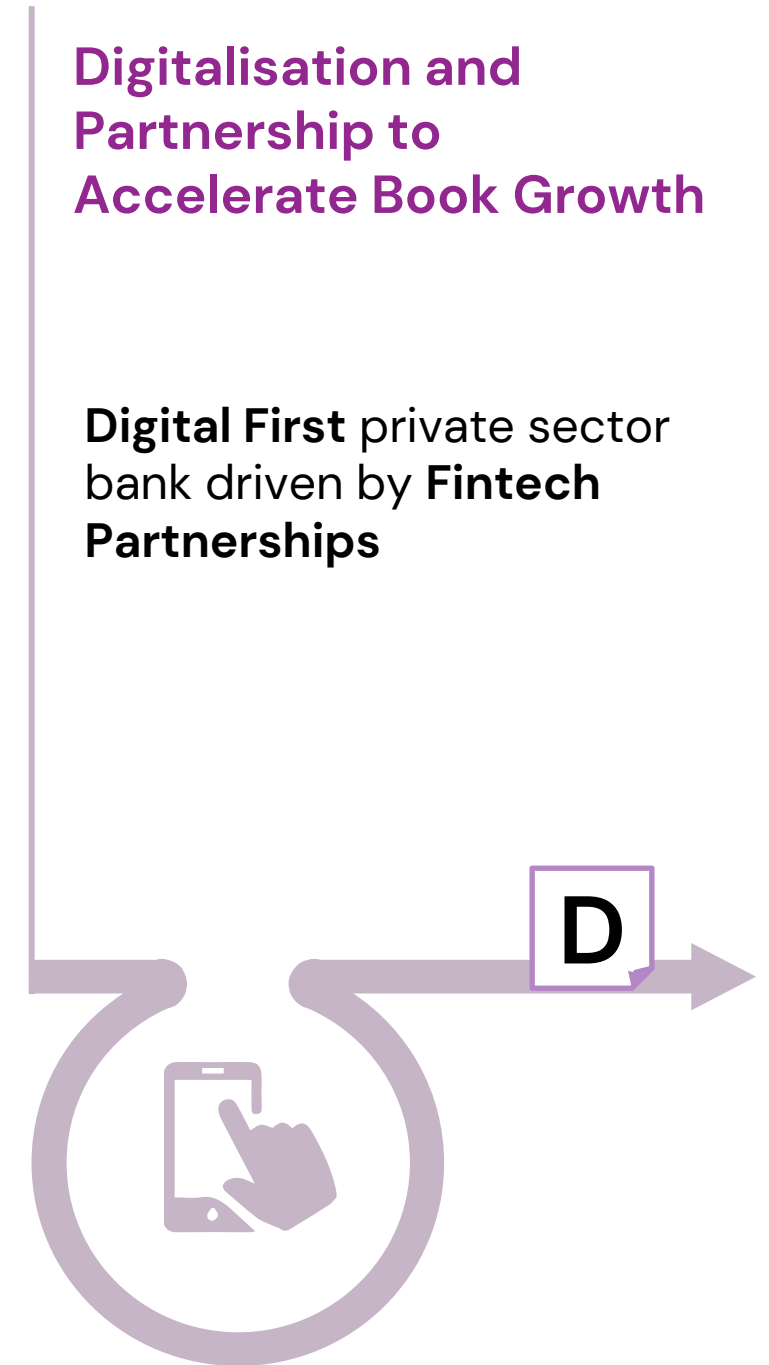
Rebuild **Outward-Facing, Business-Centric** teams



**C**

**Strengthening Financial Position to Create Long-Term Value**

**Targeted Metrics** with specific focus on long-term strategy



**D**

**Digitalisation and Partnership to Accelerate Book Growth**

**Digital First** private sector bank driven by **Fintech Partnerships**



# Driving Excellence in Proven Core Competencies



## Consistent Emphasis on our Strength Areas

### Our Legacy

### Building on Our Legacy



**100 Year Legacy**

**13 Mn**

Happy customers

**1 in 40<sup>1</sup>**

Indians bank with us

- Tradition with Innovation
- Outbound Sales Culture
- Startup-like Agility



**MSME & Rural Focus**

**36.6%<sup>2</sup>**

Share of MSME & Agri-Loans

**46.2%**

Branches in Rural & Semi-Urban Areas

- Capitalise on community network
- MSME and Rural to be key growth drivers



**Retail Focus**

**45.5% → 48.9%<sup>2</sup>**

Increase in % of Retail Advances from FY20 to Q2FY23

- Enhanced RoA and RoE
- Focus on Retail – Home, Gold Loans



**Karnataka Stronghold**

**4.2%<sup>3</sup>**

Market share in Karnataka

**22 States**

Pan-India presence

- Wider Geographical Presence
- Digital and Data-driven client acquisition
- Cross Selling





# Driving Excellence in Proven Core Competencies

A.

## Continued Transition Towards Retail

### Strategy

**Outbound Sales Team** and “**Feet on Street**” for growing liabilities and expanding home loan book

**Business Correspondent** partnerships to strengthen portfolio

**Sector Focus Tie-ups** to grow retail reach

Scale-up from number of Retail Loan Processing Hubs

Increase **Product Penetration** per customer through analytics-enabled cross selling



### Progress

Inducted **~250 Sales Officers** and **~400 Feet on Ground** for covering key markets and target segments

Partnered with **one BC** and others in progress

Partnerships focused to expand Home, Car, Gold, Retail and Agri loan book

In process of scaling from **5 to 8** retail processing hubs

Leveraging customer data to cross-sell to existing customer base

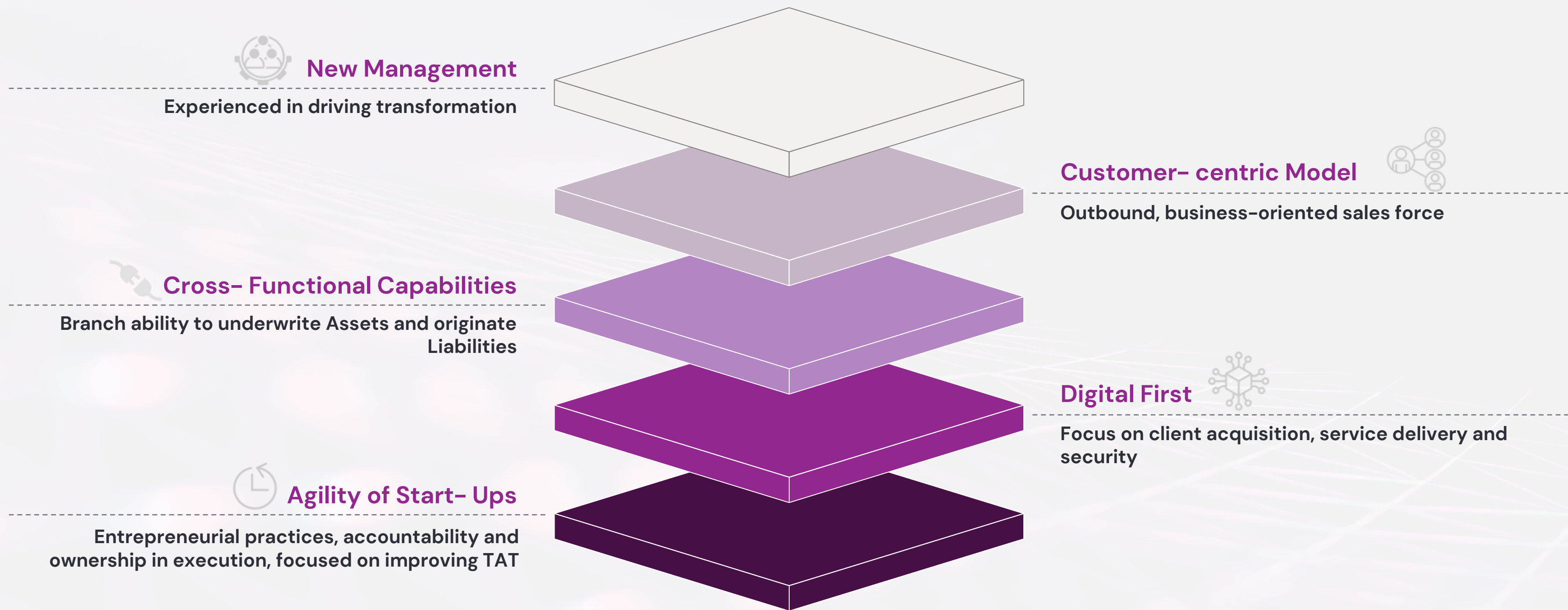




# Creating a Performance Driven Culture

B.

## Rebuild Outward-Facing, Business-Centric Teams



Linear organizational structure with an intensified focus on Branch Banking





# Strengthen Financial Position to Drive Profitability

C.

Prioritise Retail and Government Accounts with Sustained Growth in Other Segments

## Key Capabilities in Place to Leverage Opportunities in the Government Business



Empaneled as 'Agency Bank' for direct tax collection



Integrated on **National Jan Samarth** portal

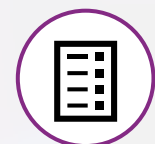


**State-level Treasury integrations** for collection of revenue (Khajane-II in Karnataka and MAHAKOSH in Maharashtra)



National Savings Institute (NSI)  
(to on-board customers for savings schemes)

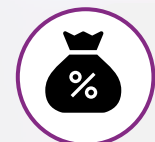
## Target to be one of the **top govt. collection banks**



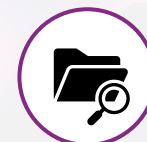
Live with **GST collection** through OTC and Internet Banking



Live with **Customs collection**



**Direct tax collection** to go live in coming quarter



Selected by RBI for upcoming cohort of **Central Bank Digital Currency (CBDC)**

Working towards "one-stop" digital solution for all statutory payments



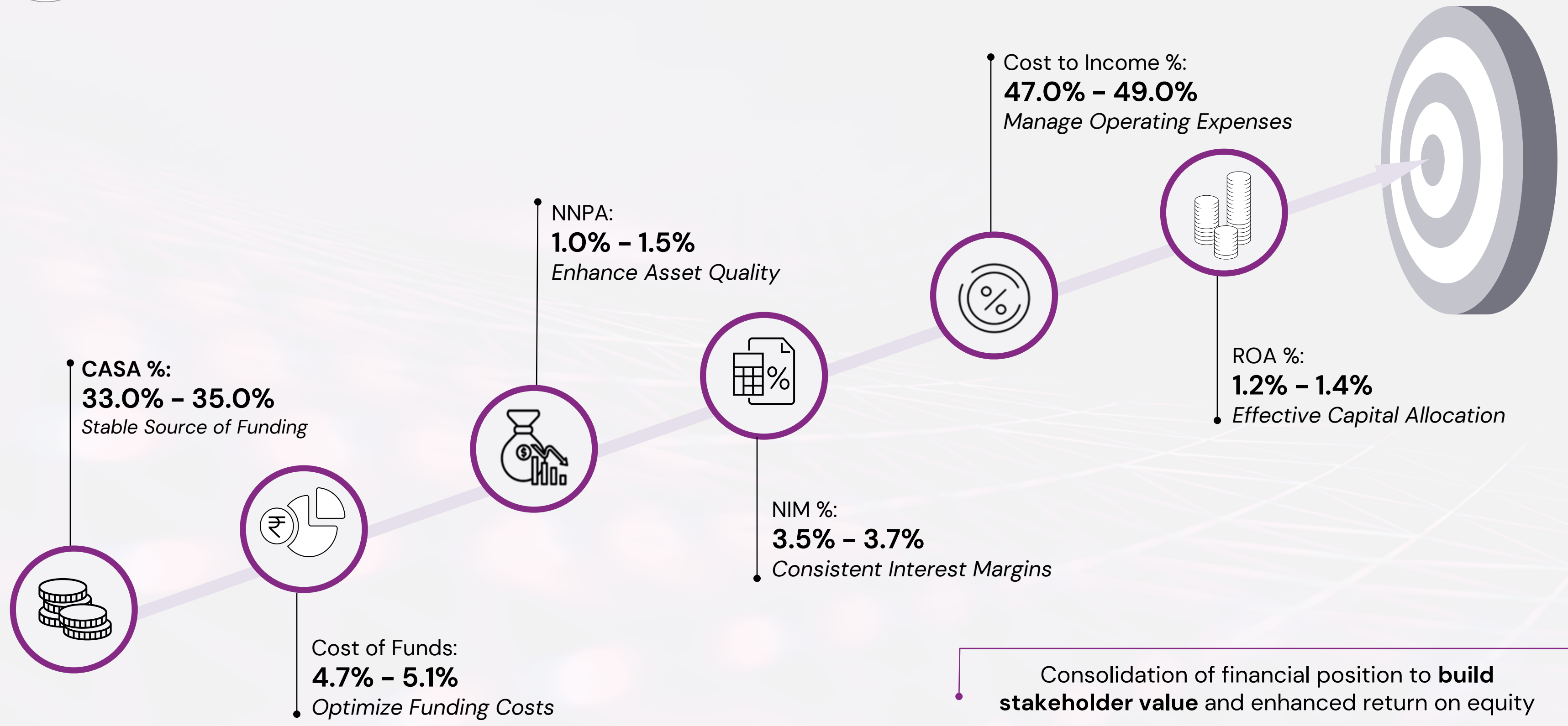




# Strengthen Financial Position to Drive Profitability

C.

## Targeted Performance Improvement to Boost Returns





# Digitalisation Propelling Robust Book Growth

D.

Foundation in place to Drive Next Leg of Digital Innovation

State-of-the-art **'Technology & Digital Hub'** at Bengaluru

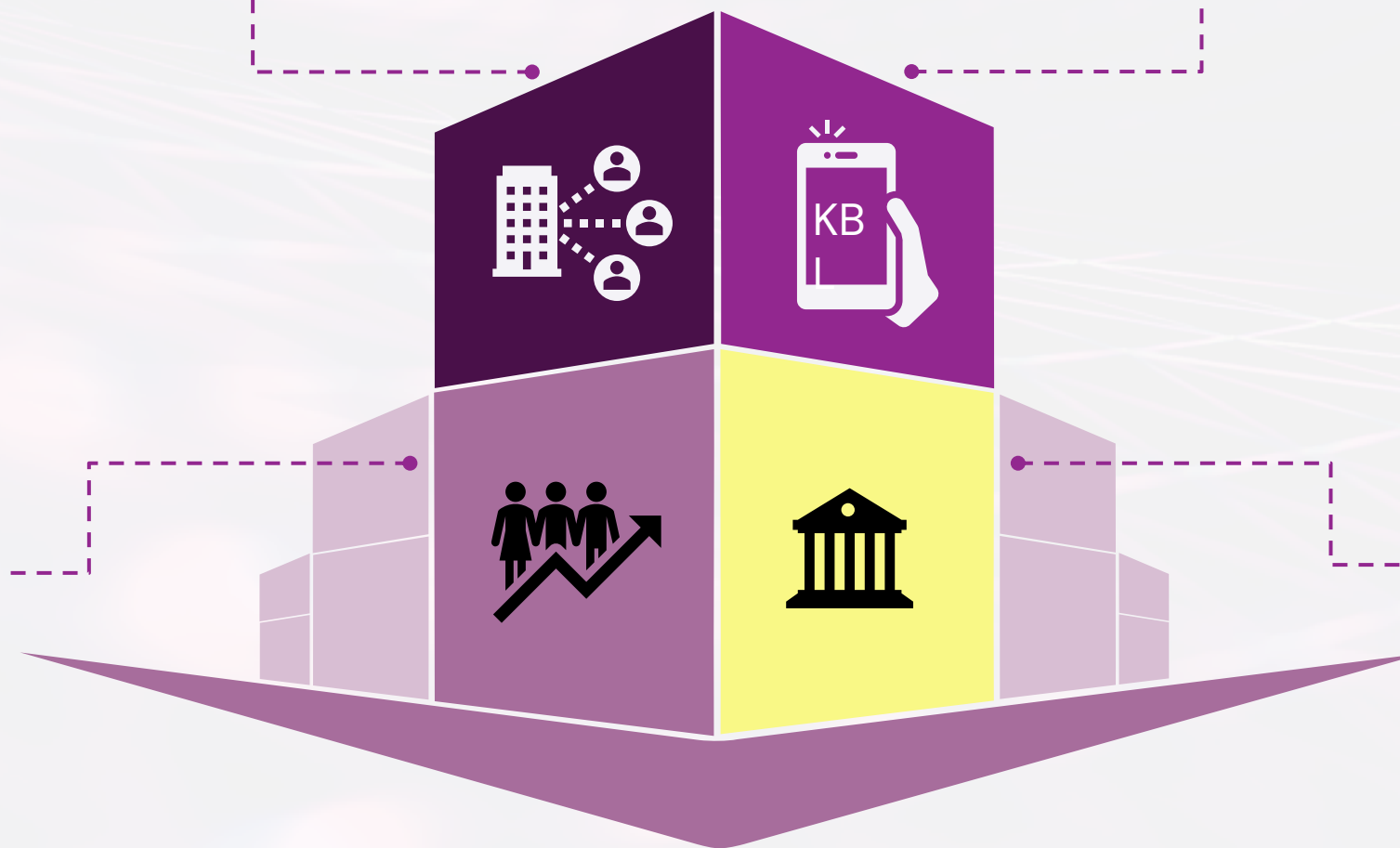
- 40,000 sq. ft. super built-up area
- 370+ work-stations
- Consolidate all technology and digital operations under **One Roof**

- **'Project KBL-VIKAAS'** to drive transformation initiatives advised by **Boston Consulting Group**
- Digital Centre of Excellence (**DCoE**)
- Analytical Centre of Excellence (**ACoE**)

- **Partnerships with Fintechs**
- **Co-lending Tech Integration**

- Pioneer in **"Finacle CBS"** amongst 1st Generation Private Banks
- **ISO 27001:2013 Certified** Information Security Management System

Text





# Digitalisation Propelling Robust Book Growth

D.

## Moving Towards a Digital-First Bank

Embedding **data & analytics** in business processes to drive data-driven decision making...



Predictive, business/strategy & descriptive **analytics use-cases**

**P Predict & Prioritise**

**Data Link** to enable seamless communication and exchange of information



ACoE **capability on cloud** with robust and scalable data infrastructure

**A Analyse & Automate**

Unified, scalable, **central data repository** solution & processing infrastructure



Upskilling in-house analytics resources for seamless business continuity

**C Customise & Collaborate**

Integrated analytics with business processes to enable **data driven decision making**



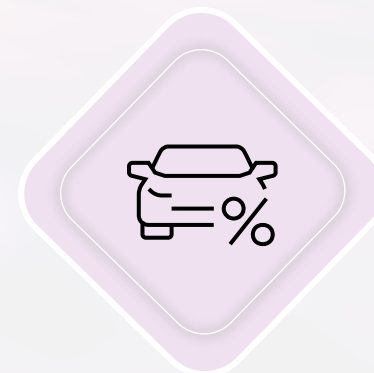
**E Enable & Execute**

...Backed by a **strong digital backend and underwriting**

**% of Digital Underwriting on Overall Sanctions**



Personal Loan : **100%**



Car Loans : **90%**



Home Loans : **93%**



MSME Loans : **94%**





# Digitalisation Propelling Robust Book Growth

D.

Digital First, New-Age Private Sector Bank Driven by Fintech Partnerships



Co-branded Credit Cards

Exploring partnerships with new age technology service provider



Co-Lending

Tie-up with reputed NBFC and MFI as well as aggregator platforms



General, Health and Life Insurance

HDFC Life, Bajaj Life, Bharti Axa, PNB Metlife, LIC, Bajaj General, Universal Sampo



AMFI-Registered Mutual Fund Distributor

Empaneled with 8 AMCs



Demat Services and Trading Accounts

Tie-up with two online trading platforms



KBL-FASTag Service

Enabling recharge through mobile banking, UPI, and NETC FASTag portal

Fintech partnerships provide cost effective gateway to cutting-edge innovative solutions



# Karnataka Bank

Our Strengths

Banking with Legacy, Embracing the Future

Celebrating 100 years of trust





# Key Strengths

## Key Highlights

99 years of legacy  
delivering consistent  
profit and dividend



Diversified offerings with  
established brand equity



Strong geographical  
footprint



Healthy asset quality and  
financials backed by prudent  
risk management capabilities



Superior customer  
service and retention



Digital & technological  
capabilities



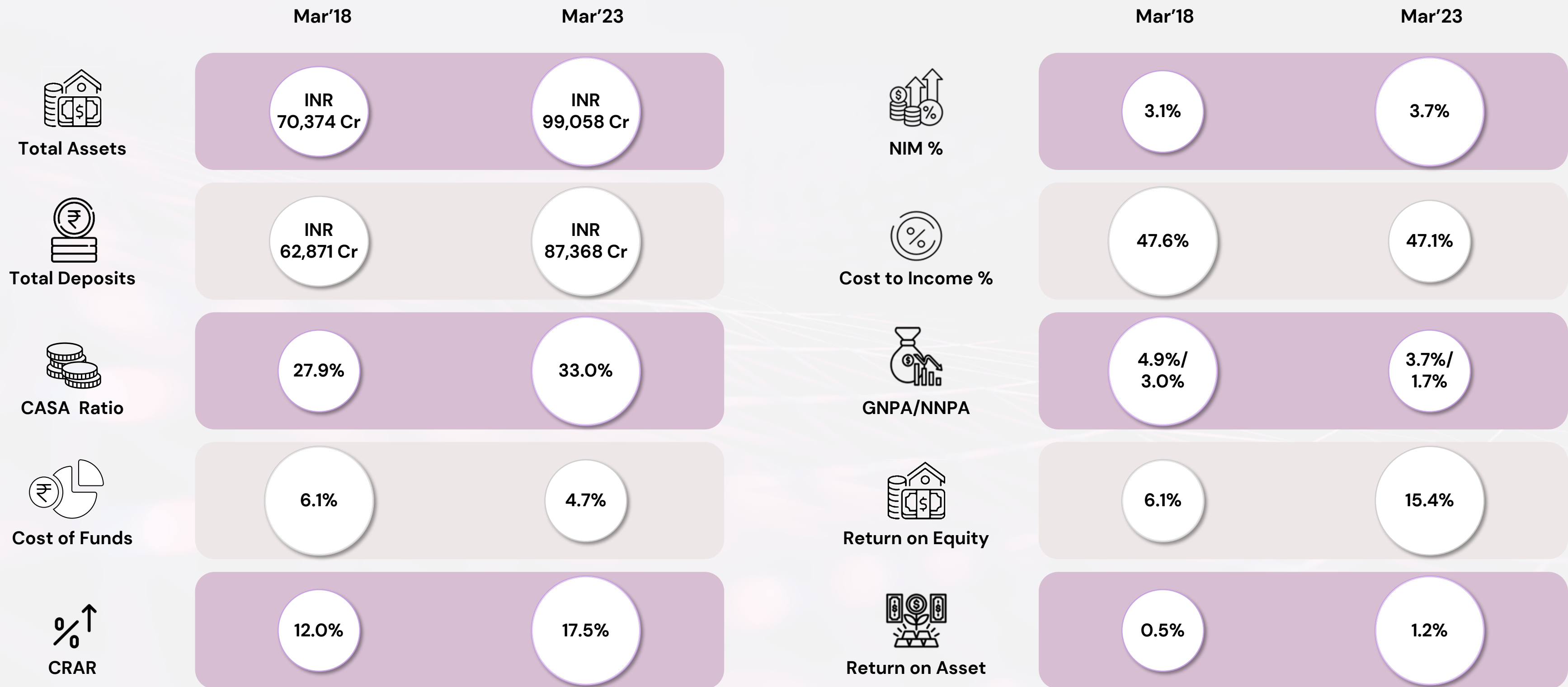
Strong governance  
culture and an  
experienced  
management team





# Longstanding Legacy Delivering Consistent Growth

## Key Highlights over 5 Years





# Diversified Offerings With Established Brand Equity

Product & Services for Everyone

## Retail and Personal Banking



- Housing
- Vehicle
- Gold
- Loans against property
- Personal loans
- Education

## MSME



- Working capital finance for traders & manufacturing industries
- Term loans & infrastructure finance
- Business development loans
- Corporate loans
- Professional & self-employed loans

## Agriculture Banking

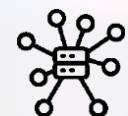


- Agriculture & allied activities
- Farm development
- Agricultural land purchase
- Farm mechanization
- Hi-tech agriculture
- Agricultural infrastructure & ancillary

## Services



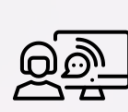
Simple & smarter digital loans



Centralised processing



Immediate in-principle sanction



Dedicated sales team

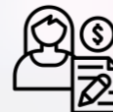
## Facilities



GST Based Loans



Quick digital underwriting



Loans to women entrepreneurs



Loans for machinery & equipment

## Facilities



Dedicated technical experts (AFOs)



Agri Development Branches (ADBs)



Rural godown loans



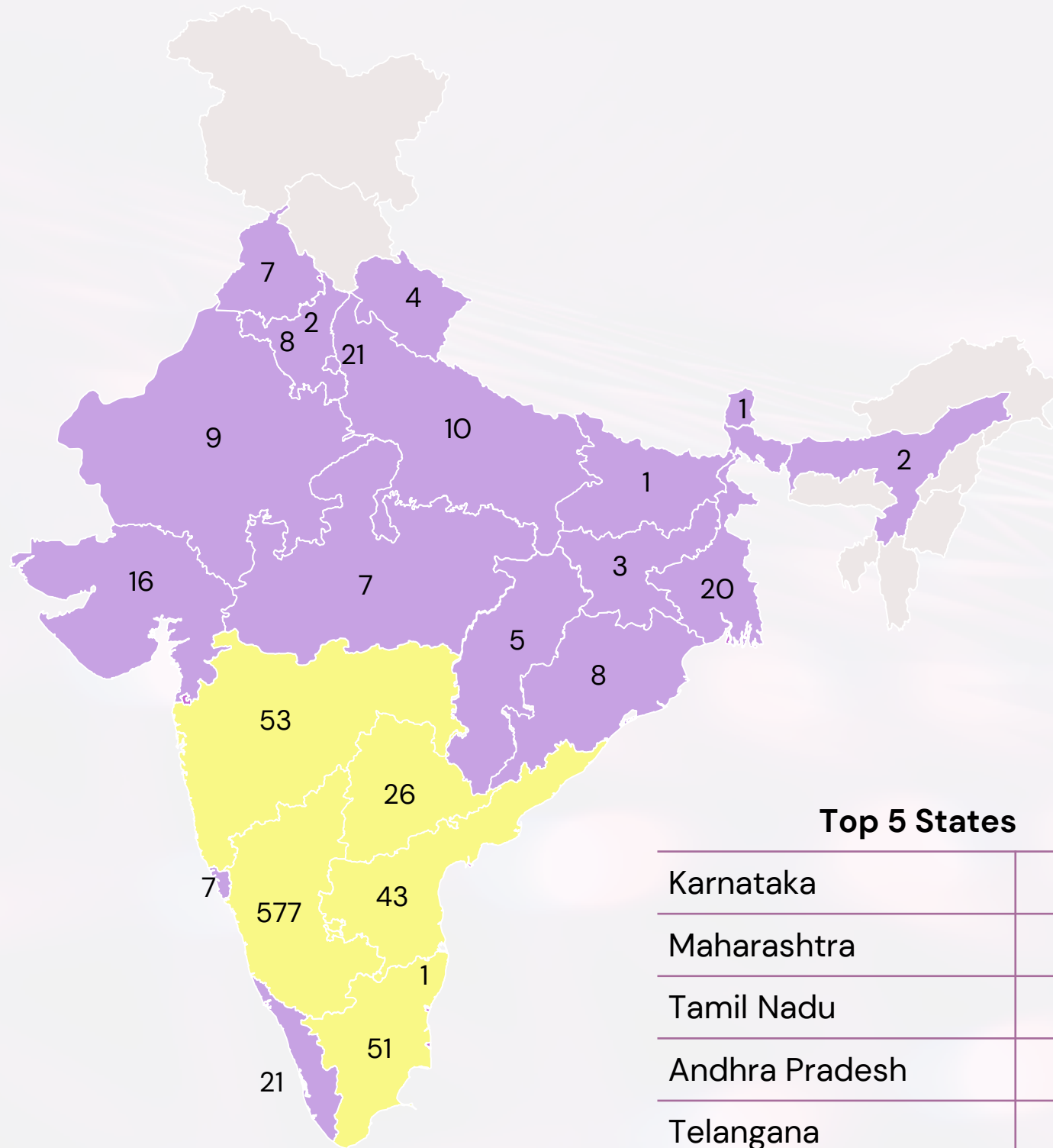
Farm machinery/ vehicle loans



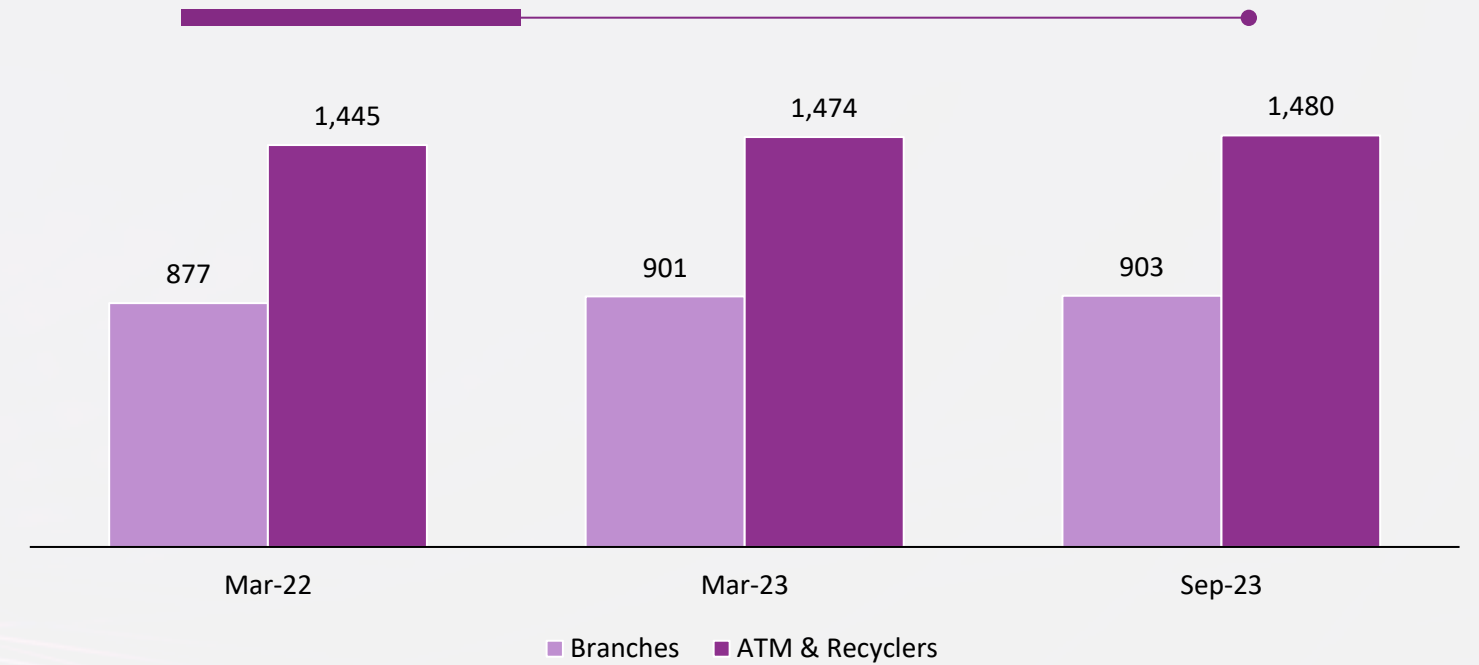


# Strong Geographical Footprint

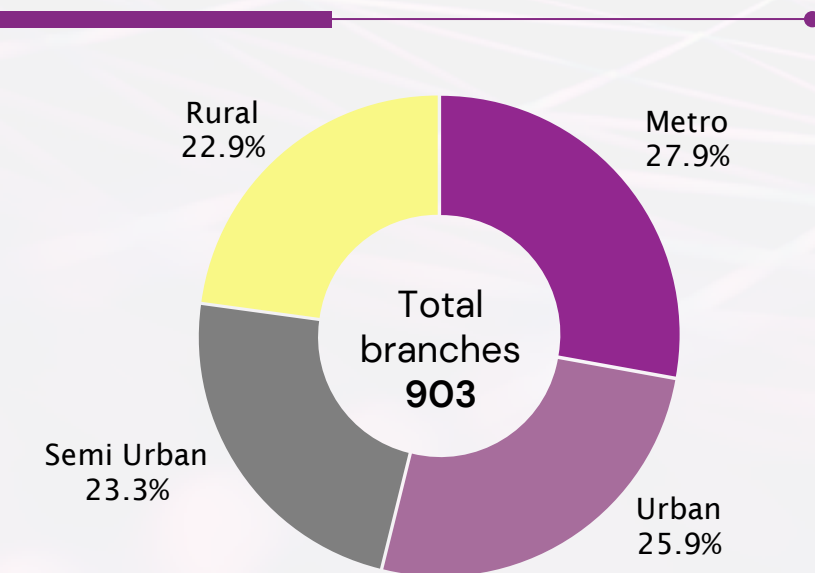
A Trusted Brand Identity



## Steady Growth in Locations Served



## Presence Across All Tiers



# Karnataka Bank

## Financial Highlights

Banking with Legacy, Embracing the Future

Celebrating 100 years of trust





# Financial Highlights

## Karnataka Bank at a Glance (Half Yearly Results)

Particulars	H1FY24	H1FY23	Growth Y-o-Y
Total Assets	1,05,856	97,077	9.0%
Gross Advances/(% Retail)	66,936/(48.9%)	60,991/(49.6%)	9.7%
Deposits	89,532	81,634	9.7%
Retail Deposits	60,962	54,343	12.2%
CASA Ratio	31.91%	32.82%	(91 bps)
Gross NPA	3.47%	3.36%	11 bps
Net NPA	1.36%	1.72%	(36 bps)
PCR	83.22%	79.97%	325 bps
ROE	16.47%	14.36%	211 bps
ROA	1.37%	1.10%	27 bps
NIM %	3.63%	3.56%	7 bps
CRAR	16.20%	15.28%	92 bps
Tier-1 Capital	13.11%	12.34%	77 bps



# Financial Highlights

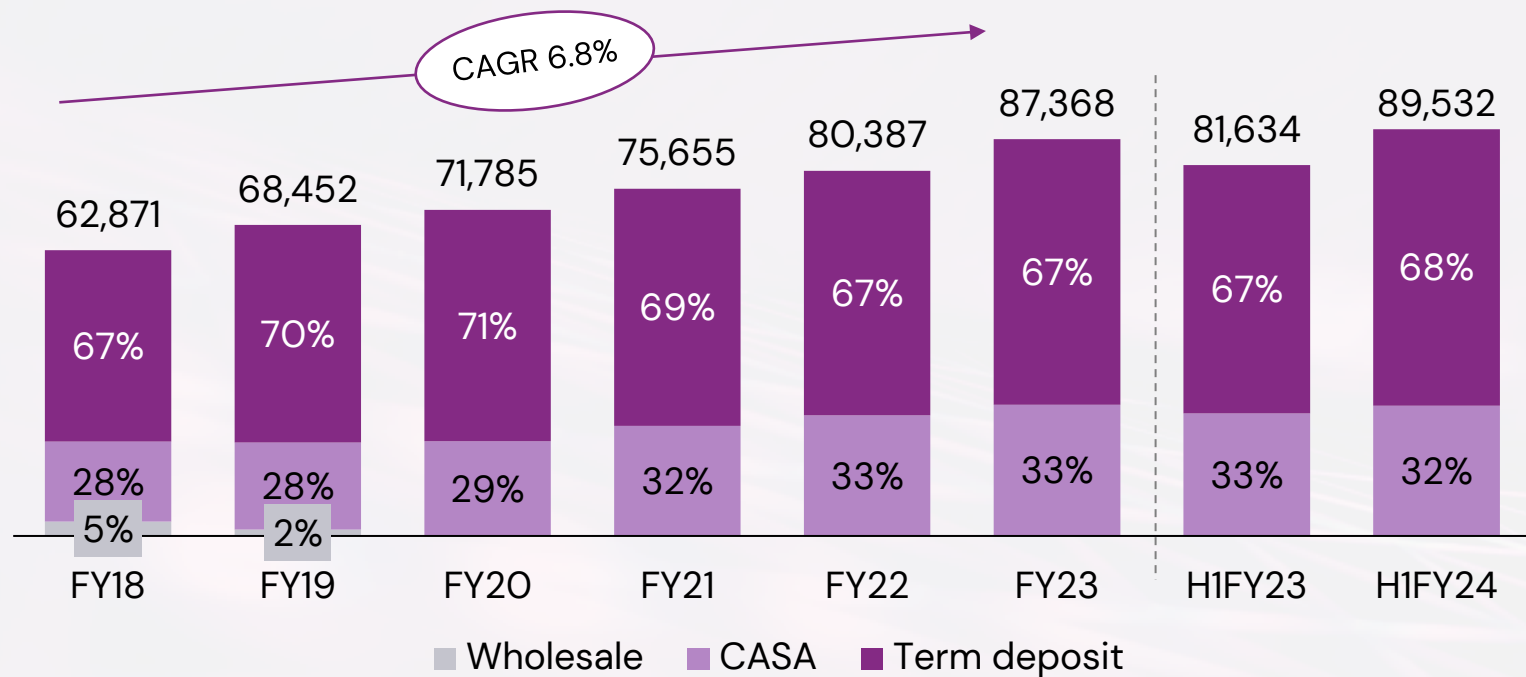
## Karnataka Bank at a Glance (Quarterly Results)

Particulars	Q2FY24	Q1FY24	Growth Q-o-Q	Q2FY23	Growth Y-o-Y
Total Assets	1,05,856	99,120	6.8%	97,077	9.0%
Gross Advances/(% Retail)	66,936/(48.9%)	63,012/(48.1%)	6.2%	60,991/(49.6%)	9.7%
Deposits	89,532	86,960	3.0%	81,634	9.7%
Retail Deposits	60,962	58,964	3.4%	54,343	12.2%
CASA Ratio	31.91%	32.19%	(28 bps)	32.82%	(91 bps)
Gross NPA	3.47%	3.68%	(21 bps)	3.36%	11 bps
Net NPA	1.36%	1.43%	(7 bps)	1.72%	(36 bps)
PCR	83.22%	83.47%	(25 bps)	79.97%	325 bps
ROE	15.11%	17.70%	(259 bps)	22.31%	(720 bps)
ROA	1.27%	1.47%	(20bps)	1.70%	(43 bps)
NIM %	3.58%	3.68%	(10 bps)	3.78%	(20 bps)
CRAR	16.20%	17.00%	(80 bps)	15.28%	92 bps
Tier-1 Capital	13.11%	13.80%	(69 bps)	12.34%	77 bps

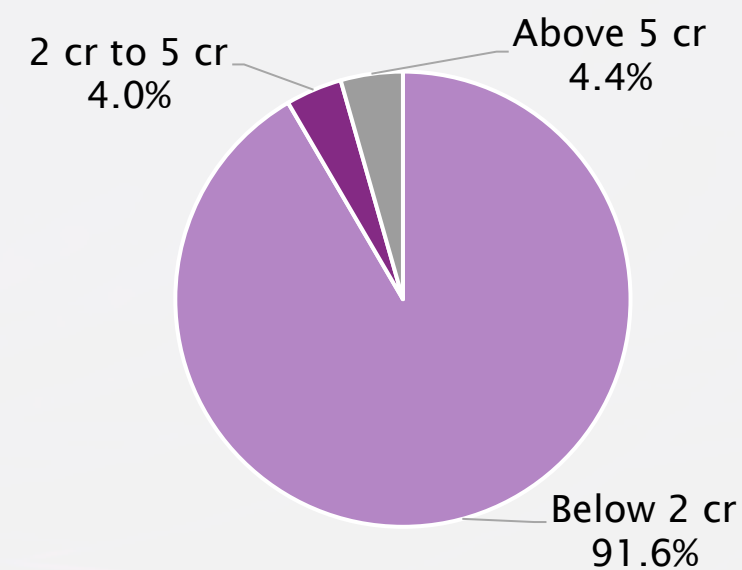


# Liability Profile

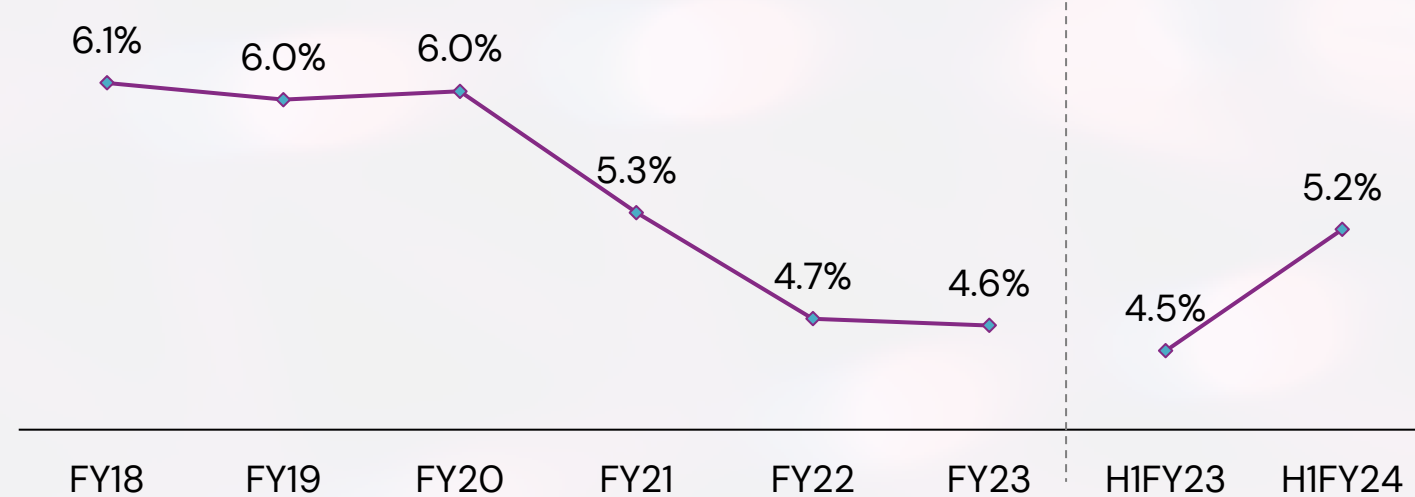
## Deposit Profile (in INR Cr)



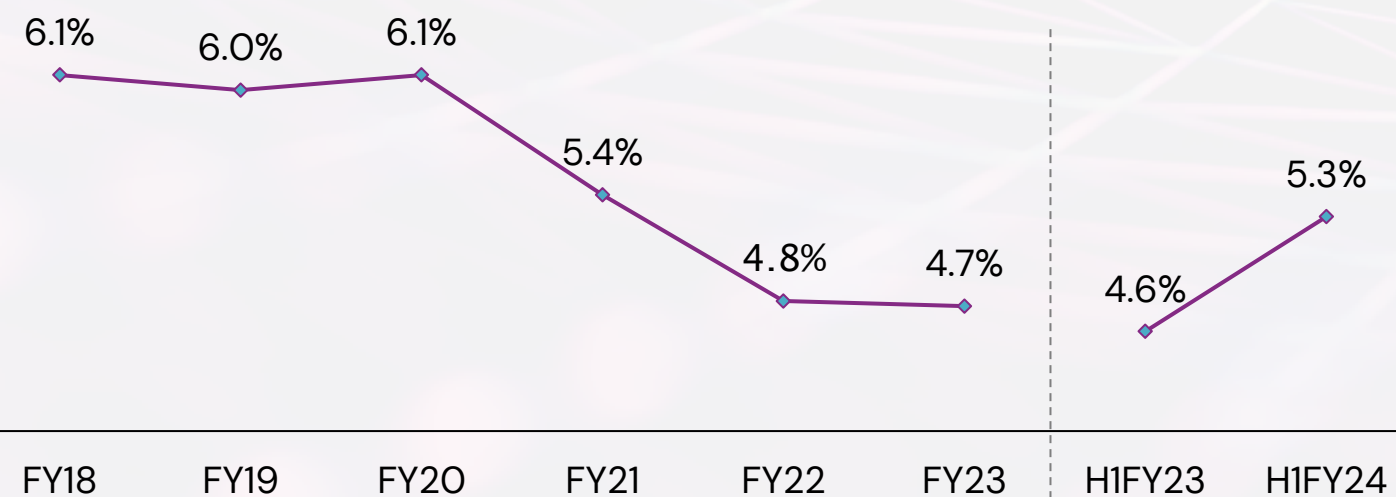
## Retail Term Deposit Breakup (Sep-23)



## Cost of Deposit



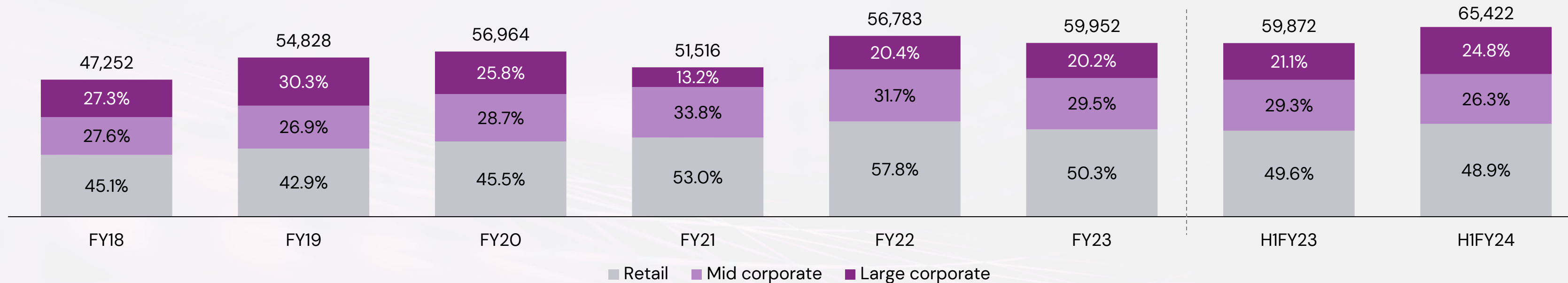
## Cost of Funds



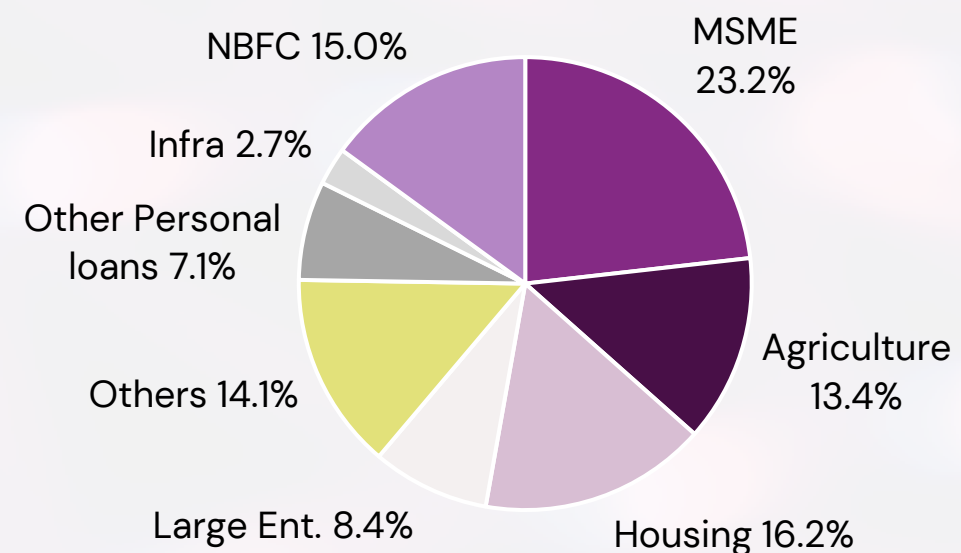


# Advances

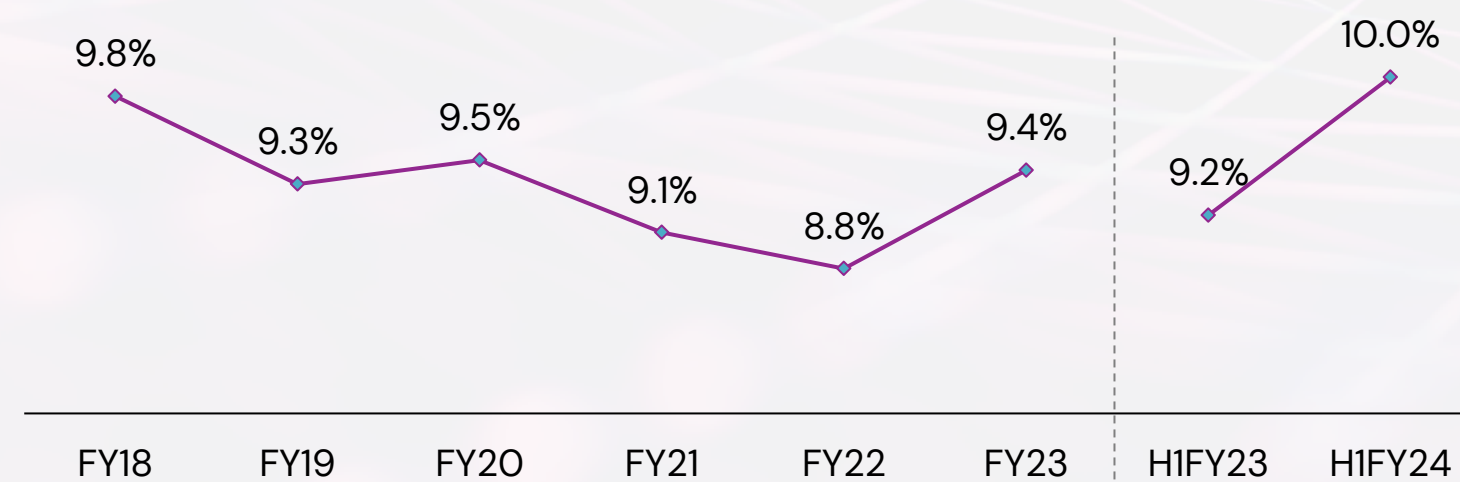
## Net Advances Profile (in INR Cr)



## Sectoral Loan Exposure (Sep-23)



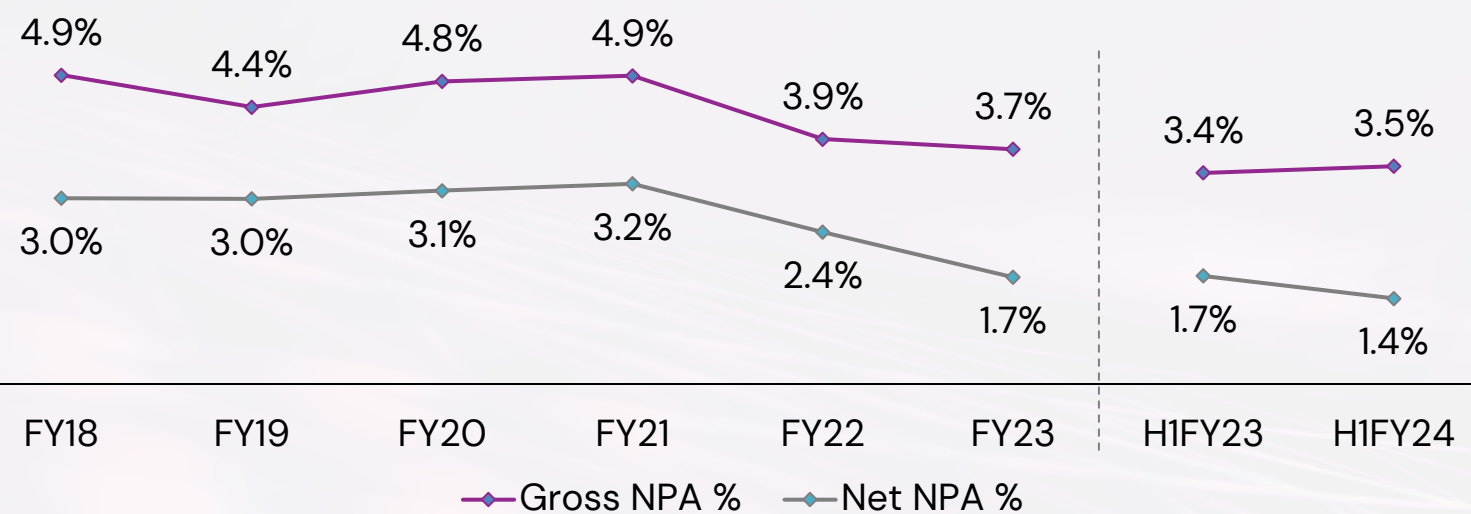
## Yield on Advances





# Asset Quality

## GNPA & NNPA

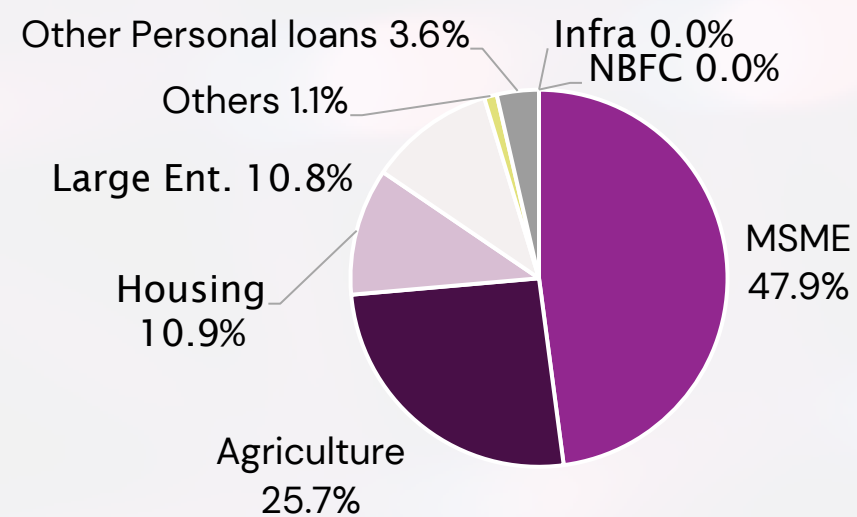


## Provision Coverage (PCR) %

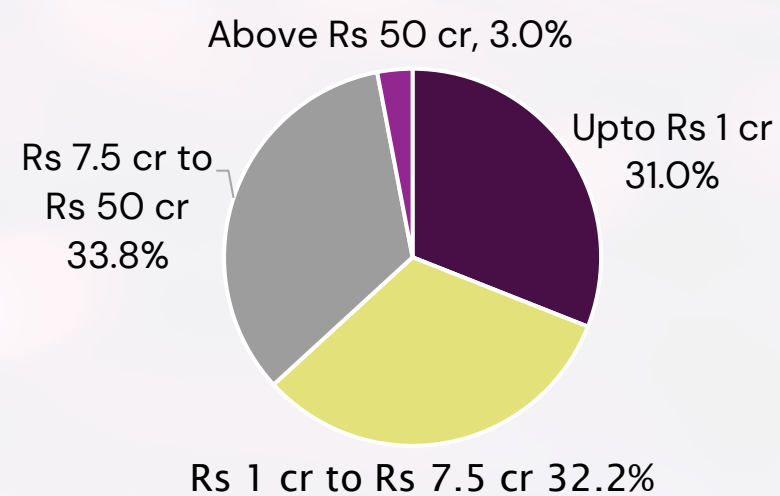


## GNPA Breakup (Sep-23)

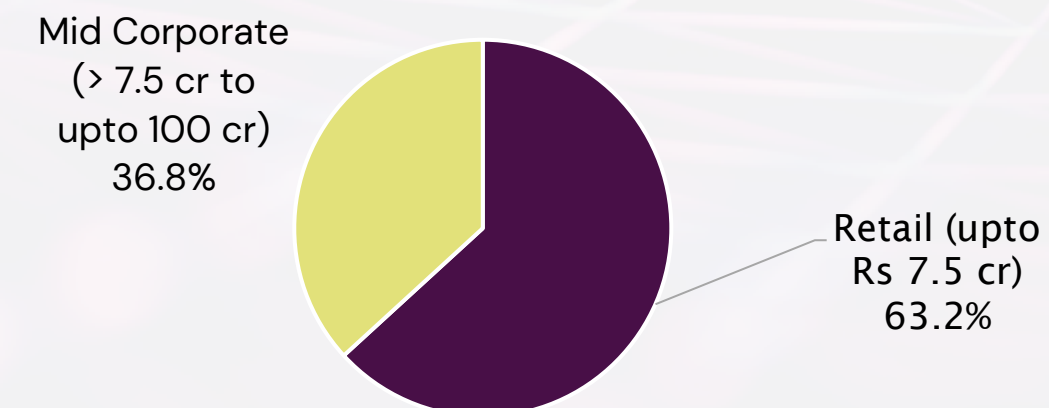
### Sector wise



### Size wise



### Credit Portfolio wise



GNPA as on 30 September 2023: INR 2,324 Cr





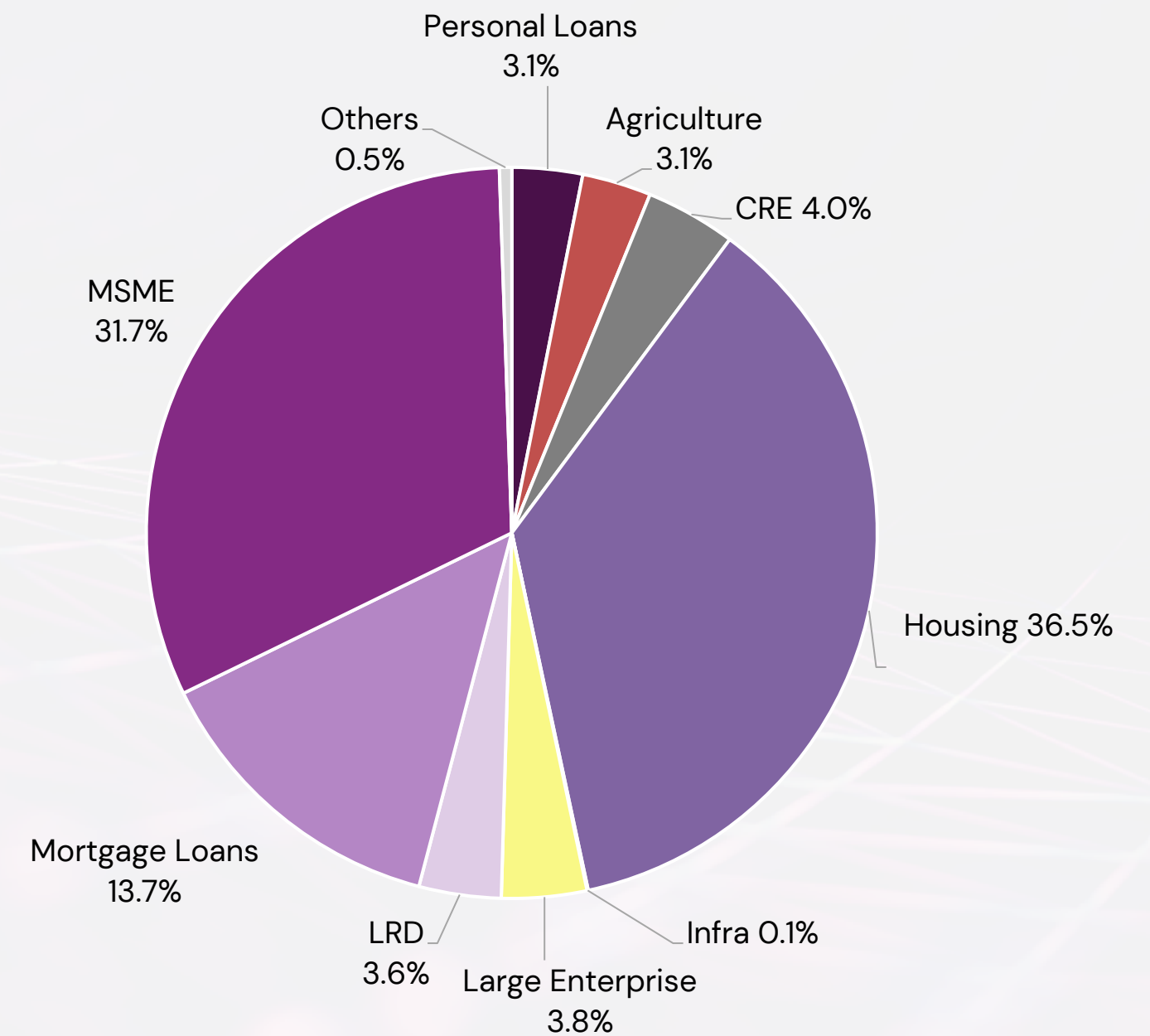
# Asset Quality

## Restructured Portfolio

### Standard Restructured Portfolio – Movement

Particulars (INR cr)	Q2 FY24
Opening balance	2,534
Fresh restructuring during the period	-
Increase in balance in the existing restructured accounts	32
Upgrade of NPA to Standard category	18
<b>Total - A</b>	<b>2,584</b>
Reductions in opening balance	275
Downgrades to NPA during the period	95
Write-offs during the period	0
<b>Total - B</b>	<b>370</b>
<b>Total Standard Restructured Portfolio (A-B)</b>	<b>2,214</b>

### Standard Restructured Portfolio – Break-up

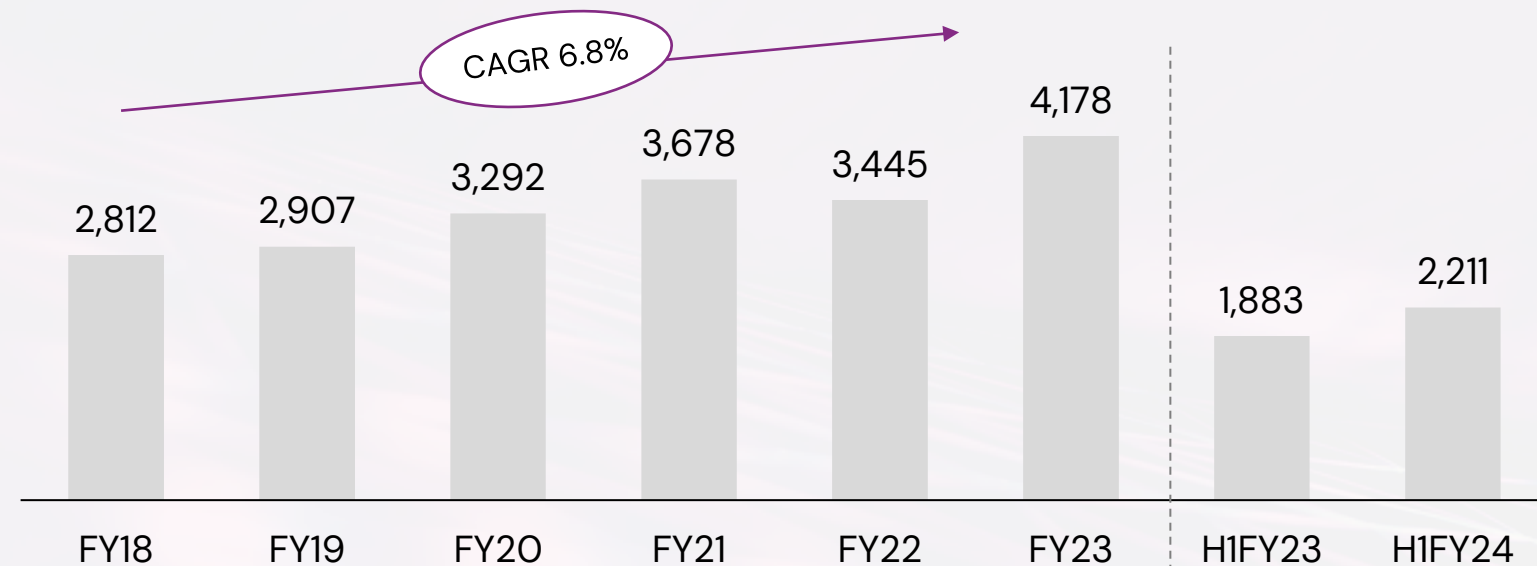




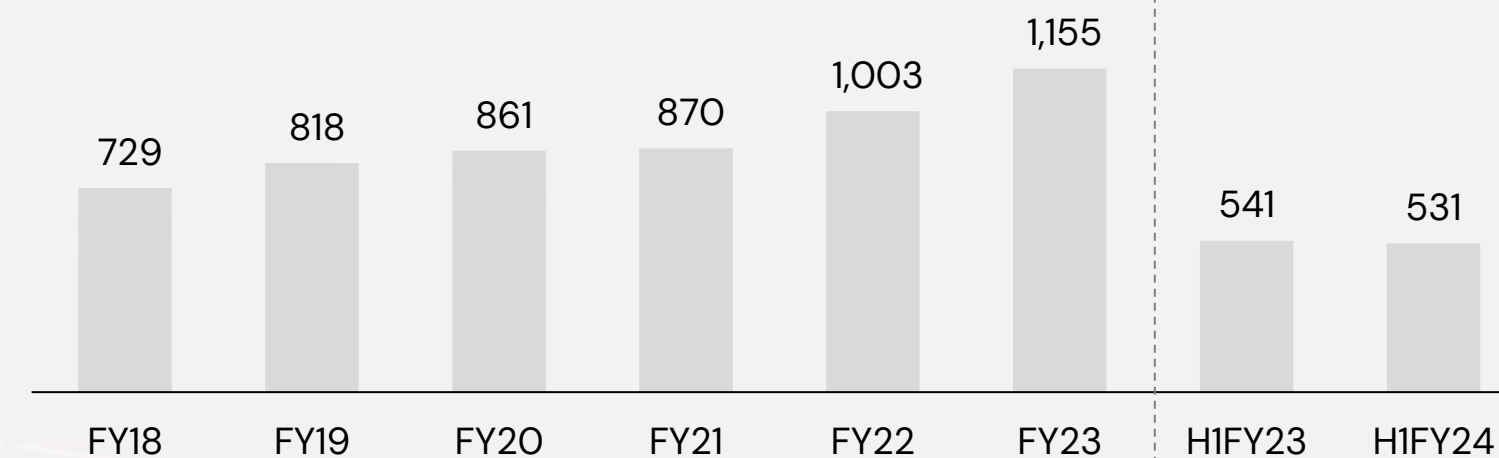


# Profitability

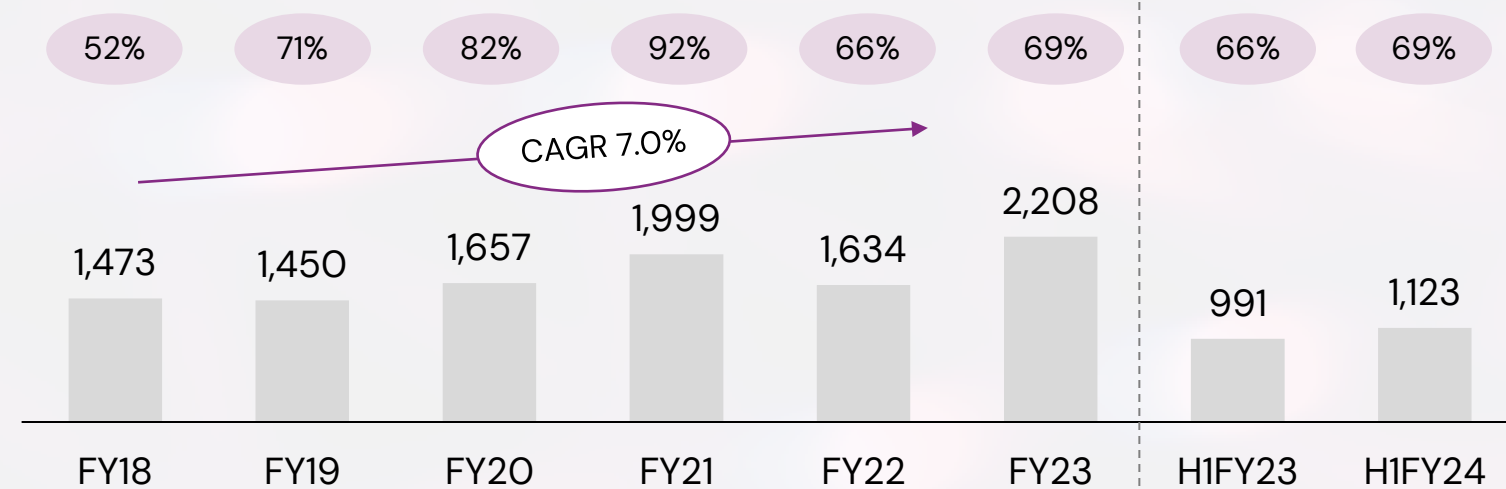
## Operating Revenue (INR Cr.)



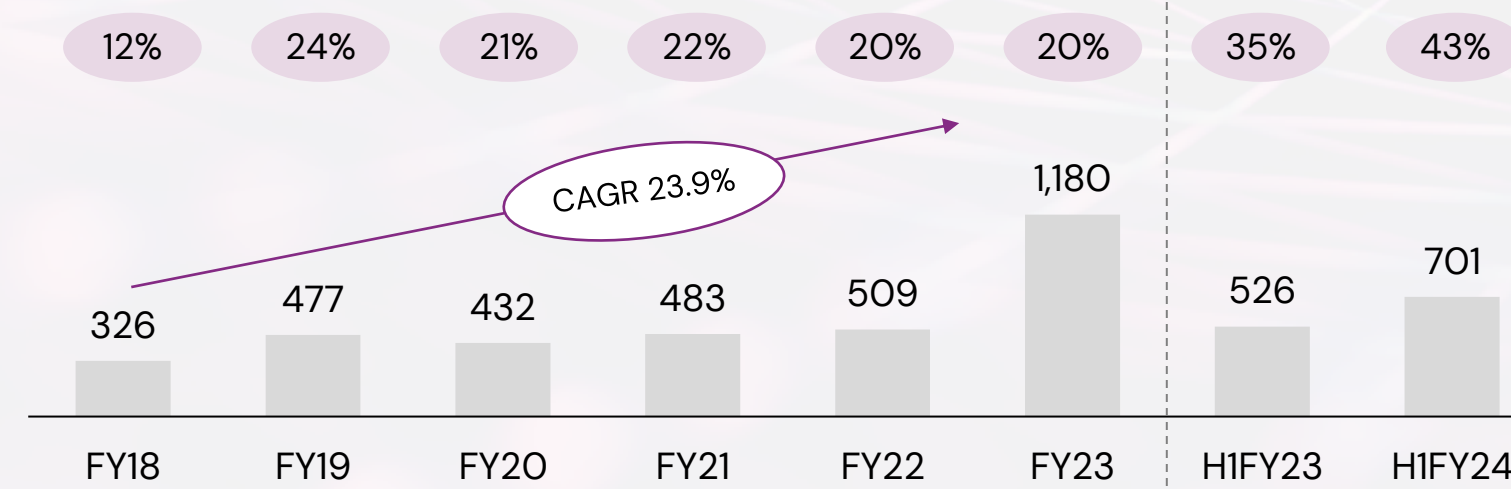
## Other Income<sup>1</sup> (INR Cr.)



## Operating Profit (INR Cr.)



## PAT (INR Cr.)



Operating Profit Margin (% of NII)

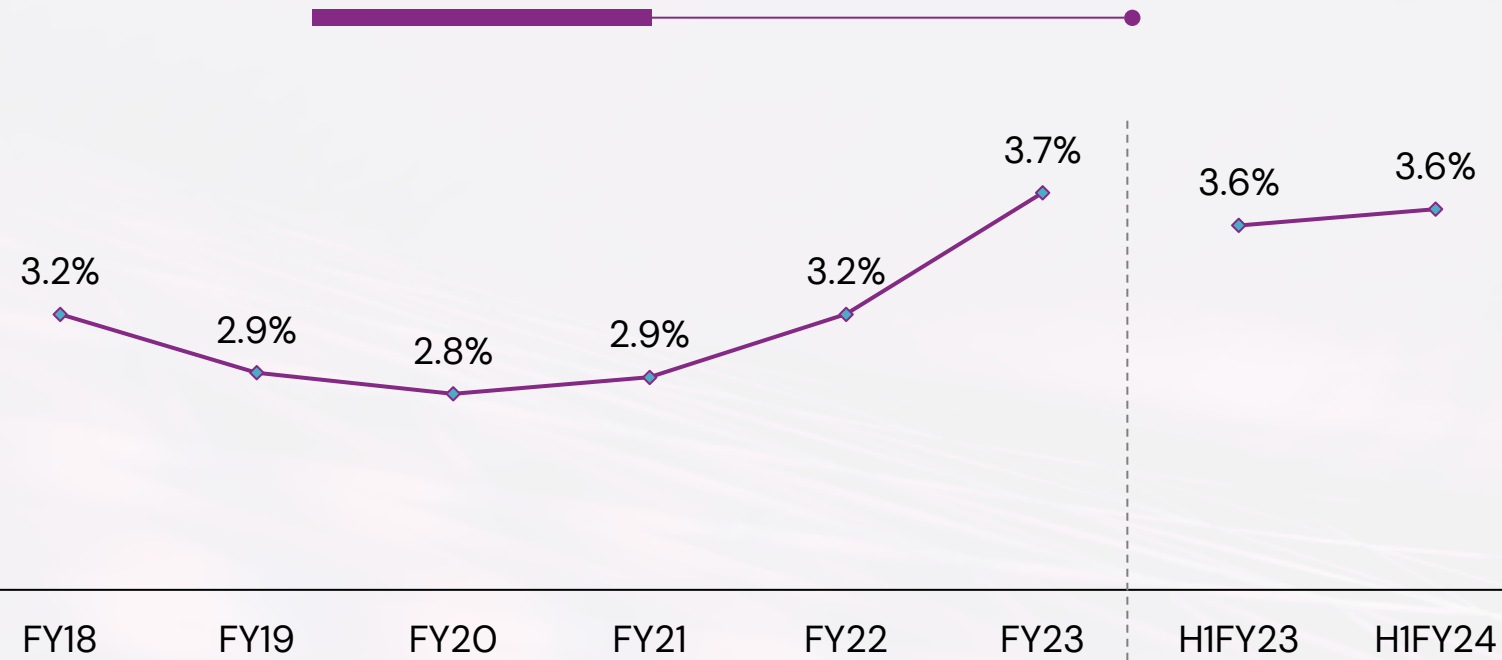
PAT Margin (% of NII)



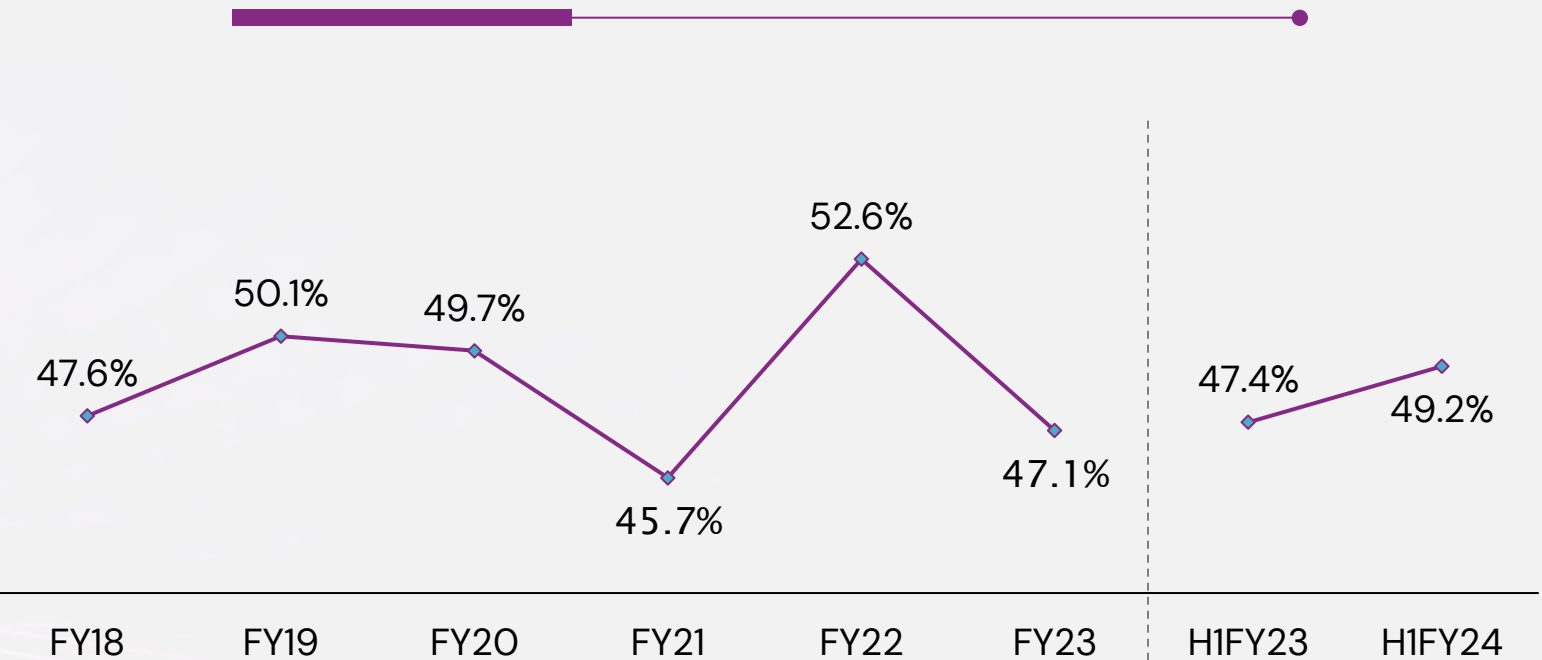


# Profitability

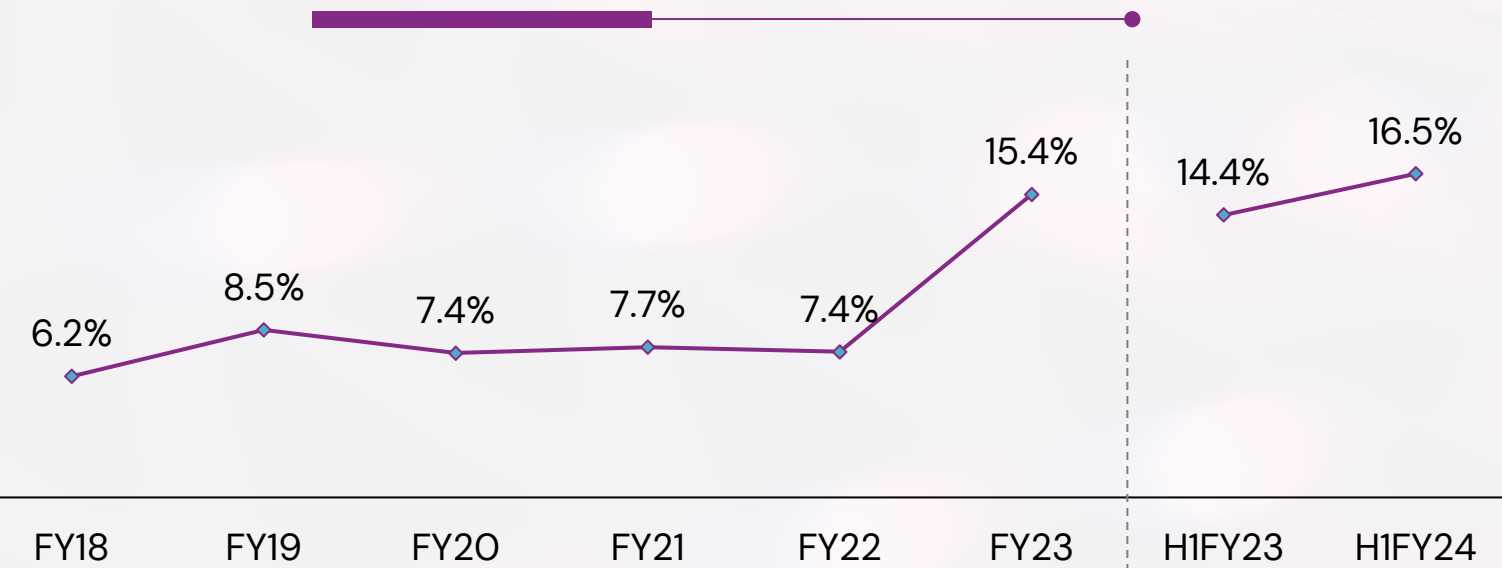
## Net Interest Margin



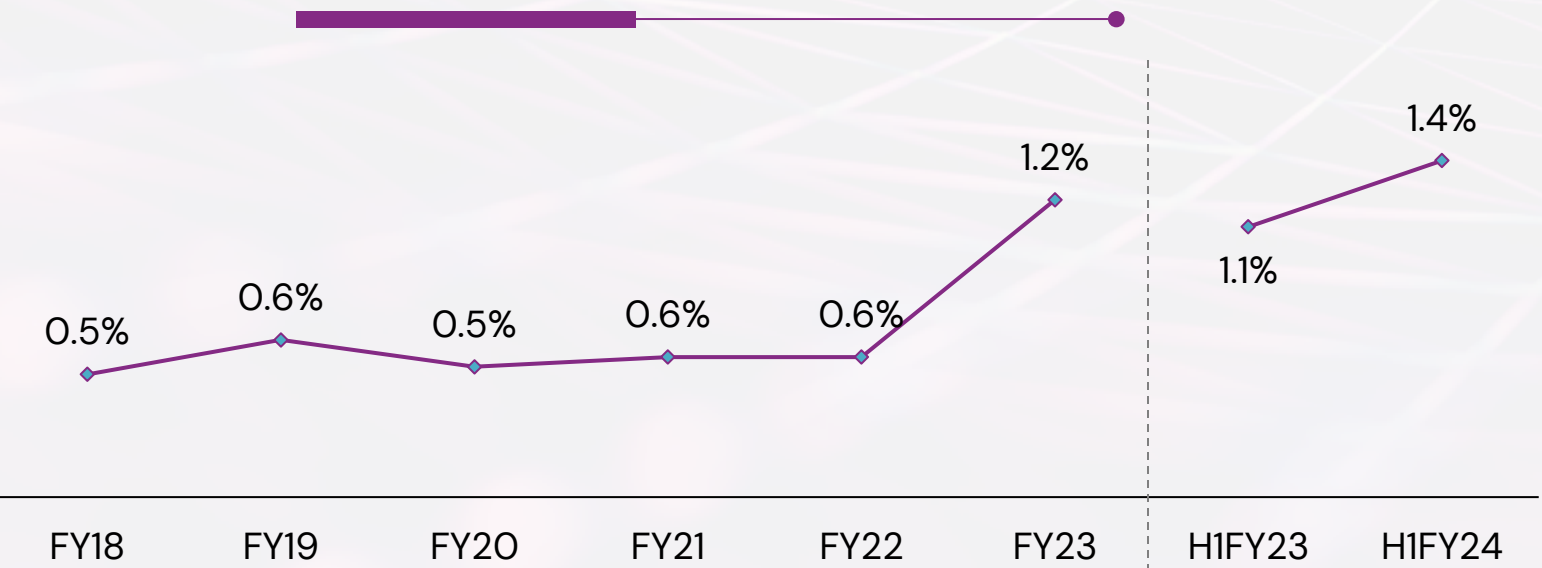
## Cost to Income ratio



## Return on Equity



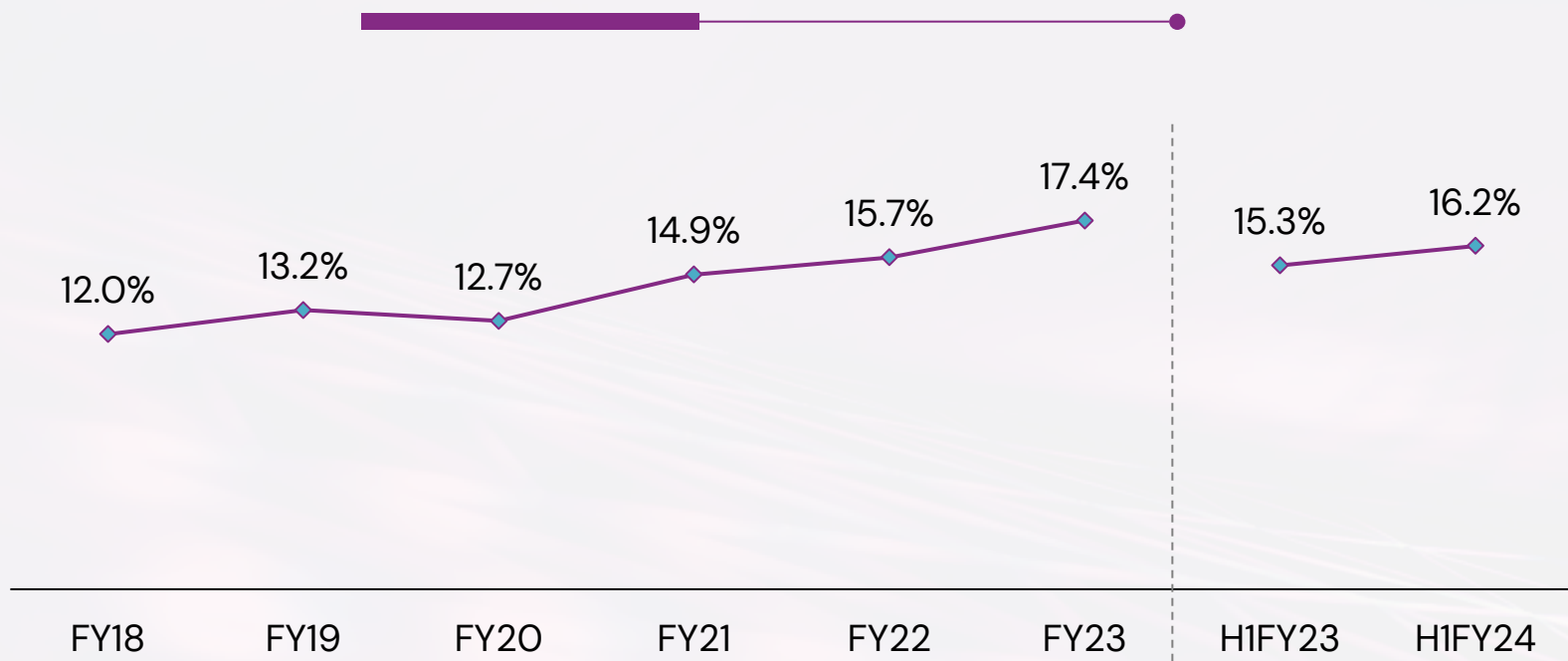
## Return on Assets



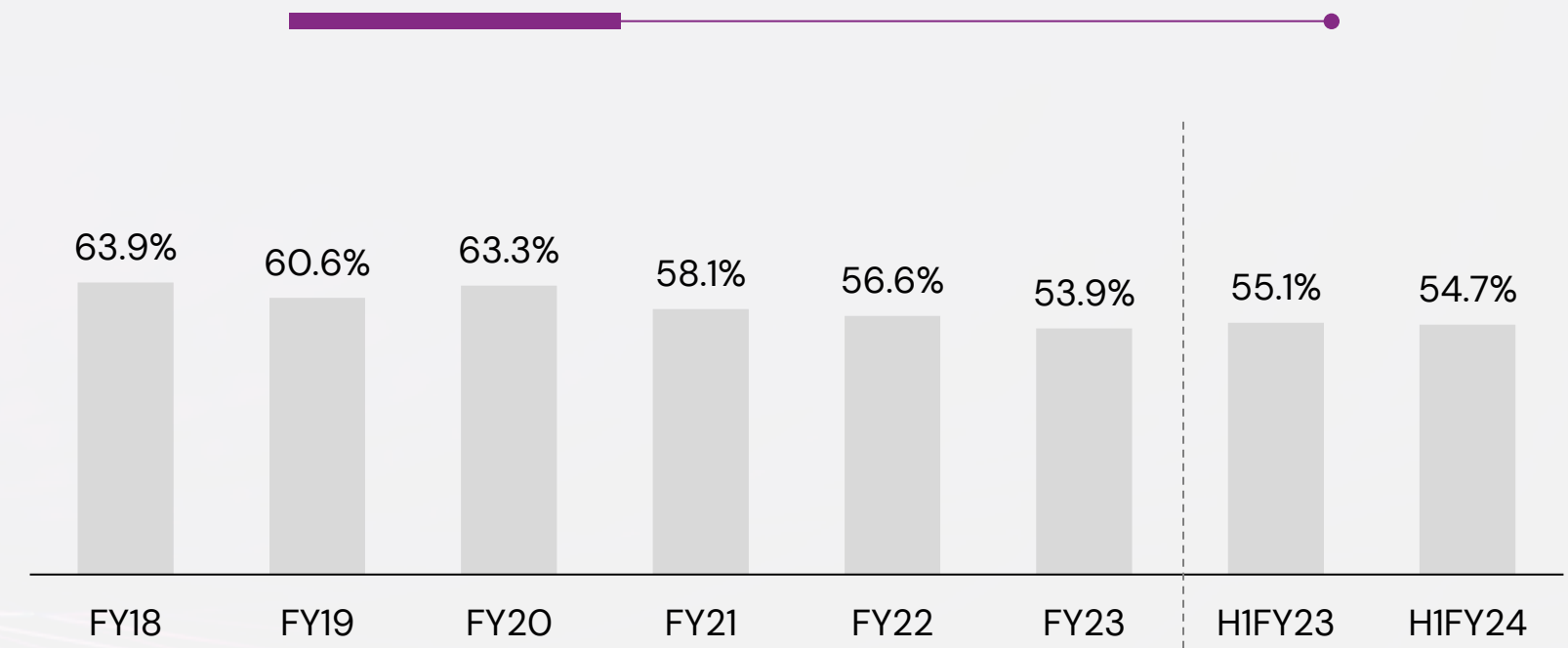


# Key Ratios

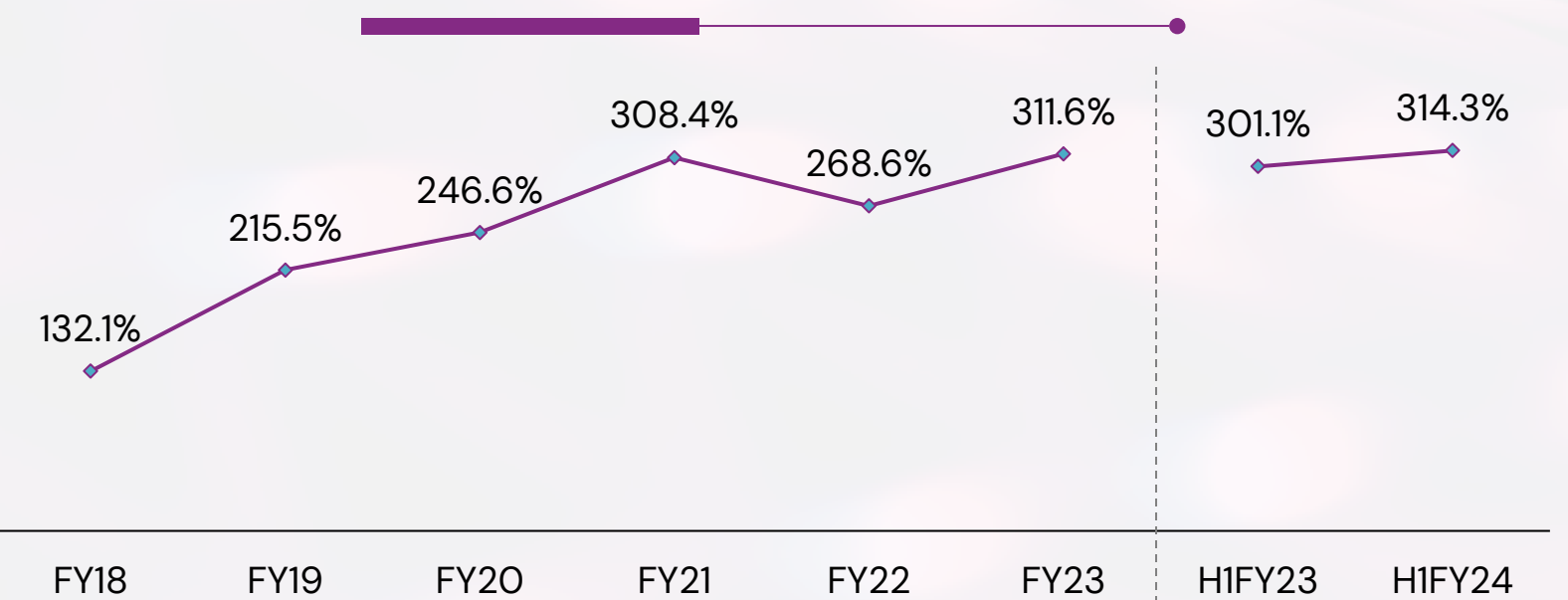
## CRAR



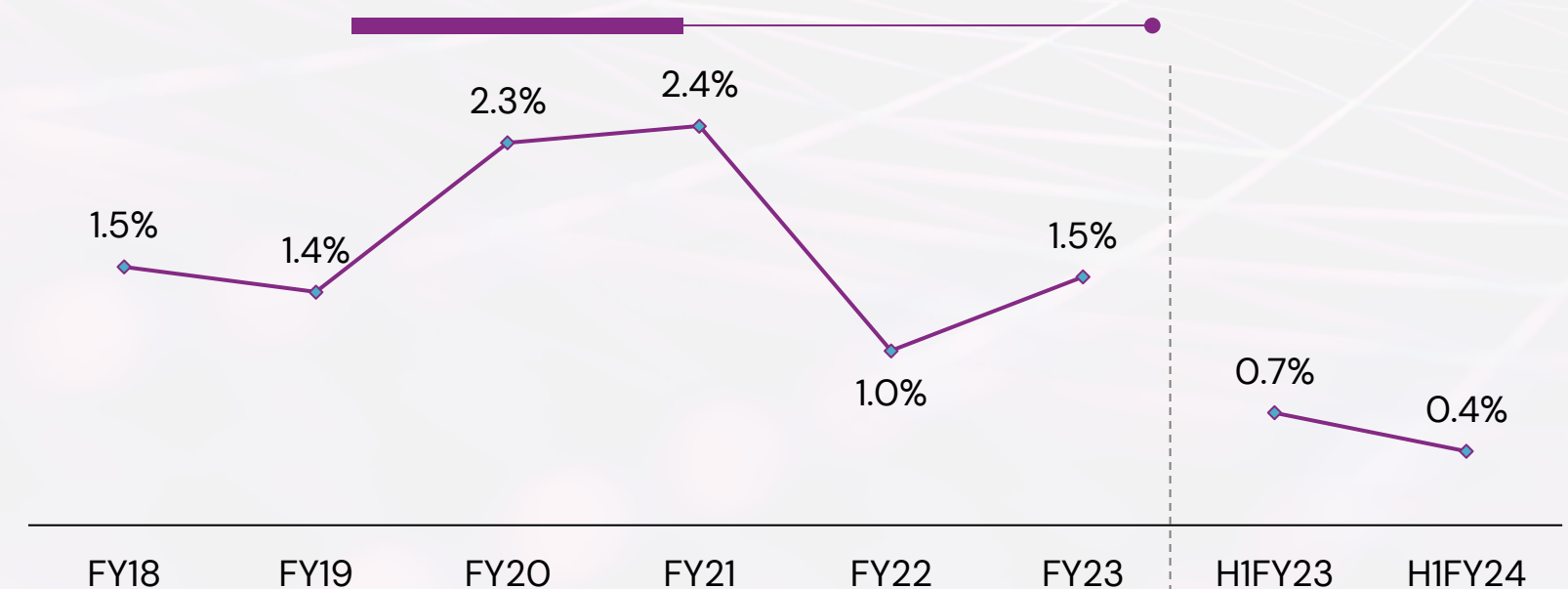
## RWA/Total Assets



## LCR



## Credit Cost %





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