

INVESTOR PRESENTATION Q3 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

02 Accelerating our Transformation Journey

03 Strategic Roadmap

04 Our Strengths

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



Ramaswamy Subramanian

Chief Product Officer

Former CPO, Dvara KGFS; Head – Products, Suryoday SFB

New Onboarding



Venkat Krishnan

Chief Information Officer

Former CTO, IndusInd Bank; CIO, Ujjivan SFB; CTO, Yes Bank

New Onboarding

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

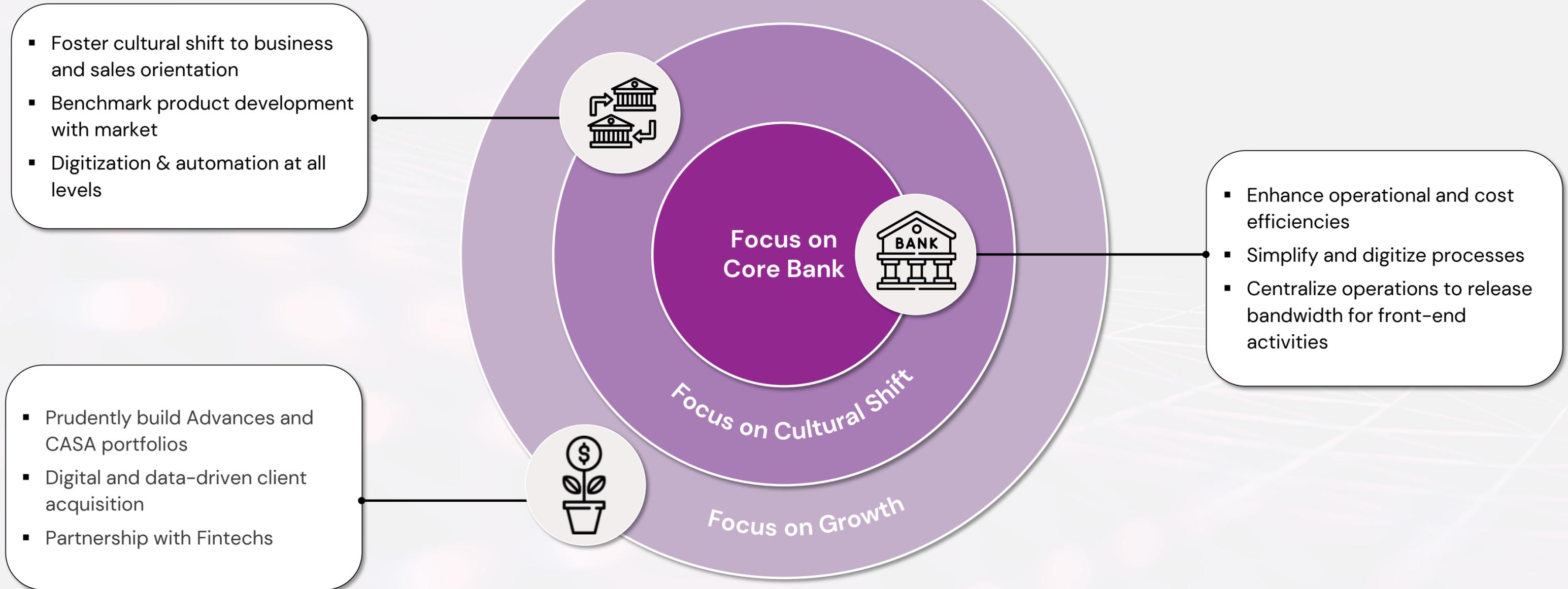


Dr D S Ravindran

Independent Director
Former Principal Secretary, Govt.
of Karnataka



Banking with a Legacy, Embracing the Future



Accelerating our Transformational Journey

Q3FY24

Banking with Legacy,
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Key Milestones During the Quarter

Capital for Growth



Total Capital Raise

- Board of Directors at its Meeting held on 22-Sept-23 had approved to raise equity capital for up to an amount of INR 1,500 crore



Tranche 1 – INR 800 Cr.

- Preferential issue of Equity shares successfully completed
- Backed by marquee institutional investors



Further Capital Raise

- Board to meet on 27-Jan-24 to consider further capital raise of the amount remaining unutilized out of the overall limit of INR 1,500 cr.
- Intimation for the Board Meeting has been made to Stock Exchange
- Further details would be intimated post board meeting on 27-Jan-24

Redeemed INR 400 cr. of Tier-2 Bonds through exercise of call option in Nov-23

Redemption of INR 320 cr. of Tier-2 Bonds through exercise of call option planned in Feb-24, subject to regulatory approvals



Key Milestones During the Quarter

Partnerships



Clix Capital

- Digital co-lending partnership through Yubi platform
- Providing loans to underserved MSME sector



DigiVridhhi

- Tailored financial services to dairy farmers & societies
- Services available at Village Dairy Co-operative societies



Satin CreditCare

- Financial support to women in rural & semi-urban India
- Enhance micro co-lending in rural & semi-urban areas



HDFC Life

- Offer comprehensive financial solutions
- Access to industry-leading life protection products



Bajaj Allianz Life

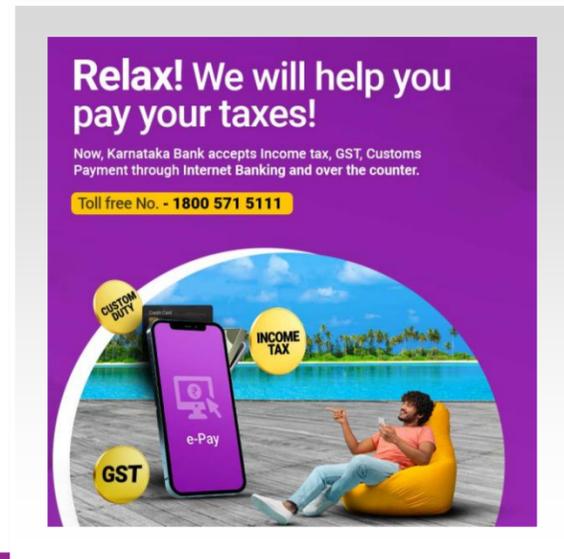
- Offer varied life insurance products
- Diverse financial solutions leveraging Bajaj's product suite

Crossed 3 lakhs Co-branded Credit Cards with incumbent partner; Crossed INR 100 cr. of Co-lending



Key Milestones During the Quarter

Products



Launched collections of Direct Taxes

- Platform facilitates collection of Direct Taxes, offering multiple payment methods



KBL Commercial Vehicle Financing

- Provide loans to finance both new and used commercial vehicles including hybrid vehicles



KBL Direct – Bill Pay

- Launched Bharat Bill payment system to facilitate online bill payment, subscriptions, and charity contributions platform



Live with CRM

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



Key Milestones During the Quarter

Process

CASA Balance Build up

Increase CASA deposits to drive cost-effective funding



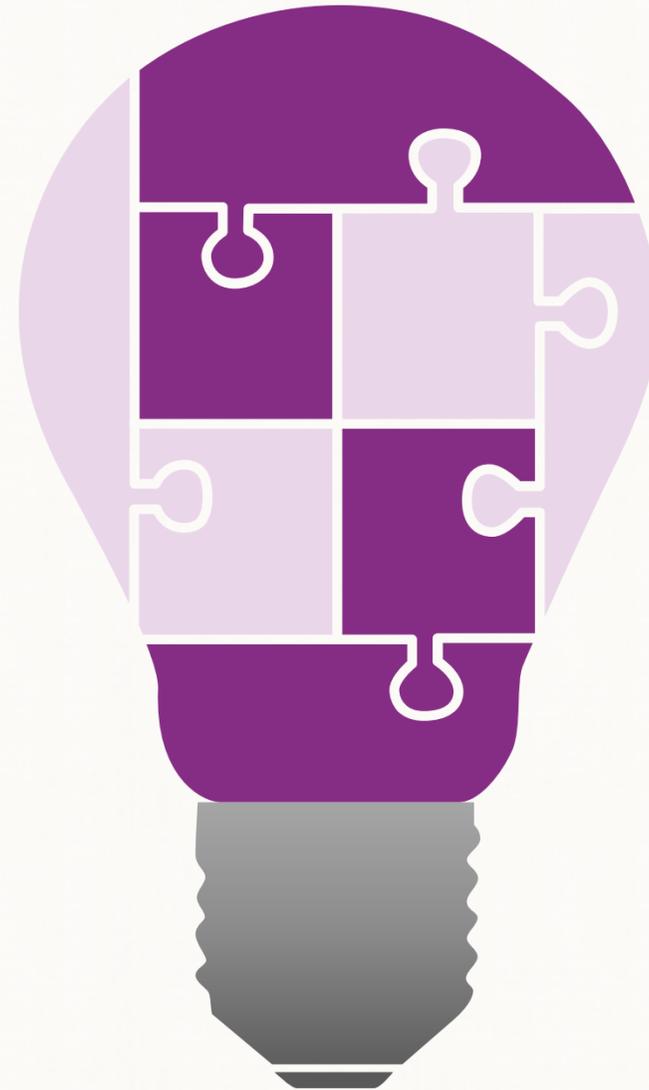
Collection Prioritisation

Optimise collection efforts through advances analytics



Behaviour Scorecard

Proactively monitor and control delinquency levels



Home Loan Propensity

Target potential home loan customers with tailored promotions and personalized offers



Primary Bank Index

Analyse overall wallet share of customer with the Bank through Customer360



Micro Market Analysis

External information on throughputs/market at a pin code level to plan operations

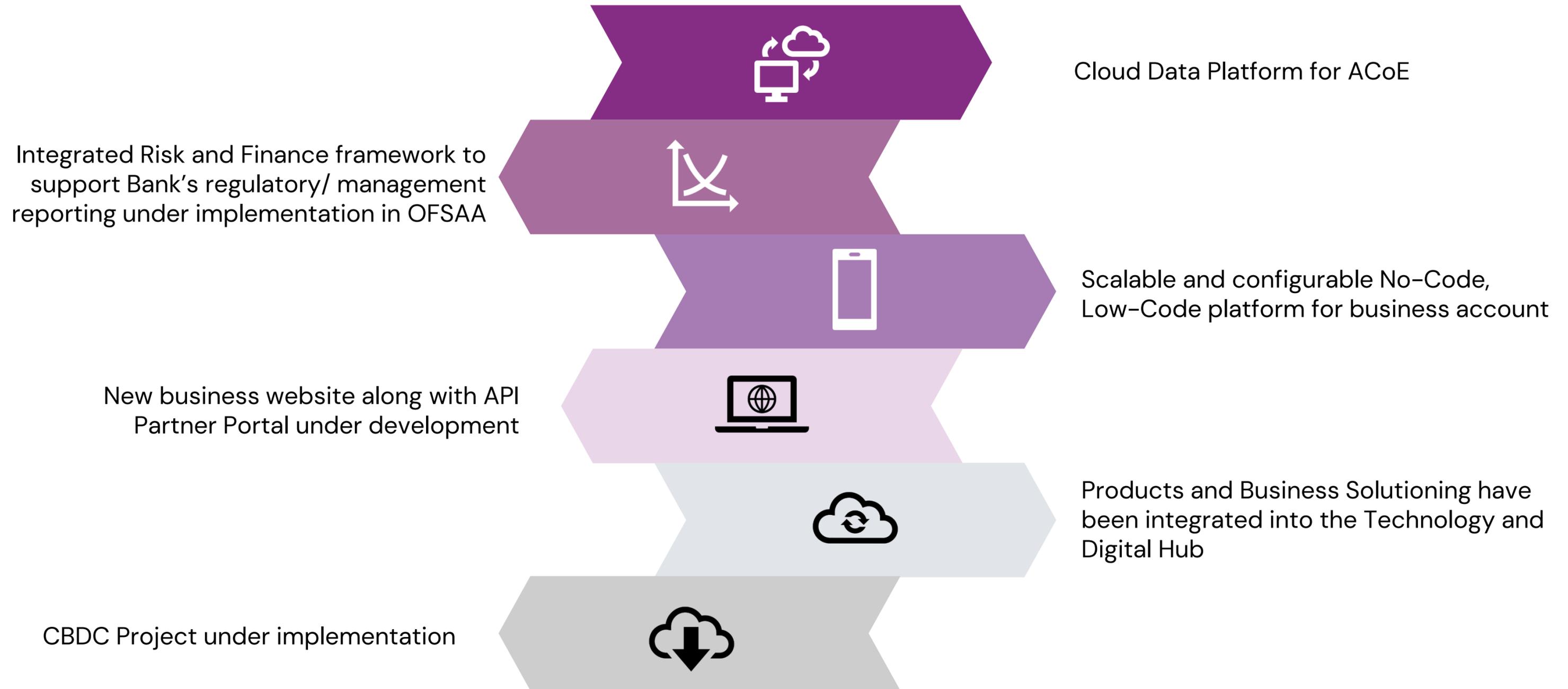


Analytics driving process and prioritization



Key Milestones During the Quarter

Technology



Strategic Roadmap

“Start-up @ 100”

Banking with Legacy,
Embracing the Future

Celebrating 100 years of trust





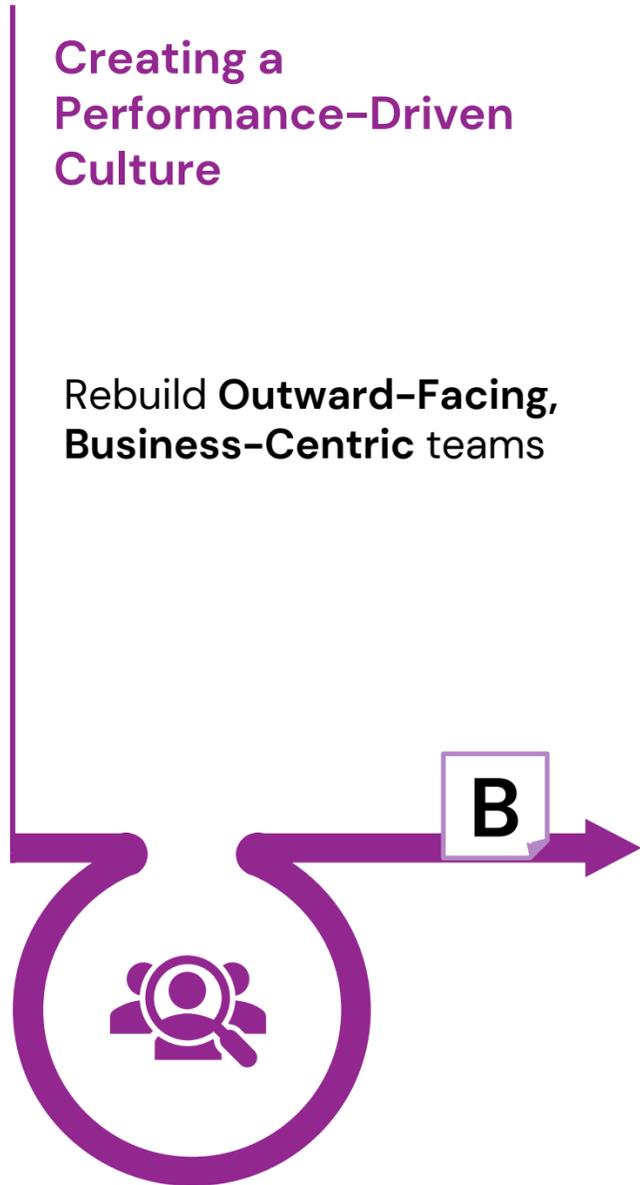
Strategic Roadmap



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 40¹

Indians bank with us

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



MSME & Rural Focus

35.4%²

Share of MSME & Agri-Loans

46.3%

Branches in Rural & Semi-Urban Areas

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



Retail Focus

45.5% → 47.5%²

Increase in % of Retail Advances from FY20 to Q3FY24

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



Karnataka Stronghold

4.2%³

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

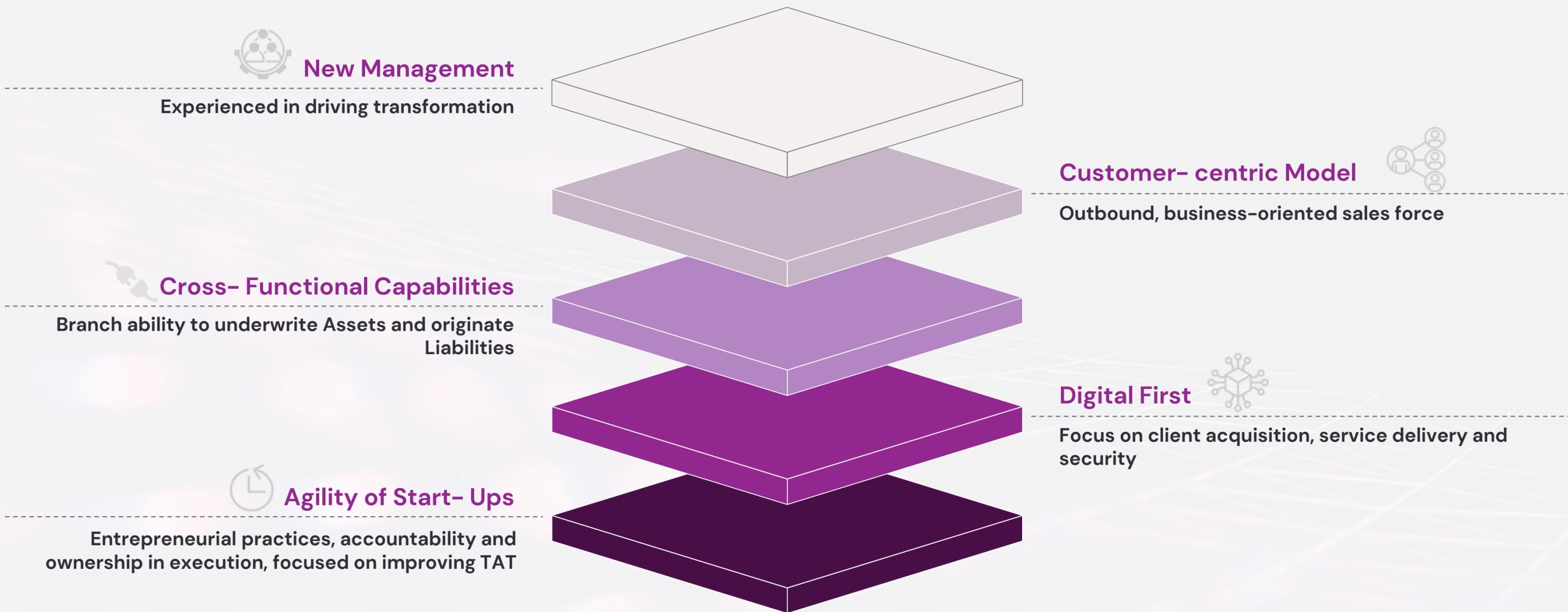




Creating a Performance Driven Culture

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**



Live with **Direct tax collection** offering various payment methods



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

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

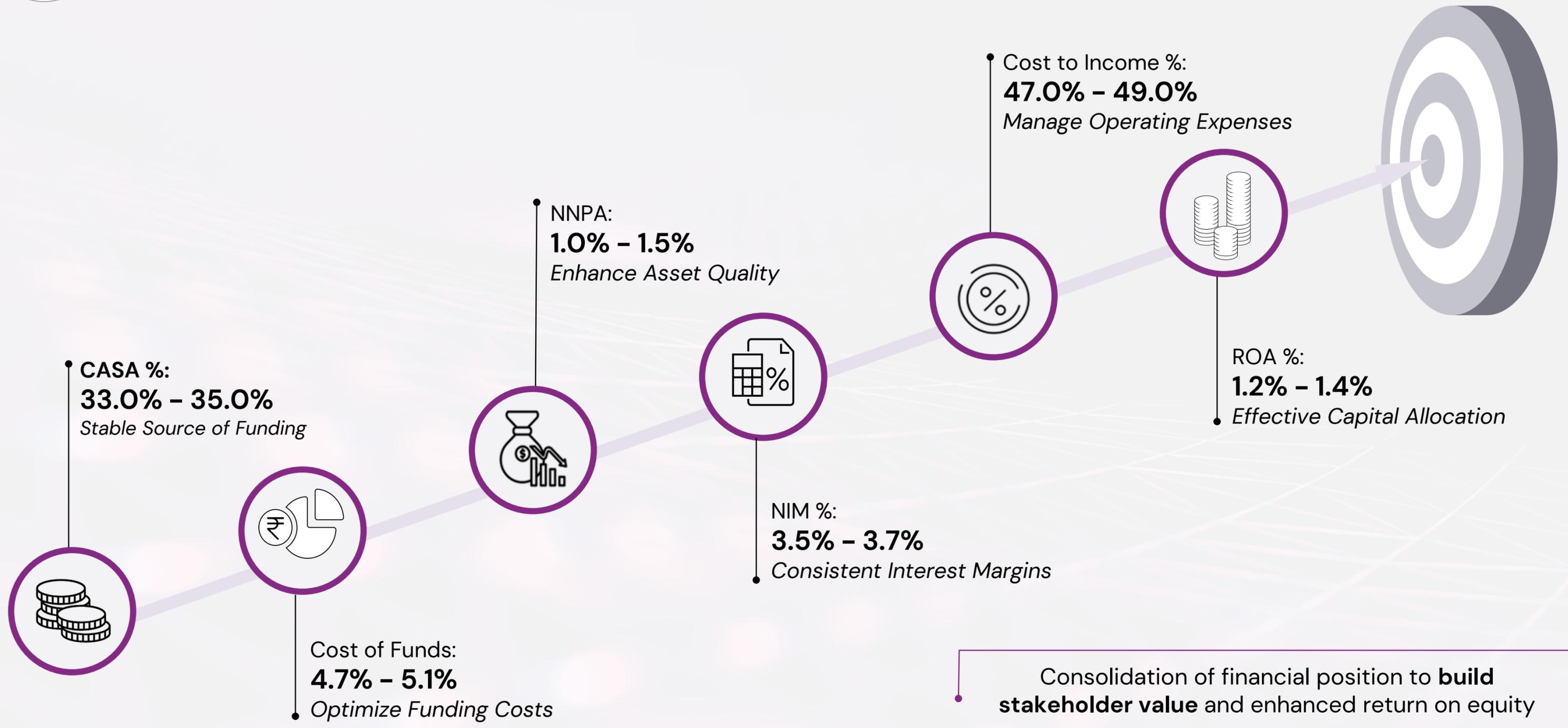




Strengthen Financial Position to Drive Profitability

C.

Targeted Performance Improvement to Boost Returns





Digitalisation Propelling Robust Book Growth

D.

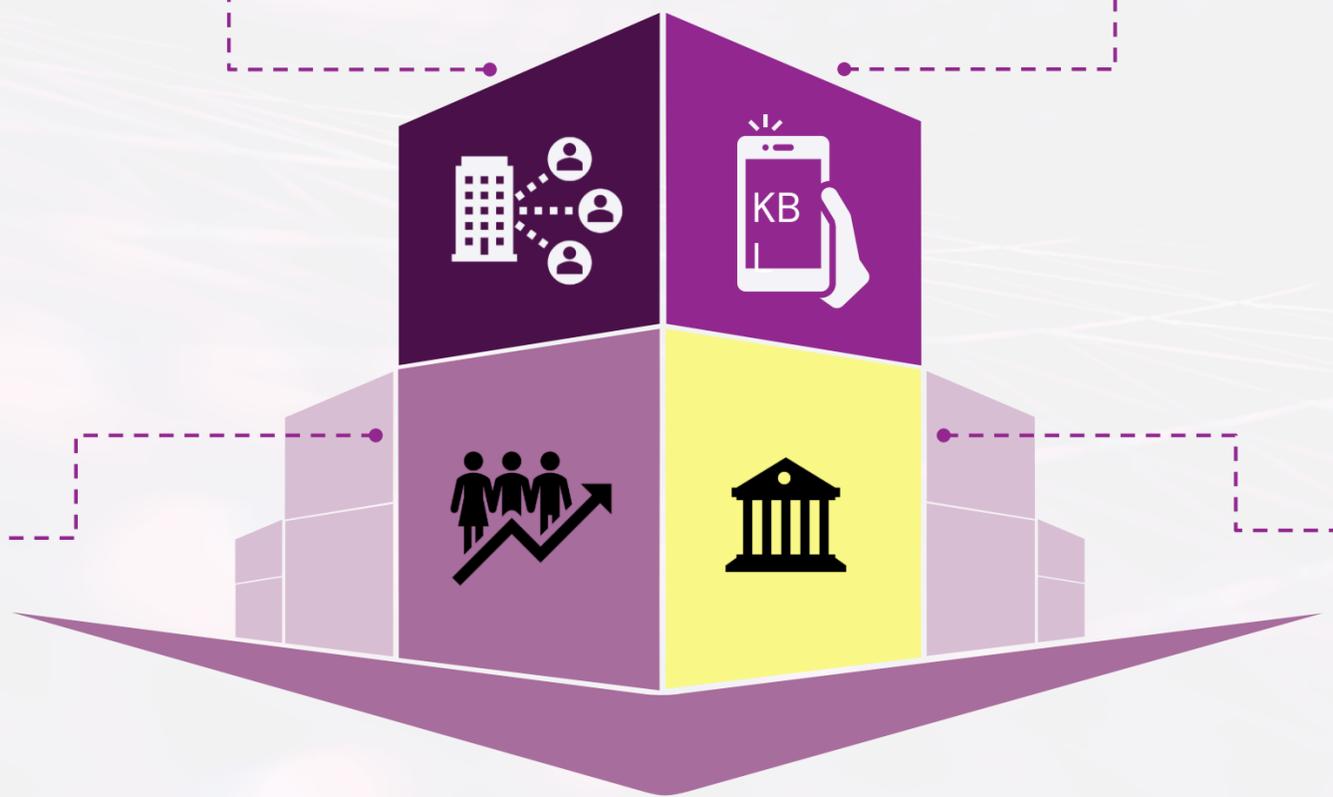
Foundation in place to Drive Next Leg of Digital Innovation

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

- 40,000 sq. ft. super built-up area
- 370+ work-stations
- **Products and Business Solutioning** have been integrated into the Technology and Digital Hub

Text

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



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

- **Cloud Data Platform** for ACoE
- Four Modules from OFSAA including **fund transfer and profitability module** under implementation
- Scalable and configurable platform for business account





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



Upskill and Lateral augmentation of special skills on Data / Portfolio / Visualization

A

Analyse & Automate

Scalable **central data repository** with data quality management and remediation capabilities



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 Eligible Sanctions



Personal Loan : **100%**



Car Loans : **90%**



Home Loans : **93%**



MSME Loans : **93%**





Digitalisation Propelling Robust Book Growth

D.

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



Co-branded Credit Cards

Crossed the milestone of 3 lakhs cards with SBI; Partner for Bank sponsored Co-branded CC under discussion



Co-Lending

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



General, Health and Life Insurance

Partnered with two new Life Insurers; tie-up with one new General Insurer under discussion



AMFI-Registered Mutual Fund Distributor

Empaneled with 8 AMCs; Tie-up with MF transaction platform



Demat Services and Trading Accounts

Tie-up with two online trading platforms; implementation of comprehensive wealth management platform is under discussion



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

100 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





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



Centralized 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

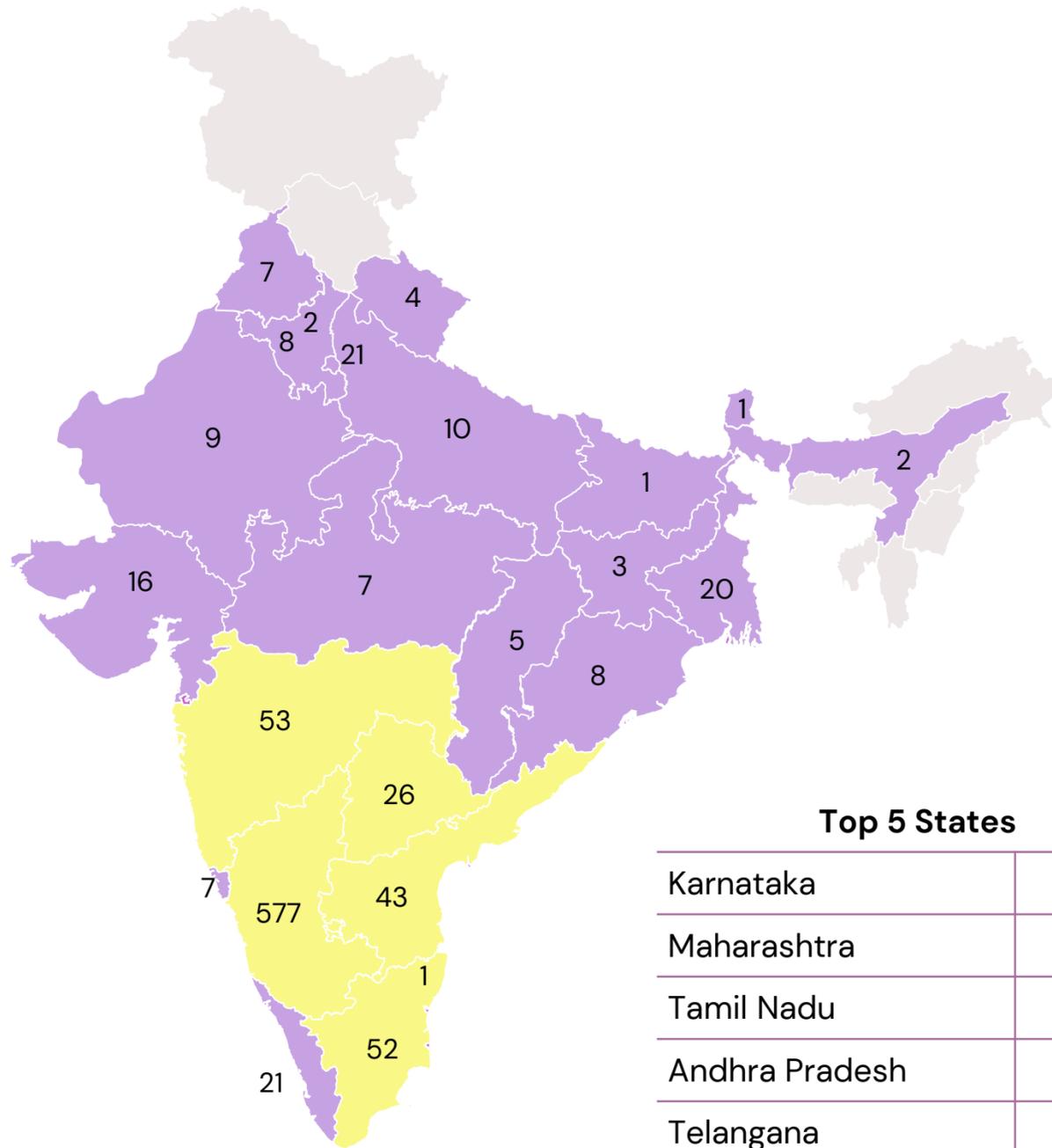


Farm machinery/ vehicle loans

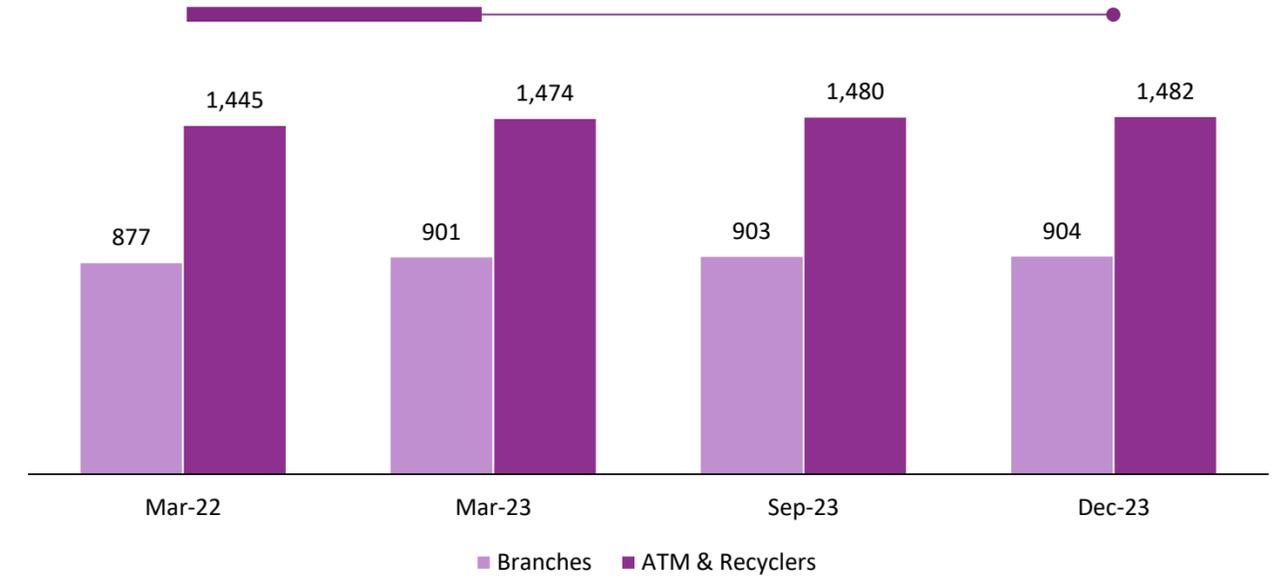


Strong Geographical Footprint

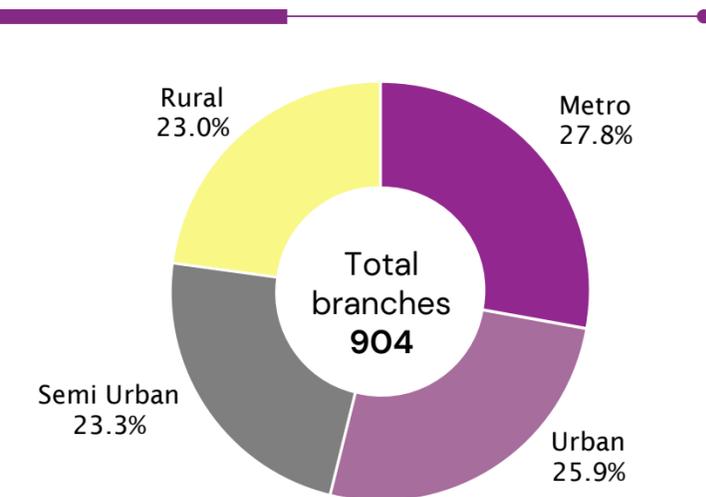
A Trusted Brand Identity



Steady Growth in Locations Served



Presence Across All Tiers





Expanding Customer Connect & Footprint

Creating a Pan-India Brand

Expanding Customer Connect...



Customer/ NRI/ HNI Meets conducted in all key metros and regions leading to Mega event on 18th of February 2024

Connecting with the client across various cities

...and Geographical Footprint



Branch & e-lobby Opening in Ayodhya

Inauguration ceremony was graced by Shri Champath Rai, General Secretary of the Shri Ram Janambhoomi Teerth Kshetra

Expanding customer connect and footprint through centenary year celebrations



Karnataka Bank

Financial Highlights

Banking with Legacy,
Embracing the Future

Celebrating 100 years of trust





Financial Highlights

Karnataka Bank at a Glance (9M Results)

Particulars	9MFY24	9MFY23	Growth Y-o-Y
Total Assets	109,990	99,572	10.5%
Gross Advances/(% Retail)	69,741 / (47.50%)	63,673 / (48.08%)	9.5% / (58 bps)
Deposits	92,195	84,597	9.0%
Retail Deposits	63,176	57,211	10.4%
CASA Ratio	31.45%	31.91%	(46 bps)
Gross NPA	3.64%	3.28%	36 bps
Net NPA	1.55%	1.66%	(11 bps)
PCR	80.75%	80.21%	54 bps
ROE	15.18%	14.74%	44 bps
ROA	1.32%	1.14%	18 bps
NIM %	3.57%	3.63%	(6 bps)
CRAR	15.88%	15.13%	75 bps
Tier-1 Capital	13.66%	12.20%	146 bps



Financial Highlights

Karnataka Bank at a Glance (Quarterly Results)

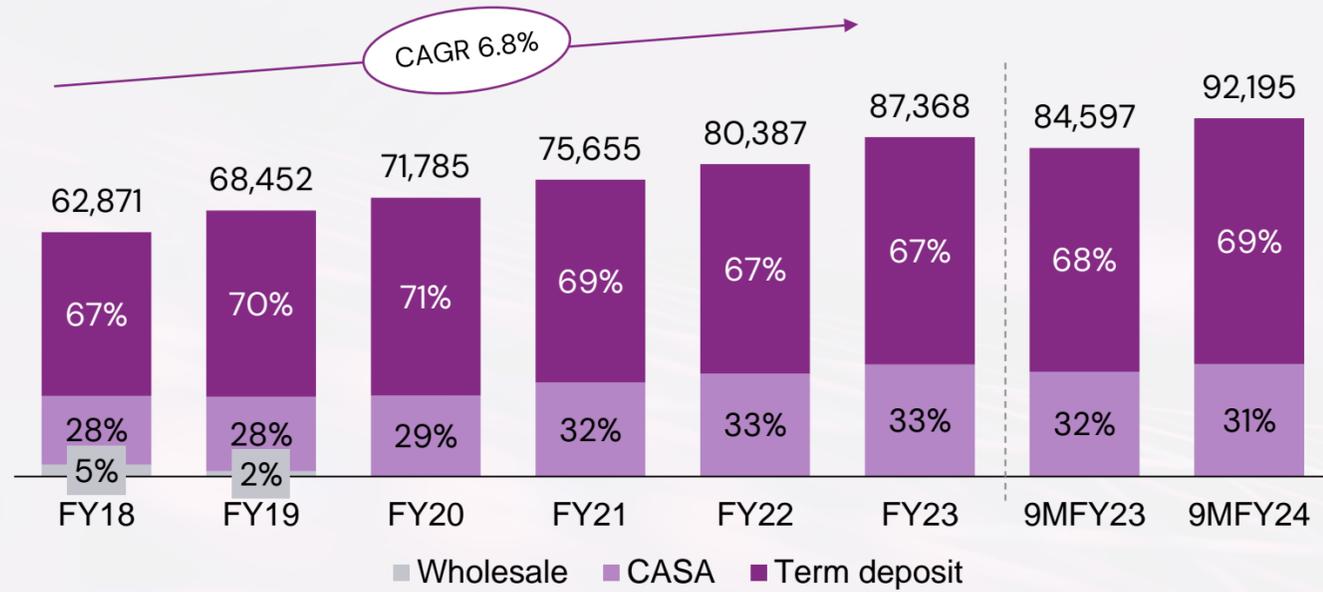
Particulars	Q3FY24	Q2FY24	Growth Q-o-Q	Q3FY23	Growth Y-o-Y
Total Assets	109,990	105,856	3.9%	99,572	10.5%
Gross Advances/(% Retail)	69,741 / (47.50%)	66,936 / (48.89%)	4.2% / (139 bps)	63,673 / (48.08%)	9.5% / (58 bps)
Deposits	92,195	89,352	3.0%	84,597	9.0%
Retail Deposits	63,176	60,962	3.6%	57,211	10.4%
CASA Ratio	31.45%	31.91%	(46 bps)	31.91%	(46 bps)
Gross NPA	3.64%	3.47%	17 bps	3.28%	71 bps
Net NPA	1.55%	1.36%	19 bps	1.66%	(173 bps)
PCR	80.75%	83.22%	(247 bps)	80.21%	54 bps
ROE	14.26%	15.11%	(85 bps)	15.61%	(135 bps)
ROA	1.21%	1.27%	(6 bps)	1.21%	-
NIM %	3.46%	3.58%	(12 bps)	3.81%	(35 bps)
CRAR	15.88%	16.20%	(32 bps)	15.13%	75 bps
Tier-1 Capital	13.66%	13.11%	55 bps	12.20%	146 bps



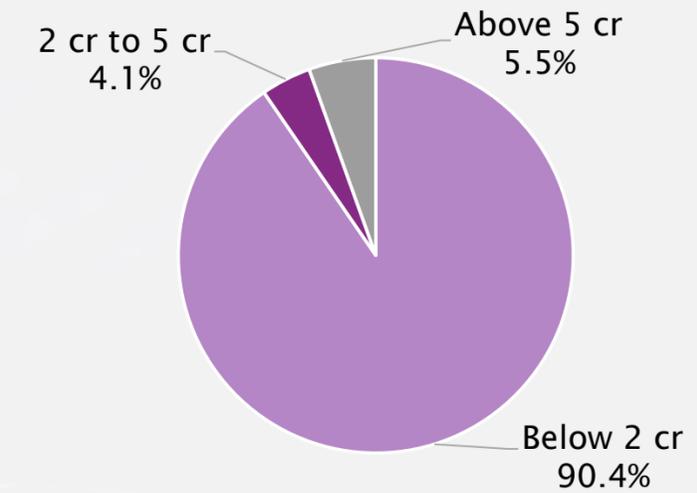


Liability Profile

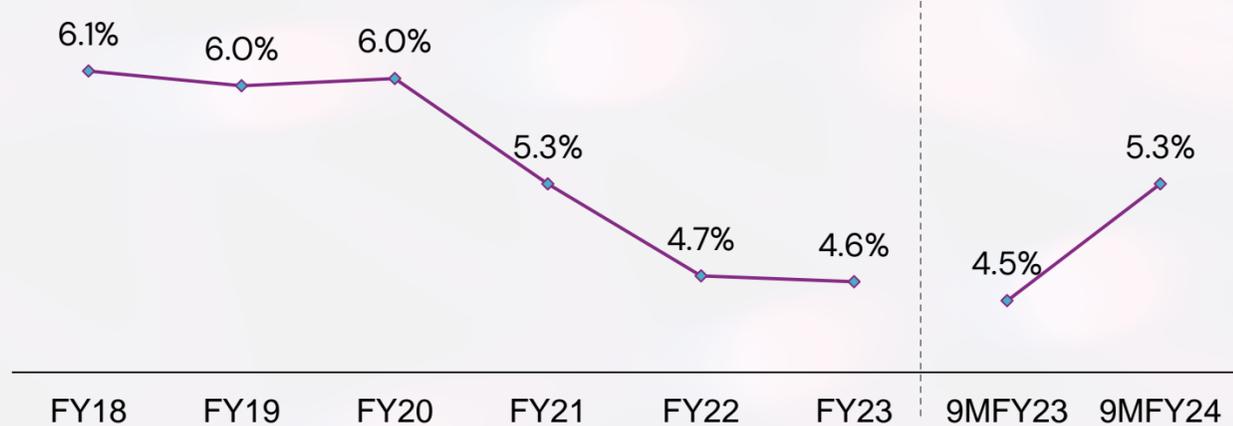
Deposit Profile (in INR Cr)



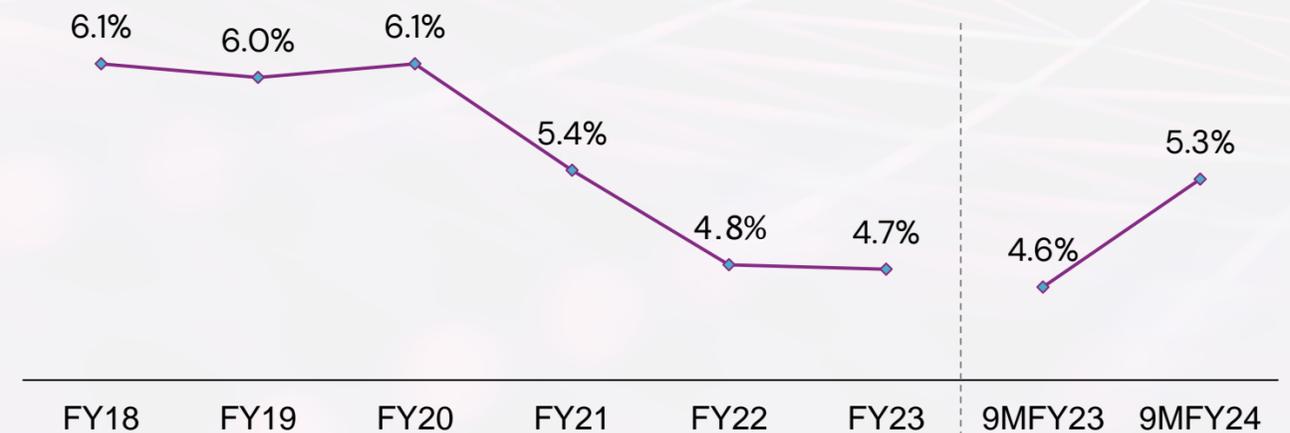
Retail Term Deposit Breakup (Dec-23)



Cost of Deposit



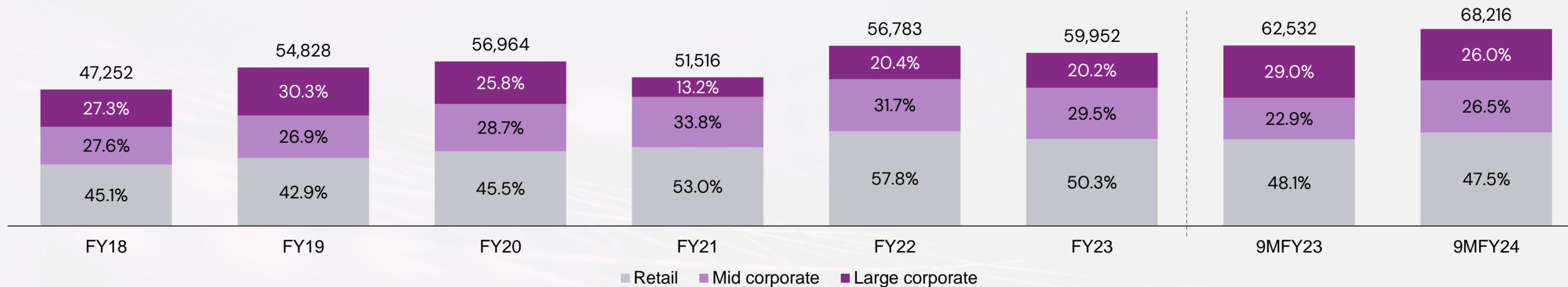
Cost of Funds



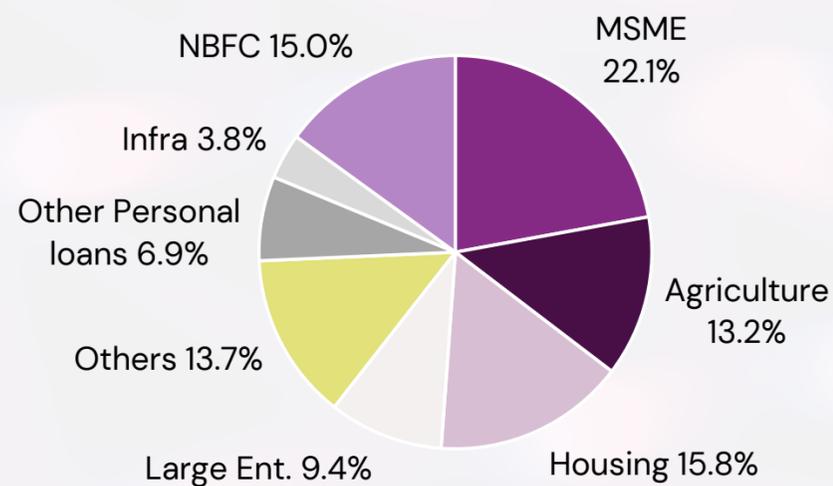


Advances

Net Advances Profile (in INR Cr)



Sectoral Loan Exposure (Dec-23)



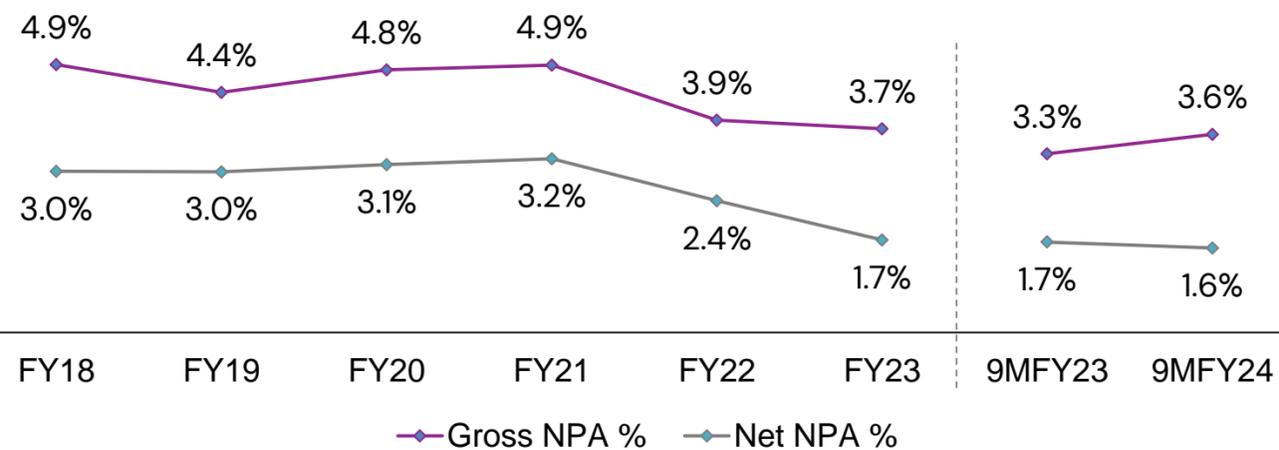
Yield on Advances



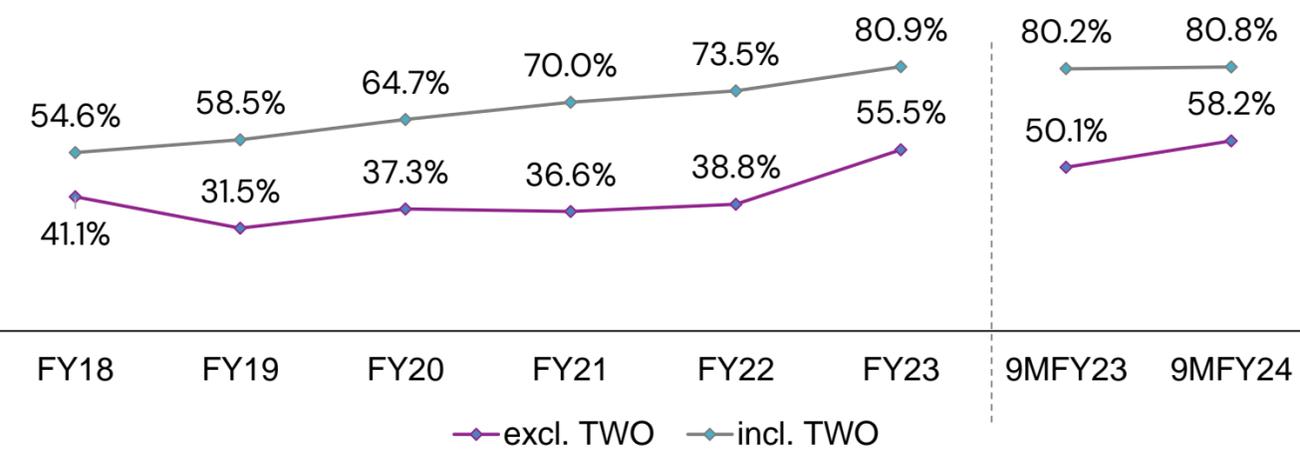


Asset Quality

GNPA & NNPA

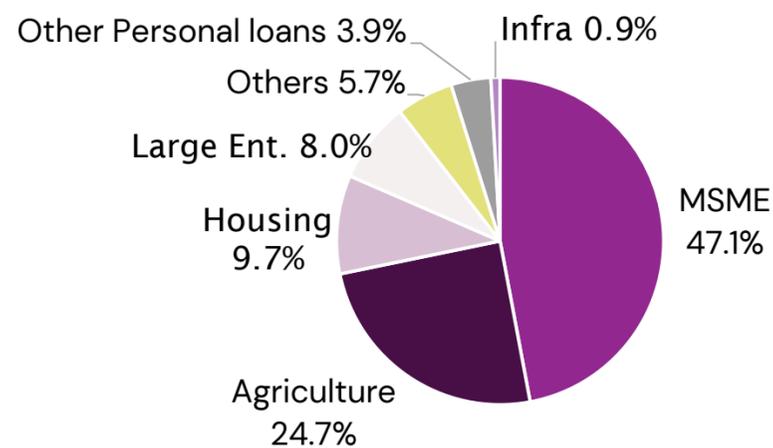


Provision Coverage (Incl. & excl. TWO)

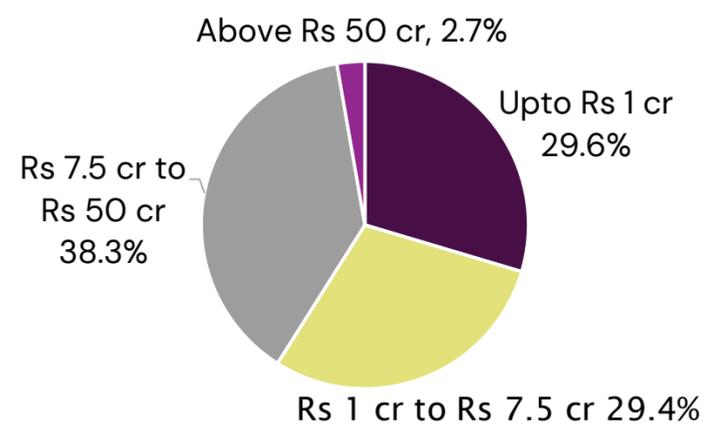


GNPA Breakup (Dec-23)

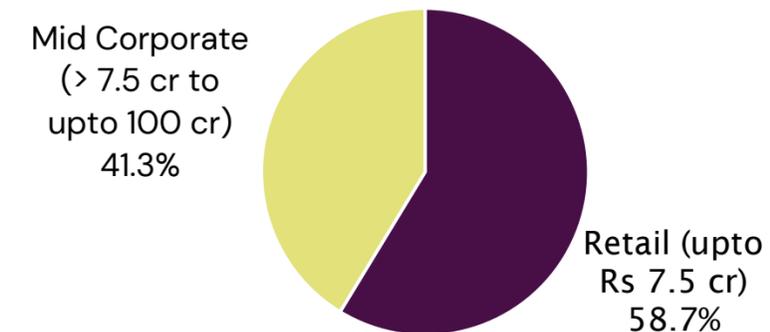
Sector wise



Size wise



Credit Portfolio wise



GNPA as on 31 December 2023: INR 2,537 Cr





Asset Quality

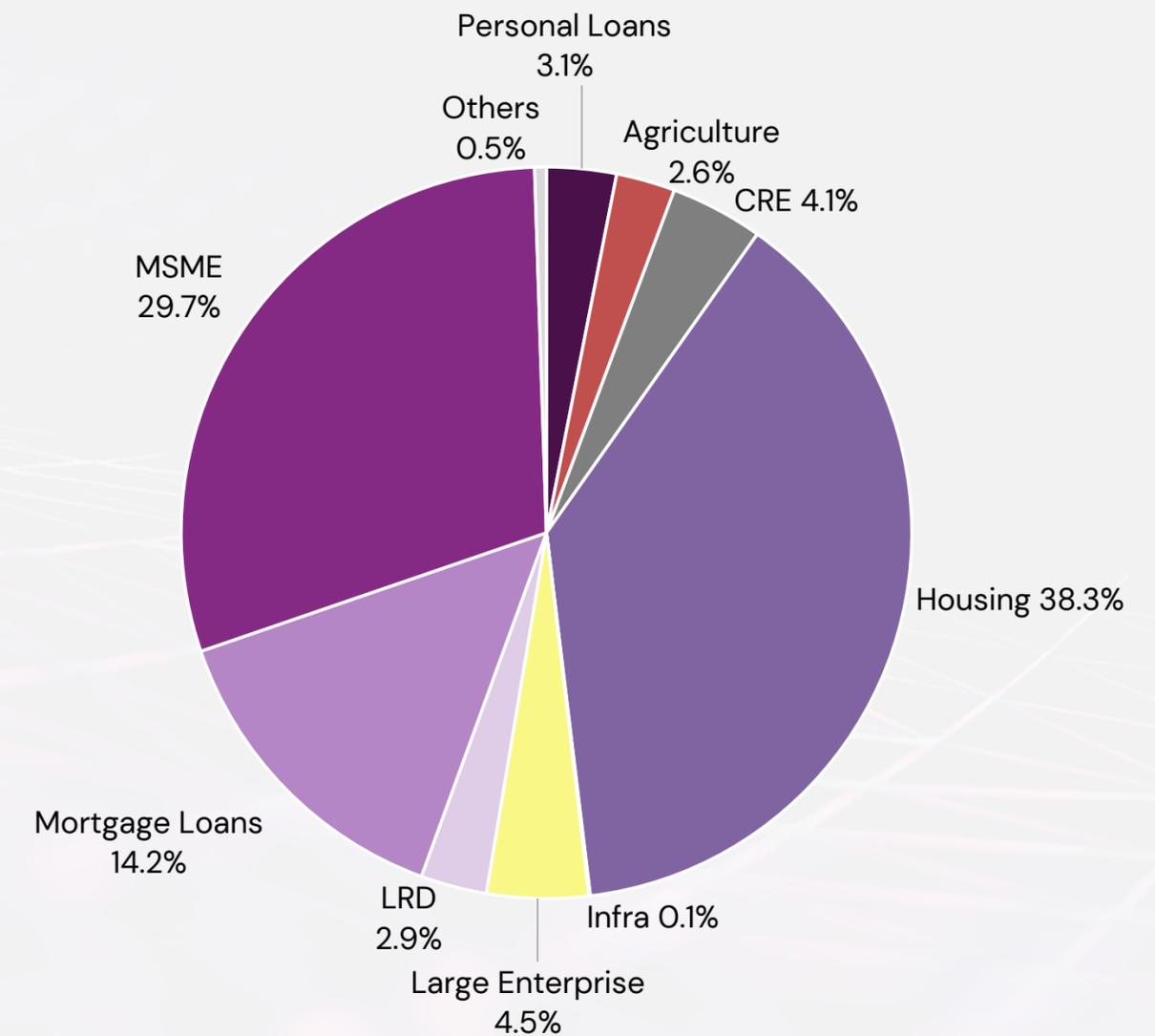
Restructured Portfolio

Standard Restructured Portfolio – Movement

Particulars (INR Cr)	Q3FY24
Opening balance	2,214
Fresh restructuring during the period	5
Increase in balance in the existing restructured accounts	12
Upgrade of NPA to Standard category	17
Total - A	2,248
Reductions in opening balance	203
Downgrades to NPA during the period	207
Write-offs during the period	0
Total - B	410
Total Standard Restructured Portfolio (A-B)	1,837

Includes related accounts

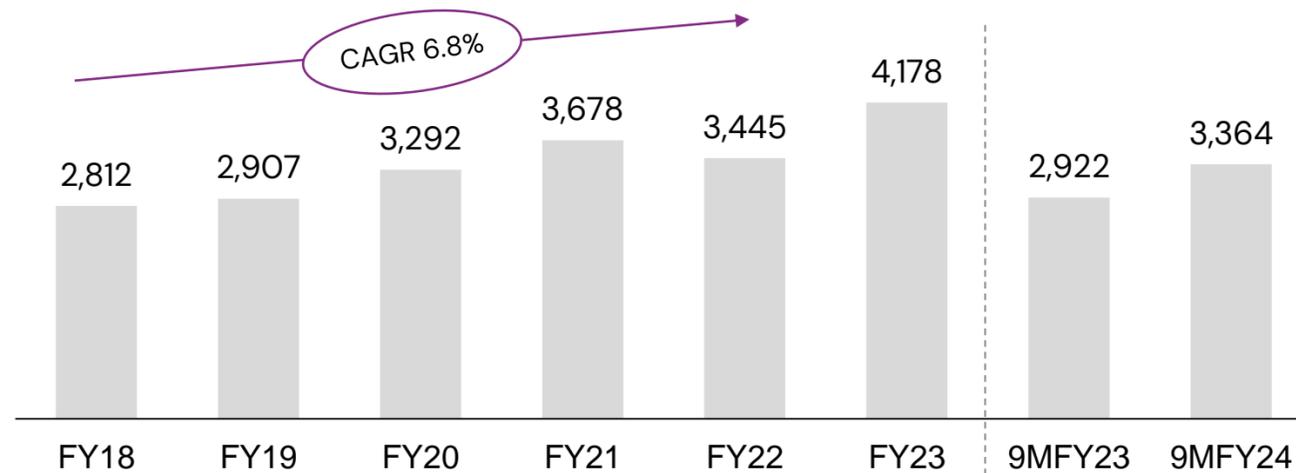
Standard Restructured Portfolio – Break-up



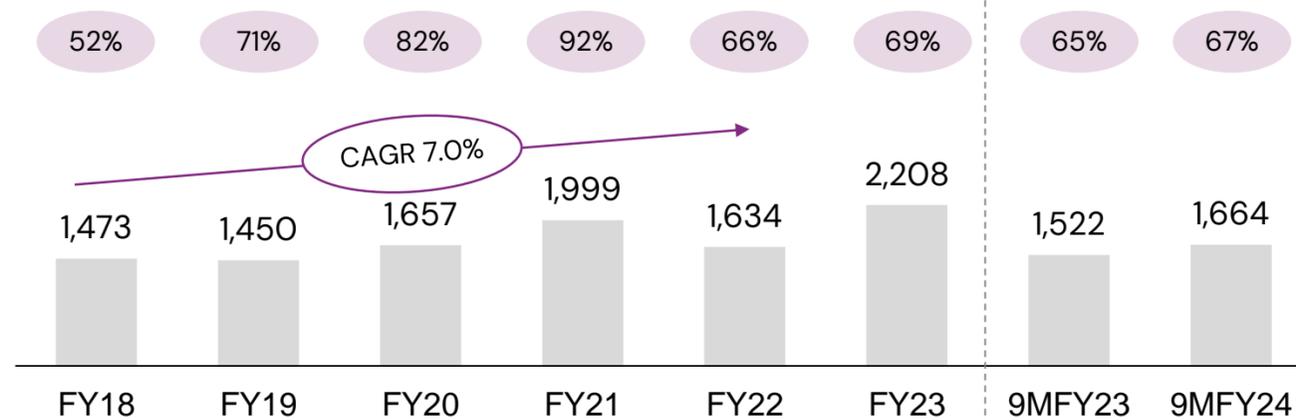


Profitability

Operating Revenue (INR Cr.)

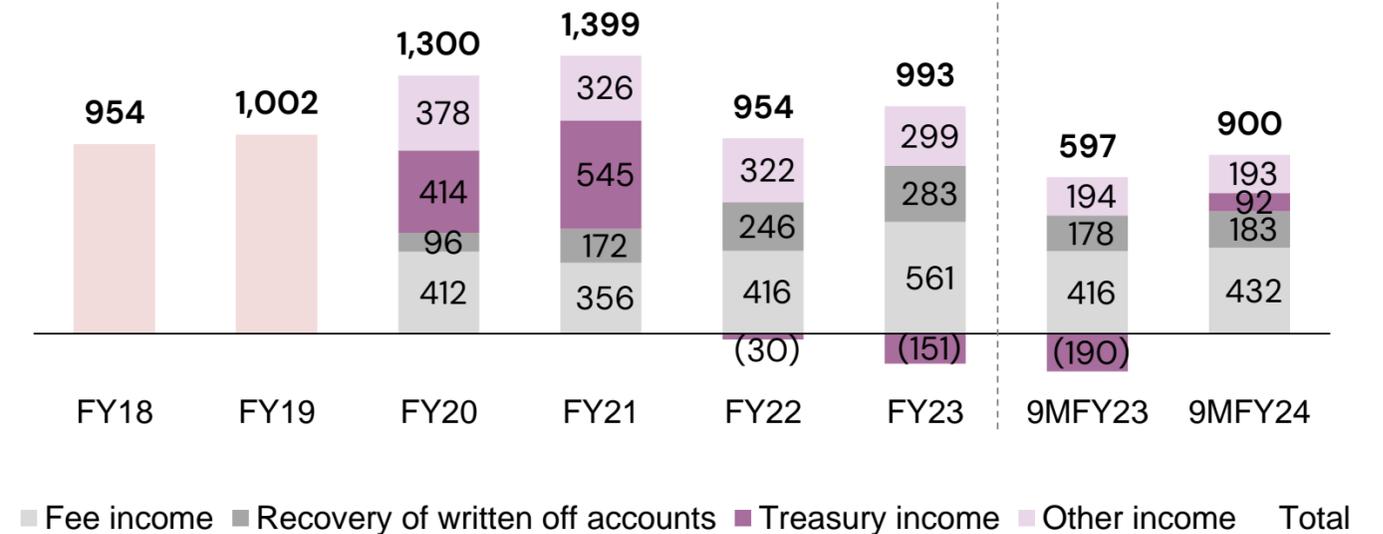


Operating Profit (INR Cr.)

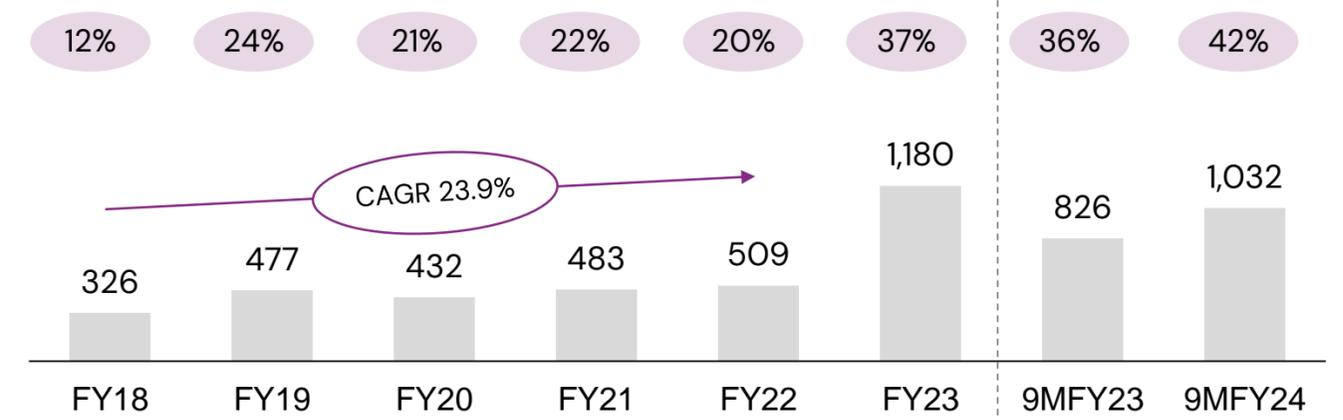


Operating Profit Margin (% of NII)

Other Income¹ (INR Cr.)



PAT (INR Cr.)



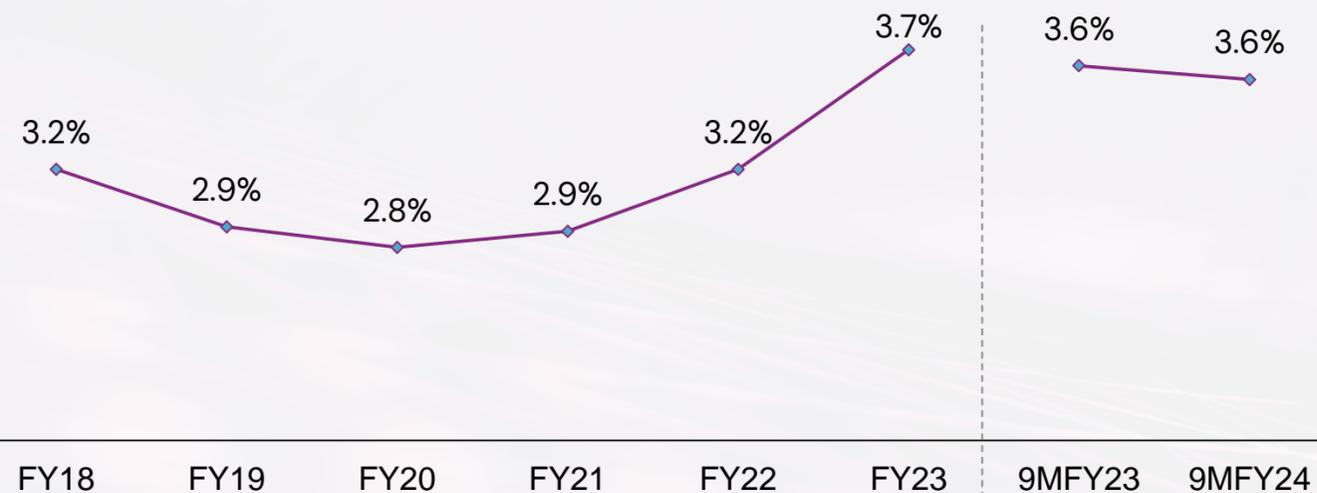
PAT Margin (% of NII)



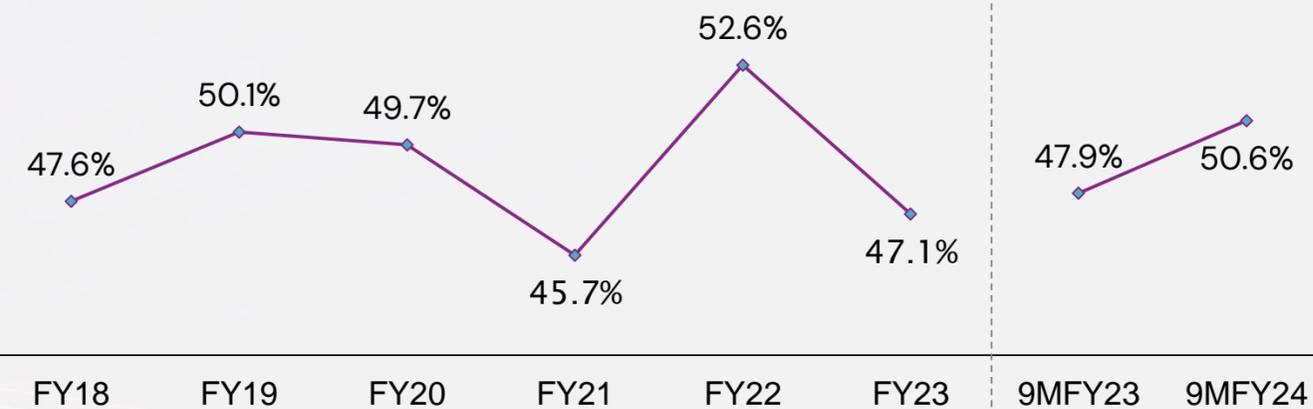


Profitability

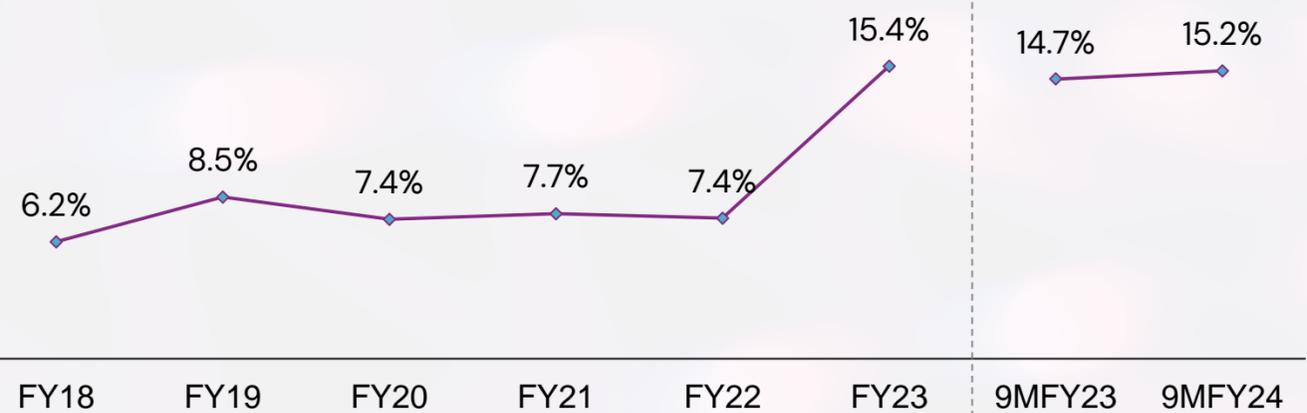
Net Interest Margin



Cost to Income ratio



Return on Equity



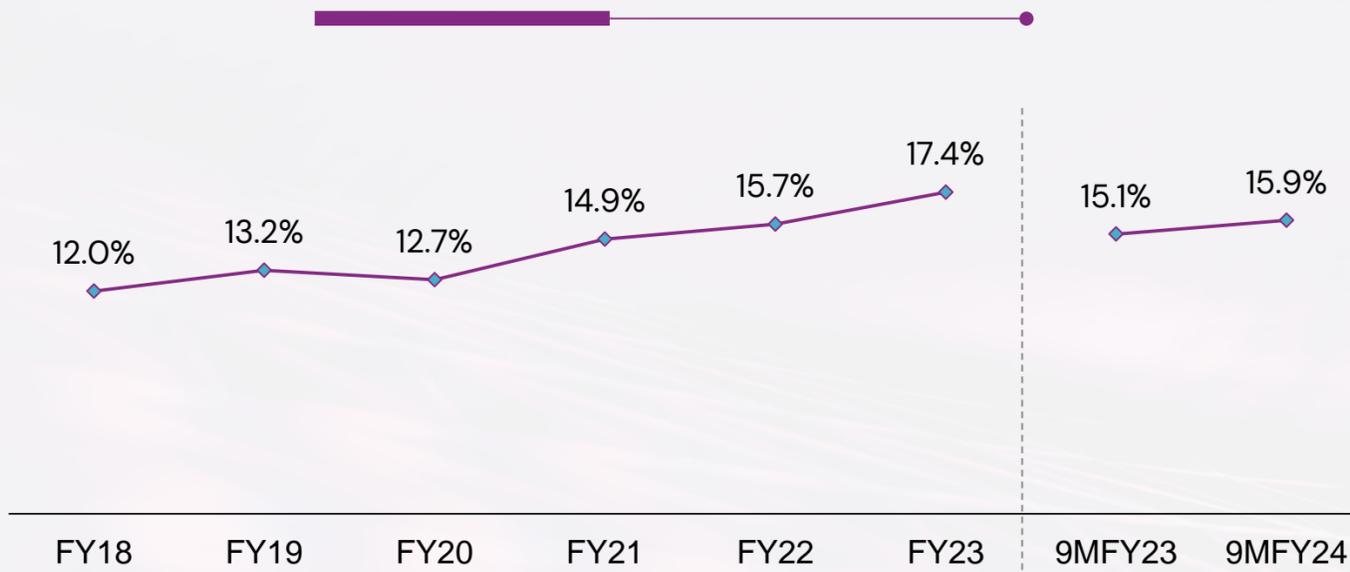
Return on Assets



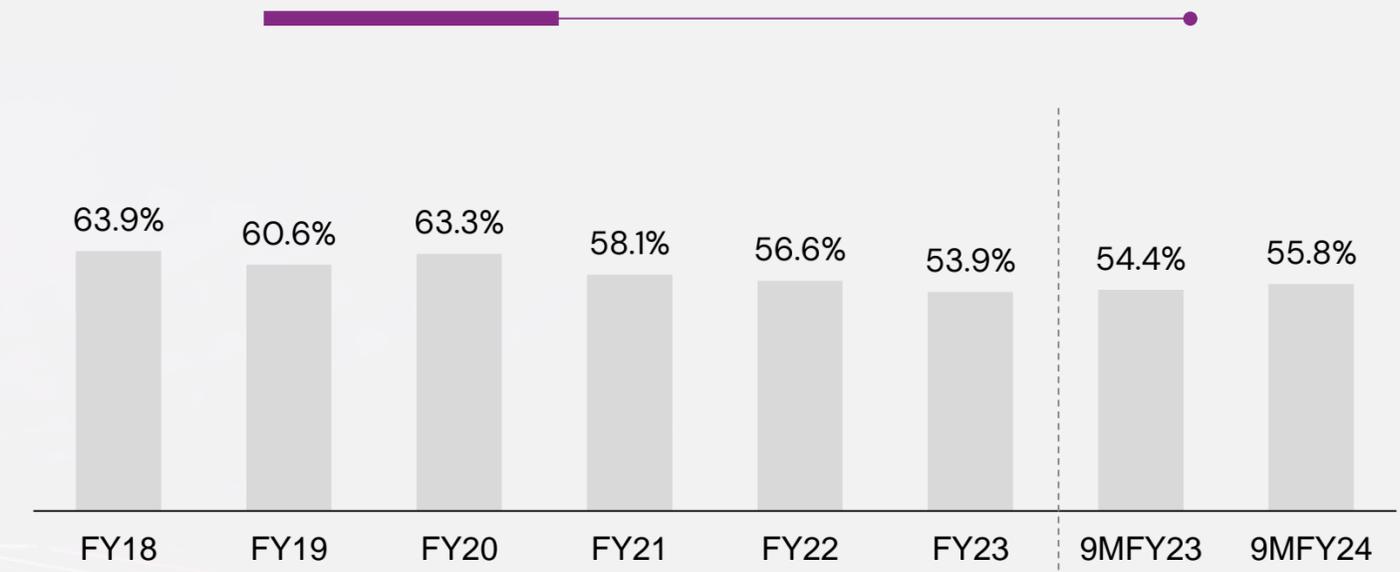


Key Ratios

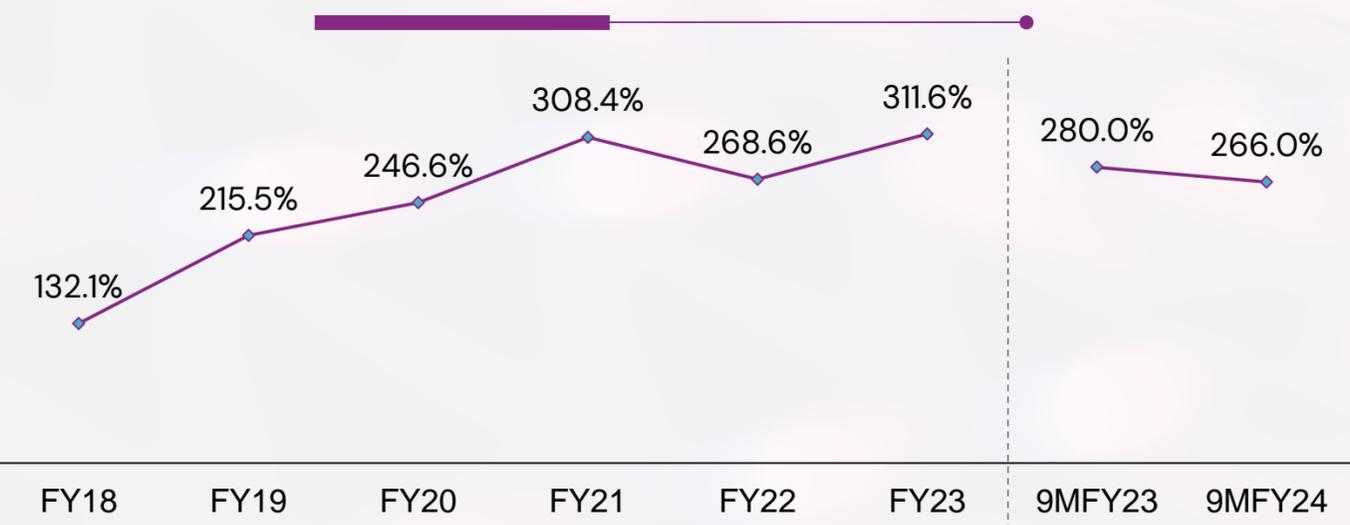
CRAR



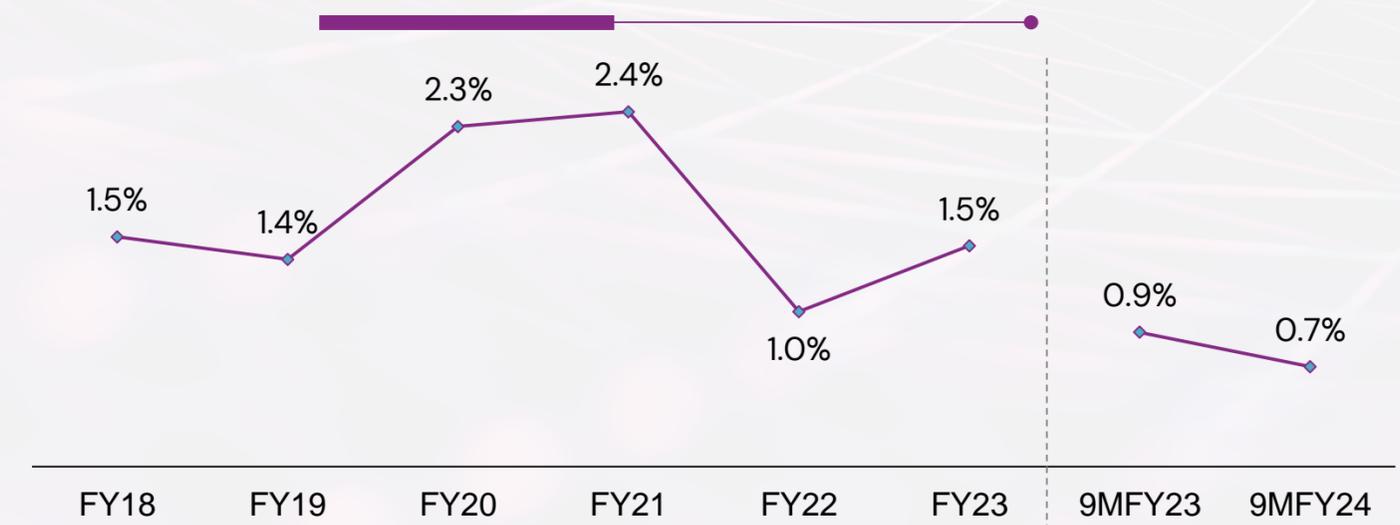
RWA/Total Assets



LCR



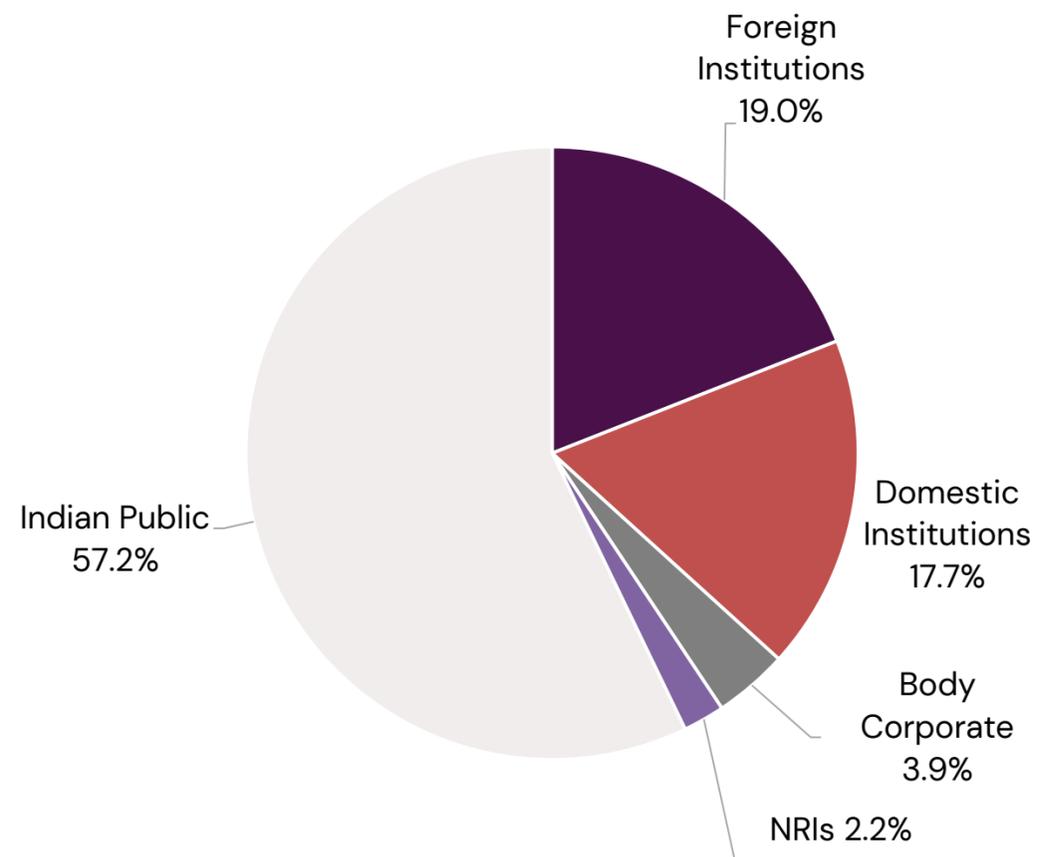
Credit Cost %



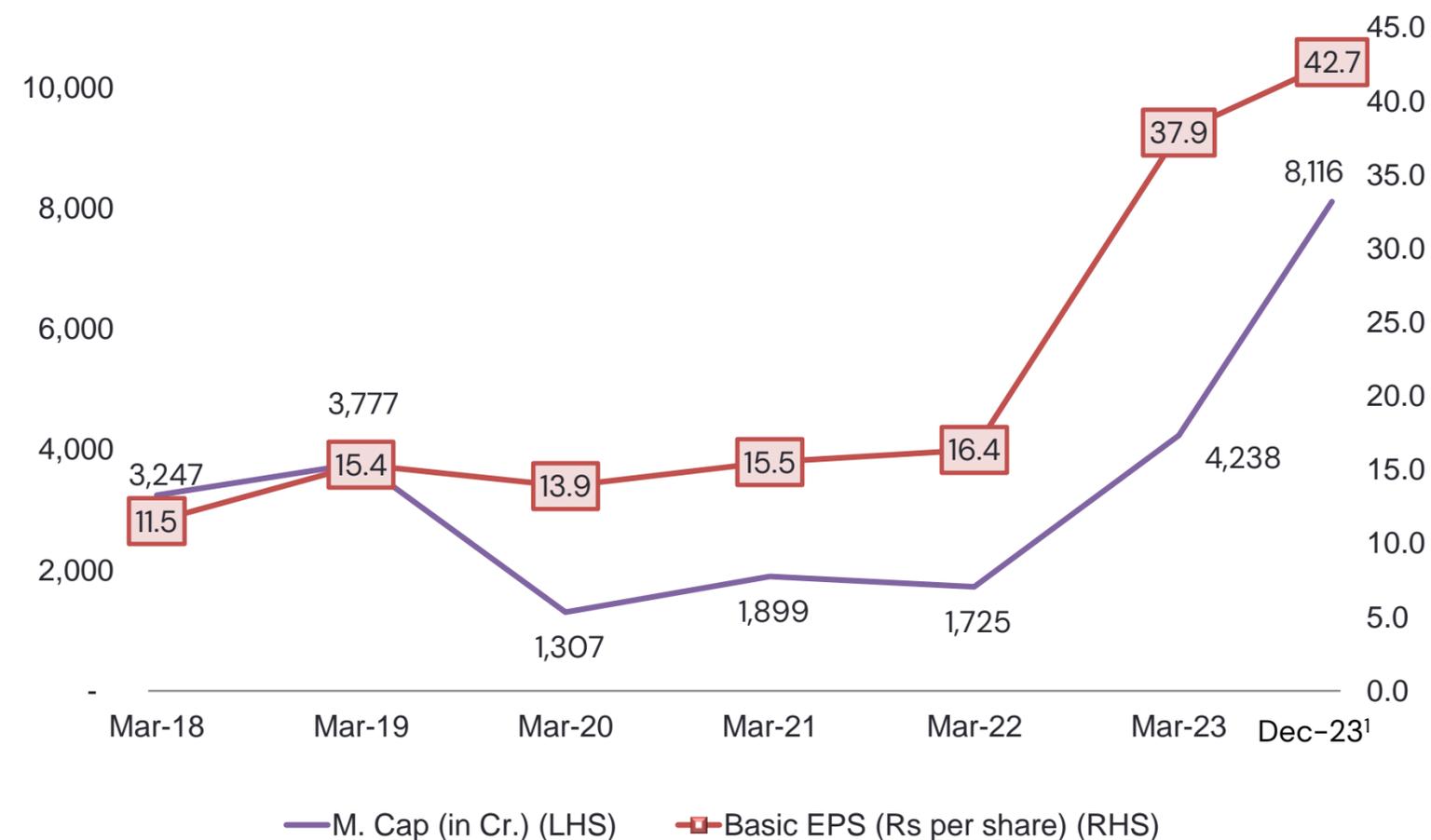


Shareholder Value

Shareholding Pattern (Dec-23)



EPS & Market Capitalisation



DII Holding has increased from 5.7% in Mar-23 to 17.7% in Dec-23





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