



# Investor Presentation

March 2023

99 years of consistent value creation

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# Key Highlights FY23



## Operating Profit

- 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%

## Deposit Growth

- 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

## Loan Growth

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

## Asset Quality

### Improvement in

- 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

- 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

## Balance Sheet Size

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

## PAT

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

## Customers & Employees

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

## Loan Book Mix

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

## Branch Mix

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

## Branches/Outlets

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

## Digital Migration

- Migration to Digital channels at 93.48%

\*Out of a bankable population 436 million

# Key Strengths



## Strong, diverse sources of income

- Well balanced lending profile including Retail, Corporate and MSME
- Revenue diversity with a fee income ratio of 12.09% and growing



## Capacity to grow our franchise

- Strong capital, earnings growth, and operating performance to support our Advances Growth strategies
- Strong liabilities management and CASA franchise, giving the Bank headroom for capital efficient growth
- Proven integration capabilities and scalable infrastructure



## Powered by KBL VIKAAS Transformation journey



## Consistent dividend history

- Generous 11.61% to 24.47% pay-out ratio under normal operating environment, Consistent dividend payment ranging from 6.25% to 60%



## Aggressive digital strategies to be future ready

- Undergoing accelerated journey to become a highly digitally focused bank that has future-ready operations and can outpace market demands
- Led by forward-thinking workforce with Innovative Thinking and Enhanced Capabilities
- Digital Strategy is based on Omnichannel experience, Modular digital banking foundation, API driven through Open Banking architecture, and personalization using Big Data



## Committed to disciplined execution and generating positive operating leverage

- Strong, integrated enterprise risk management process
- Focused on business line performance and contribution, operating efficiency, and credit quality
- Disciplined credit practice as indicated by asset portfolio construction

# Contents

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**Financial  
Results  
Q4/ 12M FY23**

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**Bank  
Overview**

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**Business  
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**Digital  
Banking**



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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."

**Sekhar Rao- MD & CEO(Interim)**

Disciplined Execution  
& Aggressive  
Digitalisation



Committed to  
Superior Customer  
Experience and  
delight



Delivering Sustained  
Profitable Growth

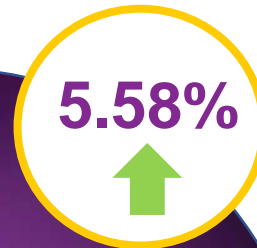
# Driving Growth & Profitability

₹ in Cr

## Deposits

March 23	March 22
<b>87,368</b>	<b>80,387</b>
<b>58,561*</b>	<b>53,887*</b>

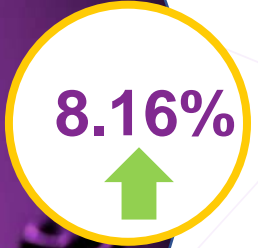
\*Retail Deposits



## Advances (Net)

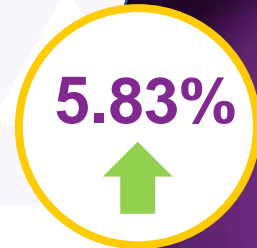
March 23	March 22
<b>59,952</b>	<b>56,783</b>
<b>30,862*</b>	<b>29,666*</b>

\*Retail Advances



## Investments

March 23	March 22
<b>23,326</b>	<b>22,041</b>

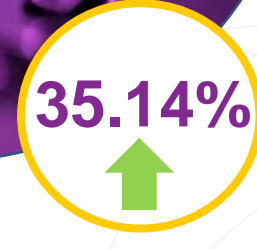


## Balance Sheet Size

March 23	March 22
<b>99,058</b>	<b>91,584</b>

## Net Profit

March 23	March 22
<b>1,180</b>	<b>509</b>



## Operating Profit

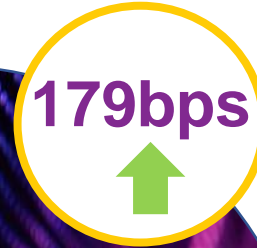
March 23	March 22
<b>2,208</b>	<b>1,634</b>



# Expanding Spreads, Returns & Strength

## NIM

12M FY23	12M FY22
<b>3.70%</b>	<b>3.18%</b>

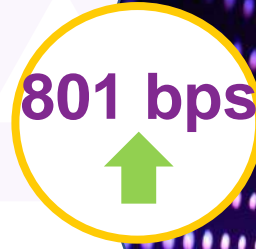


## CRAR

12M FY23	12M FY22
<b>17.45%</b>	<b>15.66%</b>

## ROE

12M FY23	12M FY22
<b>15.42%</b>	<b>7.41%</b>

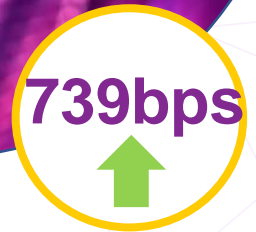


## ROA

12M FY23	12M FY22
<b>1.21%</b>	<b>0.56%</b>

## CASA

12M FY23	12M FY22
<b>32.97%</b>	<b>32.97%</b>



## PCR

12M FY23	12M FY22
<b>80.86%</b>	<b>73.47%</b>

# Improving Quality of Assets

## Gross NPA

12M FY23

12M FY22

3.74%

3.90%

16bps



## Net NPA

12M FY23

12M FY22

1.70%

2.42%

72bps



₹ in Cr

## Recovery from Written Off Accounts

12M FY23

12M FY22

283.41

245.72

15.34%



₹ in Cr

## NPA Provision during the year

12M FY23

12M FY22

889.95

590.61

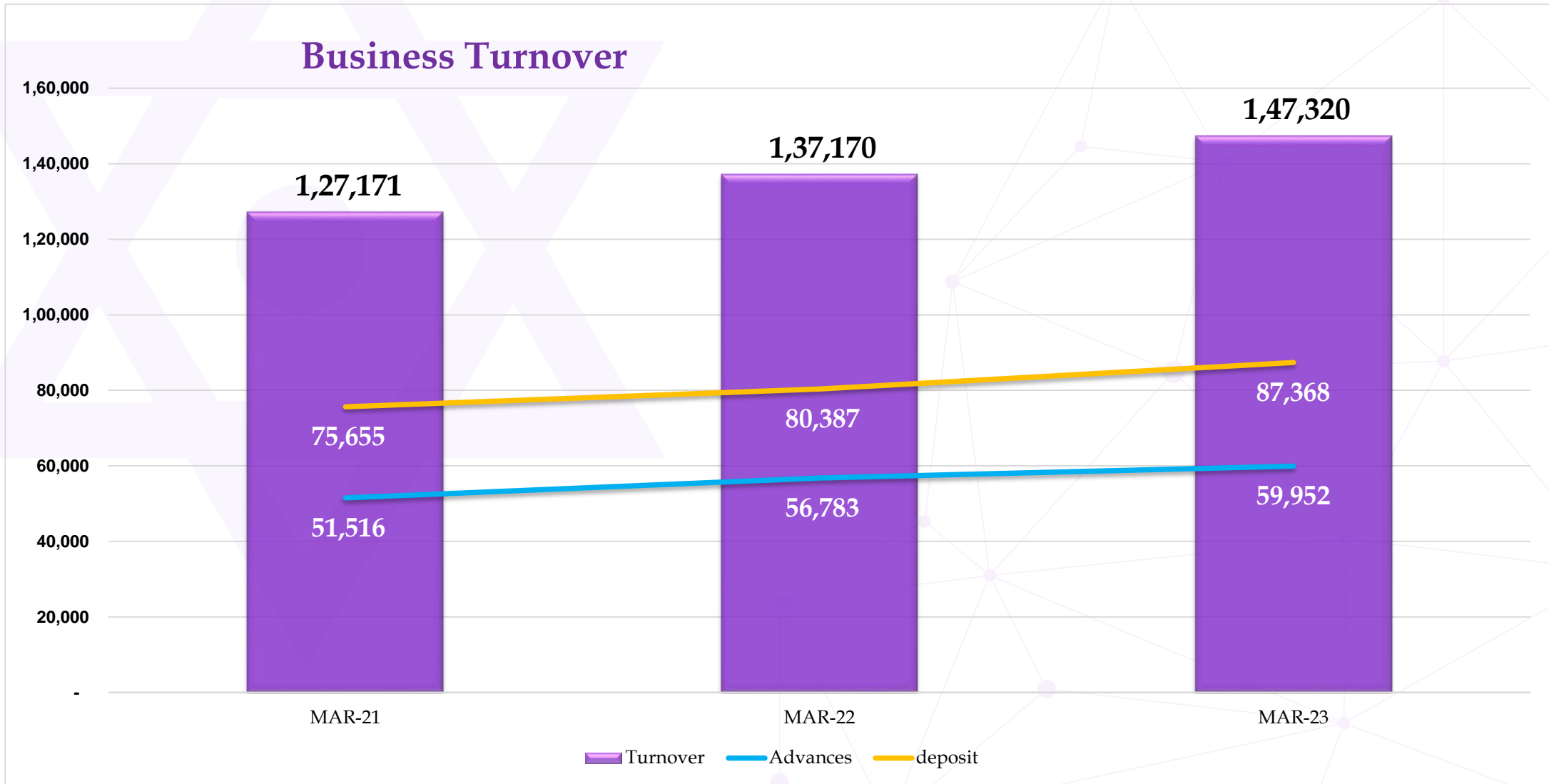
50.68%



# Continuity of Sustained Growth

₹ in Cr

## Business Turnover



# Headline Numbers

on Standalone basis

₹ in Cr



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Particulars	3 Months				12 Months		
	Q4 FY 23	Q4 FY 22	Y-o-Y	Q3 FY 23	31-03-2023	31-03-2022	Y-o-Y
Turnover	1,47,320	1,37,170	↑ 7.40%	1,47,129	1,47,320	1,37,170	↑ 7.40%
Asset size	99,058	91,584	↑ 8.16%	1,00,246	99,058	91,584	↑ 8.16%
Operating profit	685.76	380.12	↑ 80.41%	531.87	2208.23	1634.00	↑ 35.14%
Operating Profit (excluding Trading Profit and depreciation on Investments)	649.21	422.68	↑ 53.59%	583.66	2371.15	1684.11	↑ 40.80%
Net profit	353.75	130.35	↑ 171.39%	300.68	1180.24	508.62	↑ 132.05%
Return on Asset (ROA)	1.40%	0.56%	↑ 84 bps	1.21%	1.21%	0.56%	↑ 65 bps
Earning per Share(₹) (*annualized)	11.33	4.19	↑ ₹ 7.14	9.65	37.88	16.36	↑ ₹ 21.52
Return on Equity (ROE)	17.61%	7.42%	↑ 1019 bps	15.61%	15.42%	7.41%	↑ 801 bps
Net Interest Income (NII)	860.05	656.49	↑ 31.01%	834.76	3185.10	2491.03	↑ 27.86%
Net Interest Margin (NIM)	3.87%	3.25%	↑ 62 bps	3.81%	3.70%	3.18%	↑ 52 bps
Gross NPA - Amount	2,292.91	2,250.82	↑ 1.87%	2,085.73	2,292.91	2,250.82	↑ 1.87%
- %	3.74%	3.90%	↓ -16 bps	3.28%	3.74%	3.90%	↓ -16 bps
Net NPA - Amount	1,021.27	1,376.97	↓ -25.83%	1,040.88	1,021.27	1,376.97	↓ -25.83%
- %	1.70%	2.42%	↓ -72 bps	1.66%	1.70%	2.42%	↓ -72 bps
Cost to Income	45.37%	58.38%	↓ -1301 bps	48.82%	47.14%	52.57%	↓ -543 bps
PCR	80.86%	73.47%	↑ 739 bps	80.21%	80.86%	73.47%	↑ 739 bps
CRAR (Basel III)	17.45%	15.66%	↑ 179 bps	15.13%	17.45%	15.66%	↑ 179 bps

# Summary Financial Statement

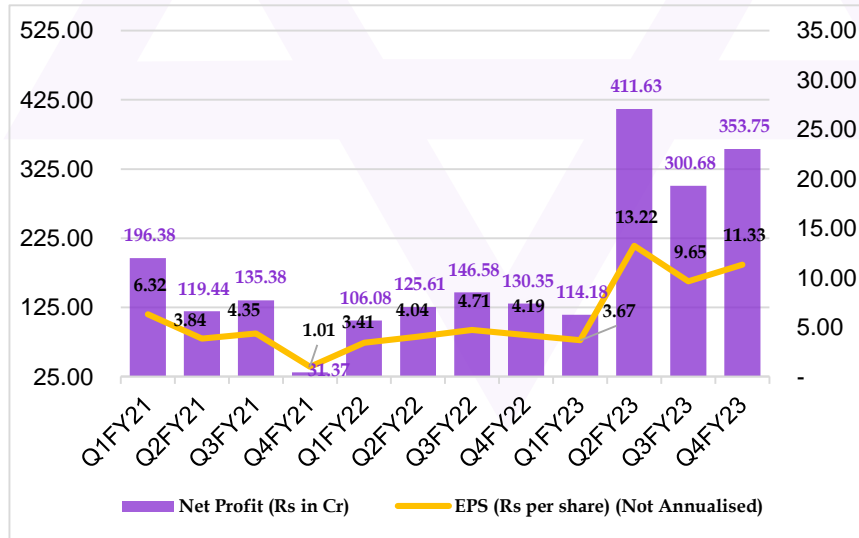
on Standalone basis

₹ in Cr

## 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)**



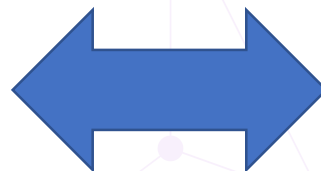
Particulars	3 Months			12 Months			
	Q4 FY 23	Q4 FY 22	Y-o-Y	Q3 FY 23	31-03-2023	31-03-2022	Y-o-Y
Interest Income	1,969.30	1,578.78	↑ 24.74%	1,850.80	7,220.23	6,221.66	↑ 16.05%
Interest Expense	1,109.25	922.29	↑ 20.27%	1,016.04	4,035.13	3,730.63	↑ 8.16%
Net Interest Income	860.05	656.49	↑ 31.01%	834.76	3,185.10	2,491.03	↑ 27.86%
Non-Interest Income	395.24	256.90	↑ 53.85%	204.51	992.58	953.88	↑ 4.06%
Trading Profit	4.06	14.96	↓ -72.86%	3.69	19.25	48.66	↓ -60.44%
Depreciation on Investments	32.49	-57.52	↑ -156.48%	-55.48	-182.17	-98.77	↑ 84.44%
Fee Income	358.69	299.46	↑ 19.78%	256.30	1,155.50	1,003.99	↑ 15.09%
Total Income	2,364.54	1,835.68	↑ 28.81%	2,055.31	8,212.81	7,175.54	↑ 14.46%
Operating Expenses	569.53	533.27	↑ 6.80%	507.40	1,969.45	1,810.91	↑ 8.75%
Operating Profit	685.76	380.12	↑ 80.41%	531.87	2,208.23	1,634.00	↑ 35.14%
Provisions & Contingencies	332.01	249.77	↑ 32.92%	231.19	1,027.99	1,125.38	↓ -8.65%
Net Profit	353.75	130.35	↑ 171.39%	300.68	1,180.24	508.62	↑ 132.05%

# Summary Consolidated Financial Statement

₹ in Cr

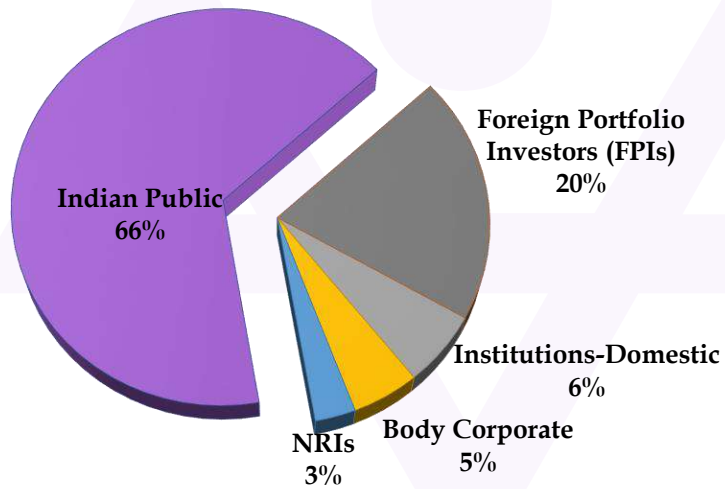
Particulars	3 Months			12 Months			
	Q4 FY 23	Q4 FY 22	Y-o-Y	Q3 FY 23	31-03-2023	31-03-2022	Y-o-Y
Turnover (₹ in Cr)	1,47,320	1,37,170	↑ 7.40%	1,47,128	1,47,320	1,37,170	↑ 7.40%
Asset size (₹ in Cr)	99,057	91,584	↑ 8.16%	1,00,245	99,057	91,584	↑ 8.16%
Operating profit (₹ in Cr)	685.52	379.97	↑ 80.41%	531.83	2,207.66	1,633.37	↑ 35.16%
Net profit (₹ in Cr)	353.53	130.20	↑ 171.53%	300.63	1,179.68	507.99	↑ 132.23%
Return on Asset (ROA%)	1.40%	0.56%	↑ 84 bps	1.21%	1.21%	0.56%	↑ 65 bps
Earning per Share(₹) (*annualized)	11.33	4.19	↑ ₹ 7.14	9.65	37.87*	16.36*	↑ ₹ 21.51
CRAR (Basel III)	17.45%	15.66%	↑ 179 bps	15.13%	17.45%	15.66%	↑ 179 bps

The Consolidated Financial results of the Group comprise of the financial results of The Karnataka Bank Ltd and its wholly owned subsidiary – KBL Services Ltd. During the year the bank has contributed additional capital of Rs. 50.00 lakhs for the effective functioning of the subsidiary thereby the total capital contributed till date is Rs. 150.00 lakhs.

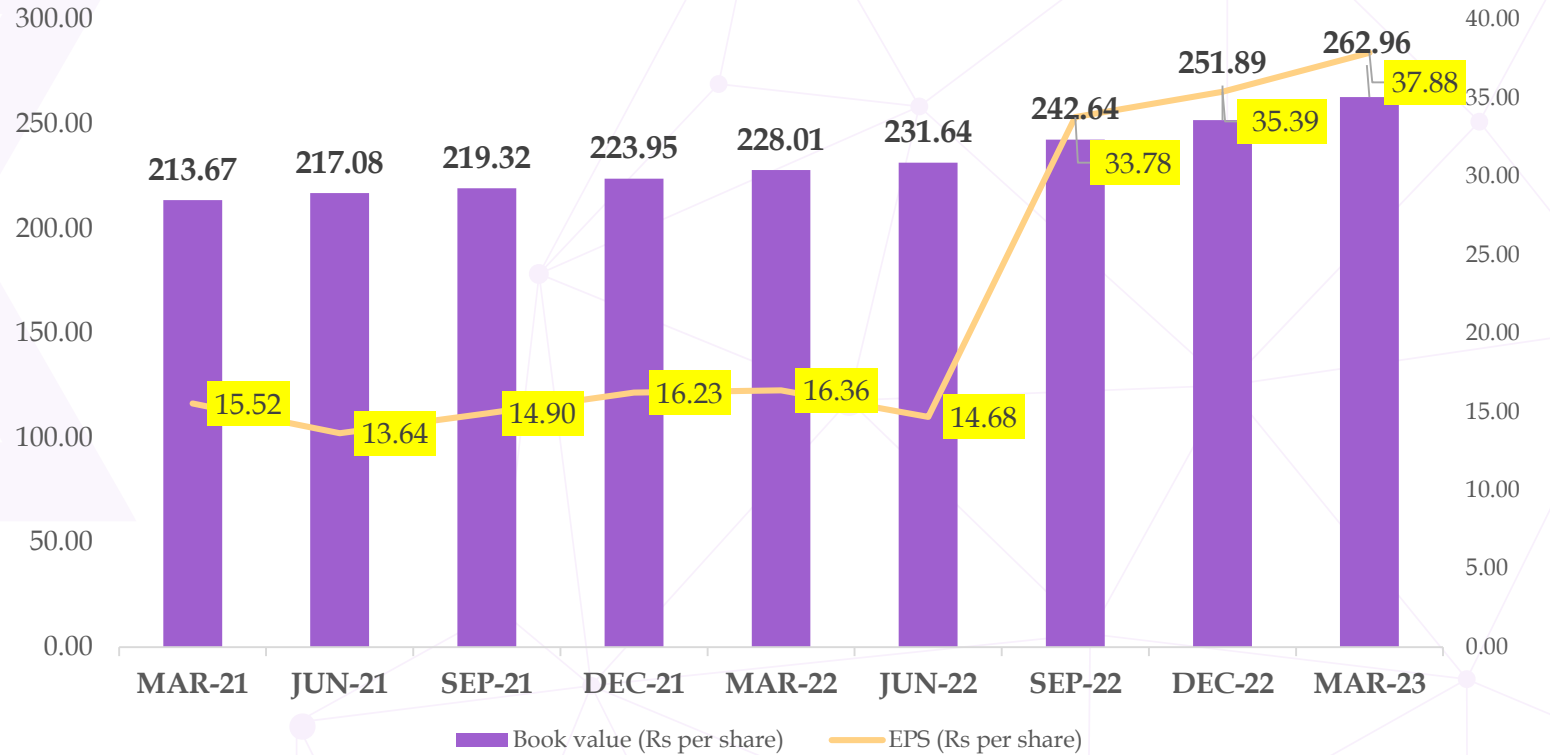


# Shareholder Value

## Shareholding Pattern



## Book Value (Rs per share) & EPS (Rs per share) Annualized



# Yields, Rates & Margins

₹ in Cr

Particulars	3 Months			12 Months			
	Q4 FY 23	Q4 FY 22	Y-o-Y	Q3 FY 23	31-03-2023	31-03-2022	Y-o-Y
<b><u>Interest Income</u></b>							
Interest Income	1,969.30	1,578.78	↑ 24.74%	1,850.80	7,220.23	6,221.66	↑ 16.05%
Interest on Advances	1,507.25	1,211.50	↑ 24.41%	1,447.13	5,584.91	4,737.88	↑ 17.88%
Interest on Investments	371.73	330.06	↑ 12.62%	357.52	1,422.35	1,310.12	↑ 8.57%
Other interest	90.32	37.22	↑ 142.67%	46.15	212.97	173.66	↑ 22.64%
Yield on Advances %	9.80	8.60	↑ 120 bps	9.45	9.41	8.84	↑ 57 bps
Adjusted yield on Investments %	6.38	5.87	↑ 51 bps	5.78	5.28	5.47	↓ -19 bps
<b><u>Interest Expense</u></b>							
Interest Expense	1109.25	922.29	↑ 20.27%	1016.04	4035.13	3730.63	↑ 8.16%
Cost of Deposits %	4.94	4.47	↑ 47 bps	4.54	4.62	4.66	↓ -4 bps
<b><u>Net Interest Income</u></b>							
Net Interest Income	860.05	656.49	↑ 31.01%	834.76	3185.10	2491.03	↑ 27.86%
Interest Spread in Lending %	4.86	4.13	↑ 73 bps	4.91	4.79	4.18	↑ 61 bps
Net Interest Margin %	3.87	3.25	↑ 62 bps	3.81	3.70	3.18	↑ 52 bps



# Yields, Rates & Margins

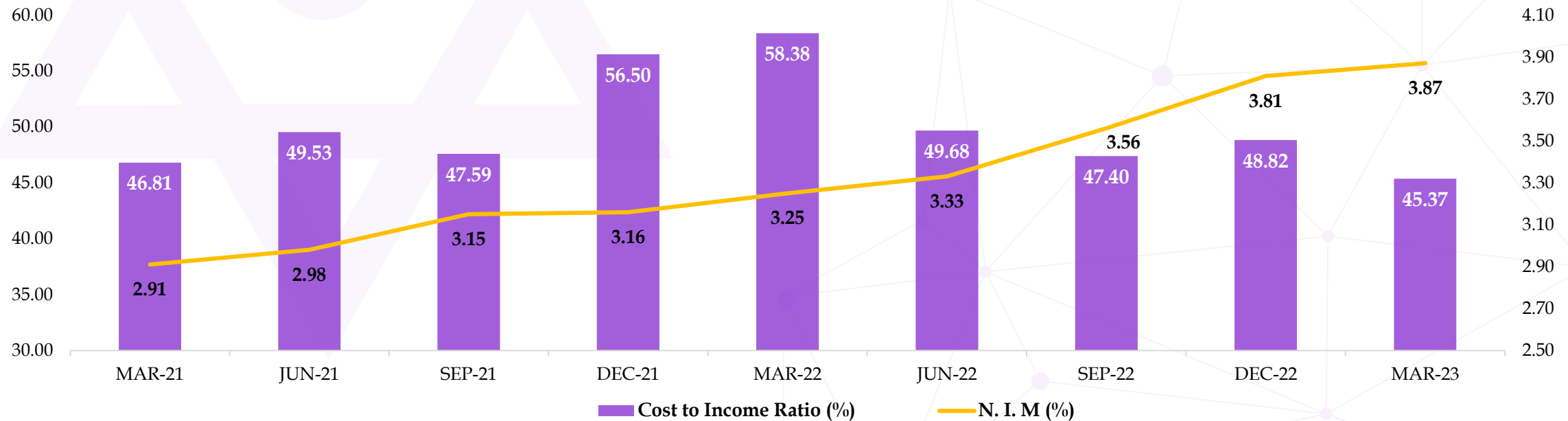
## Net Interest Income:

- 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%

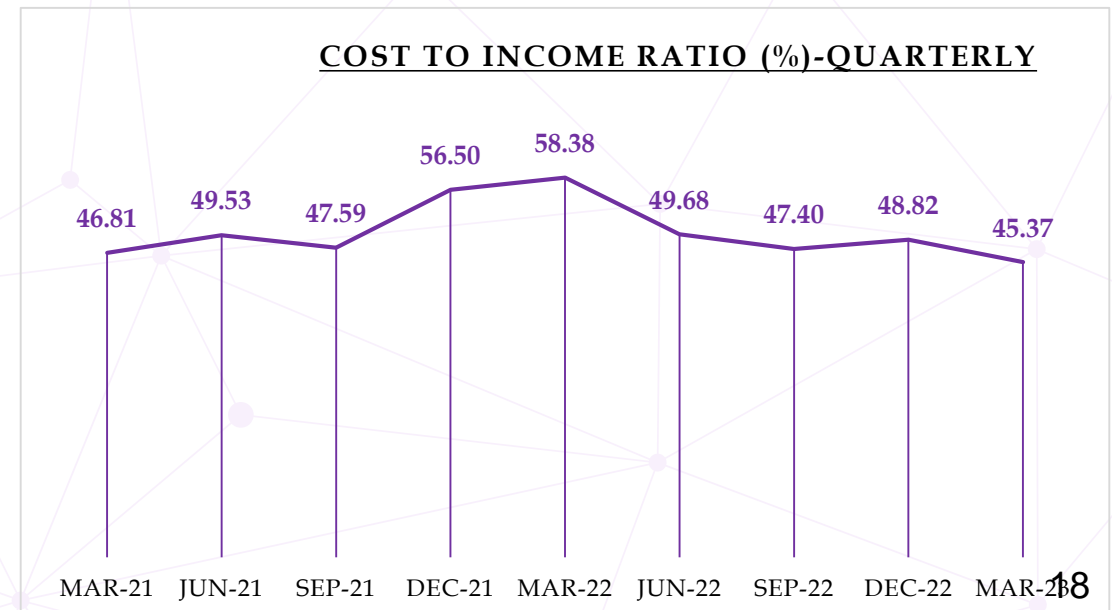
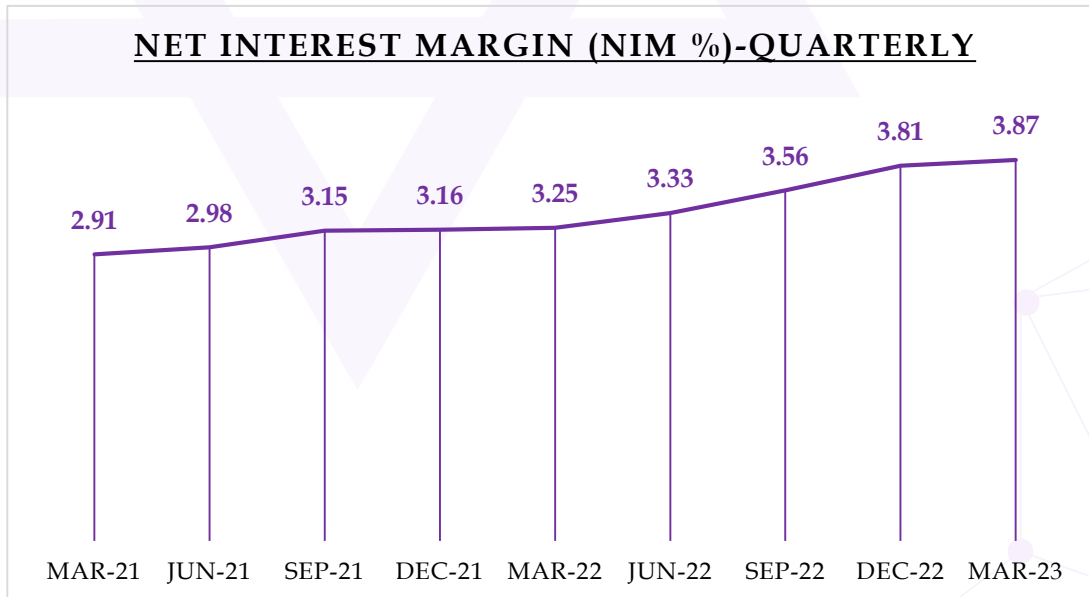
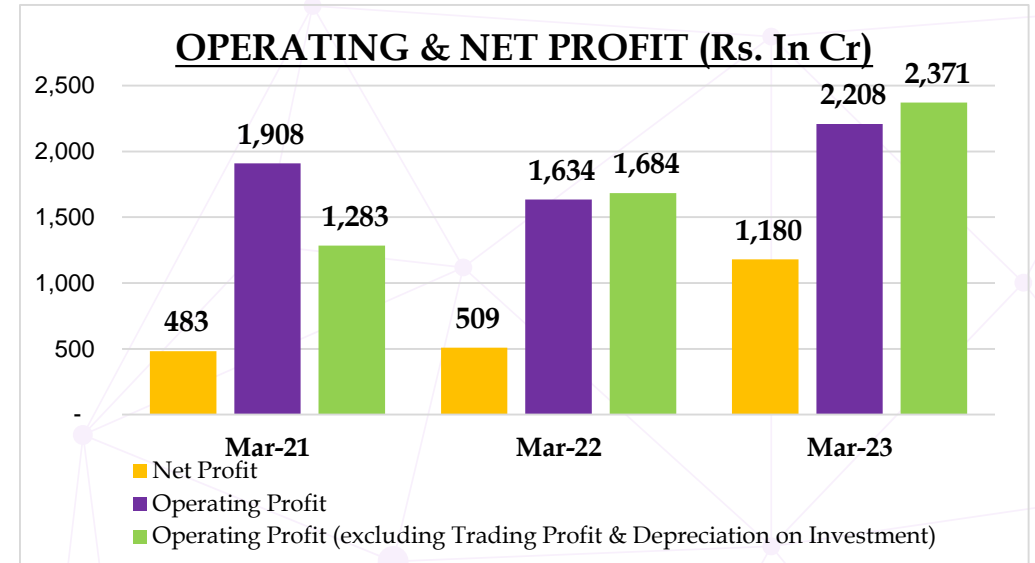
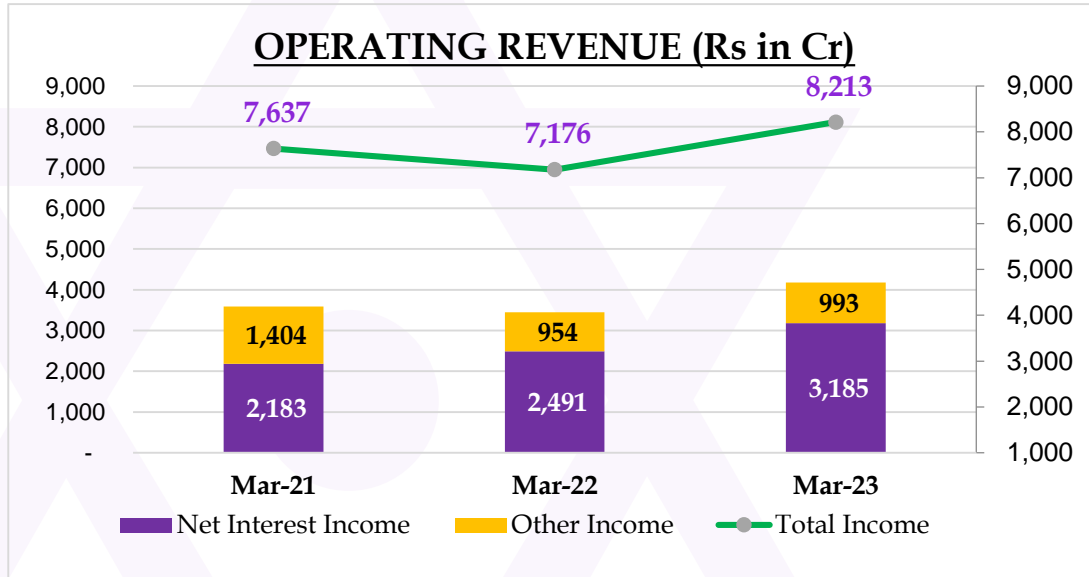
## Net Interest Margin:

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

**Cost to Income (%) & NIM (%) - Quarterly**



# Income & Profit



# Other Income & Expenses



## Other Income

₹ in Cr

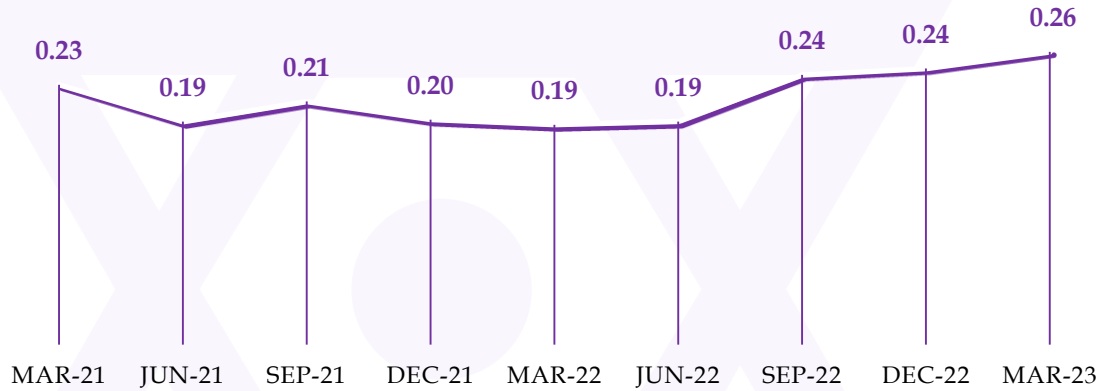
Particulars	3 Months			12 Months			
	Q4 FY 23	Q4 FY 22	Y-o-Y	Q3 FY 23	31-03-2023	31-03-2022	Y-o-Y
Locker Rent	0.65	0.85	↓ -23.53%	1.18	40.84	37.94	↑ 7.64%
Debit Card Charges	54.71	37.75	↑ 44.93%	2.20	64.27	43.74	↑ 46.94%
Commission on Insurance	16.32	12.84	↑ 27.10%	15.40	52.77	48.72	↑ 8.31%
Commission on Mutual Fund	1.03	1.09	↓ -5.50%	1.08	4.04	3.27	↑ 23.55%
ATM Income	19.20	18.30	↑ 4.92%	19.62	77.80	68.12	↑ 14.21%
Credit Card Income	1.62	2.08	↓ -22.12%	1.75	7.10	2.54	↑ 179.53%

## Other Expenses

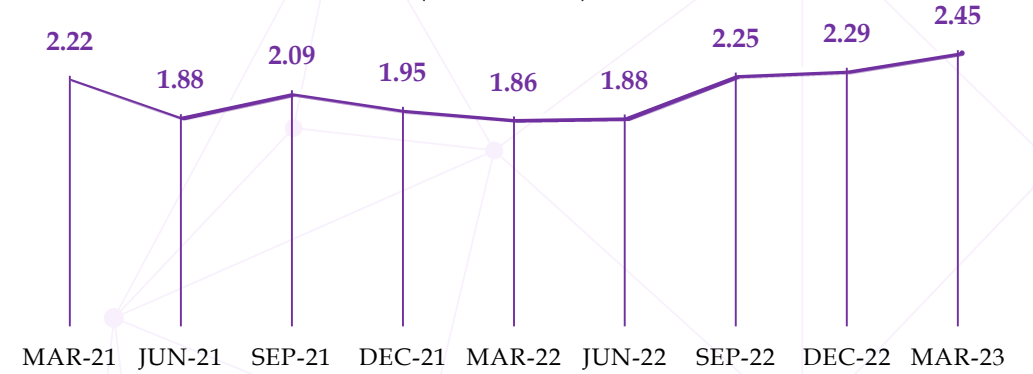
Particulars	3 Months			12 Months			
	Q4 FY 23	Q4 FY 22	Y-o-Y	Q3 FY 23	31-03-2023	31-03-2022	Y-o-Y
Establishment Expenses	343.78	313.56	↑ 9.64%	284.56	1,069.19	1,014.95	↑ 5.34%
Others	225.75	219.71	↑ 2.75%	222.84	900.26	795.96	↑ 13.10%
<b>Total</b>	<b>569.53</b>	<b>533.27</b>	<b>↑ 6.80%</b>	<b>507.40</b>	<b>1,969.45</b>	<b>1,810.91</b>	<b>↑ 8.75%</b>

# Productivity Ratios Trends

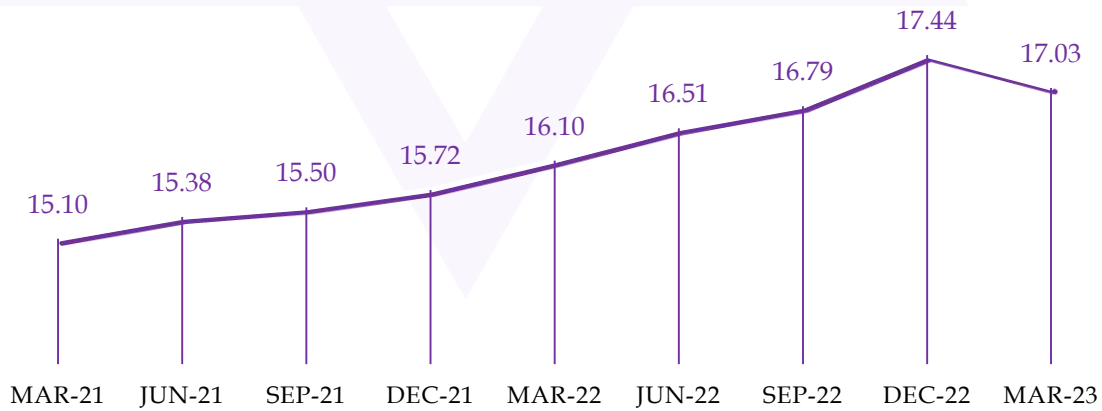
**OPERATING PROFIT PER EMPLOYEE  
(RS IN CR)**



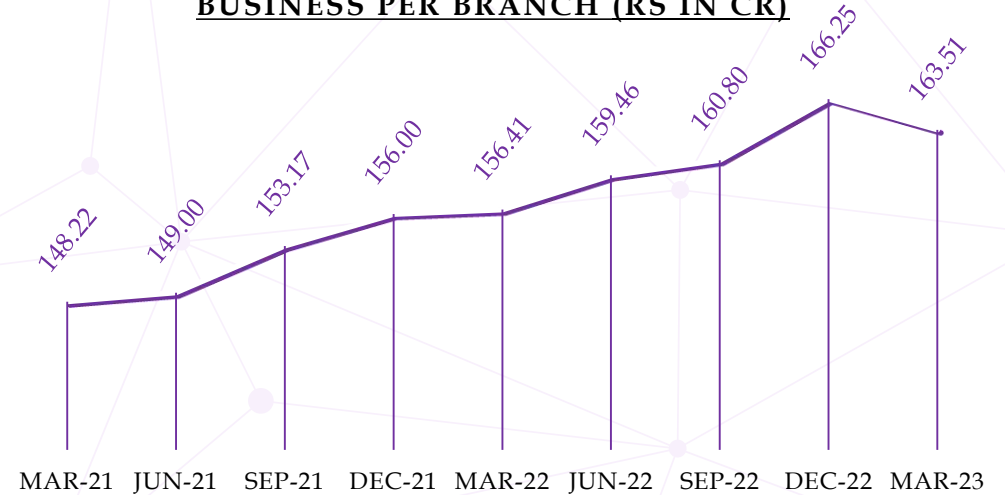
**OPERATING PROFIT PER BRANCH  
(RS IN CR)**



**BUSINESS PER EMPLOYEE (RS IN CR)**

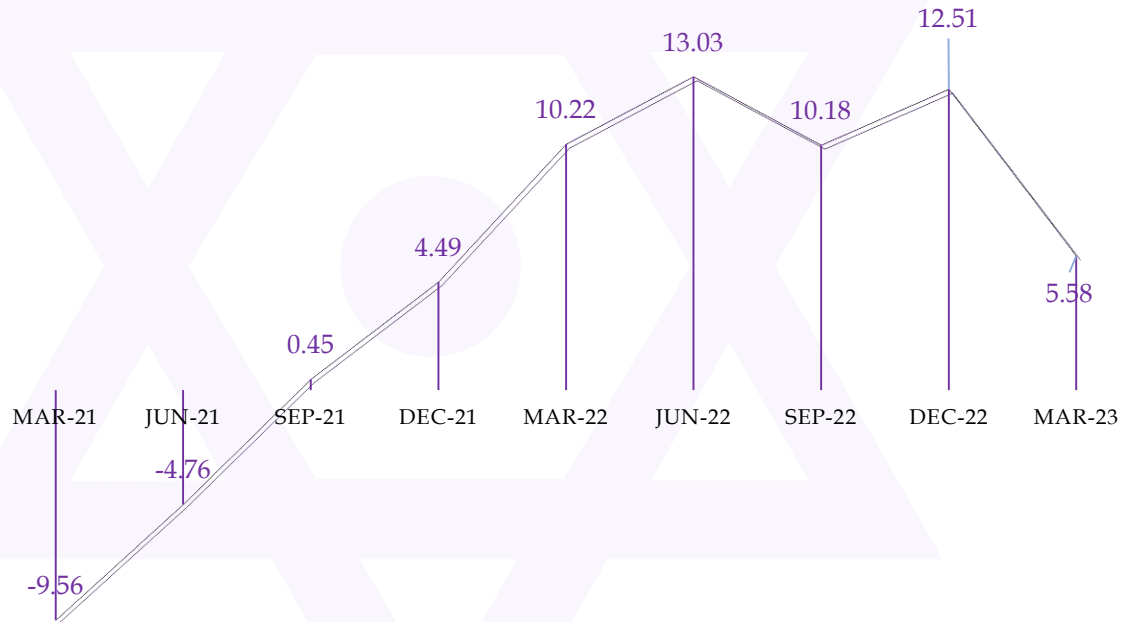


**BUSINESS PER BRANCH (RS IN CR)**

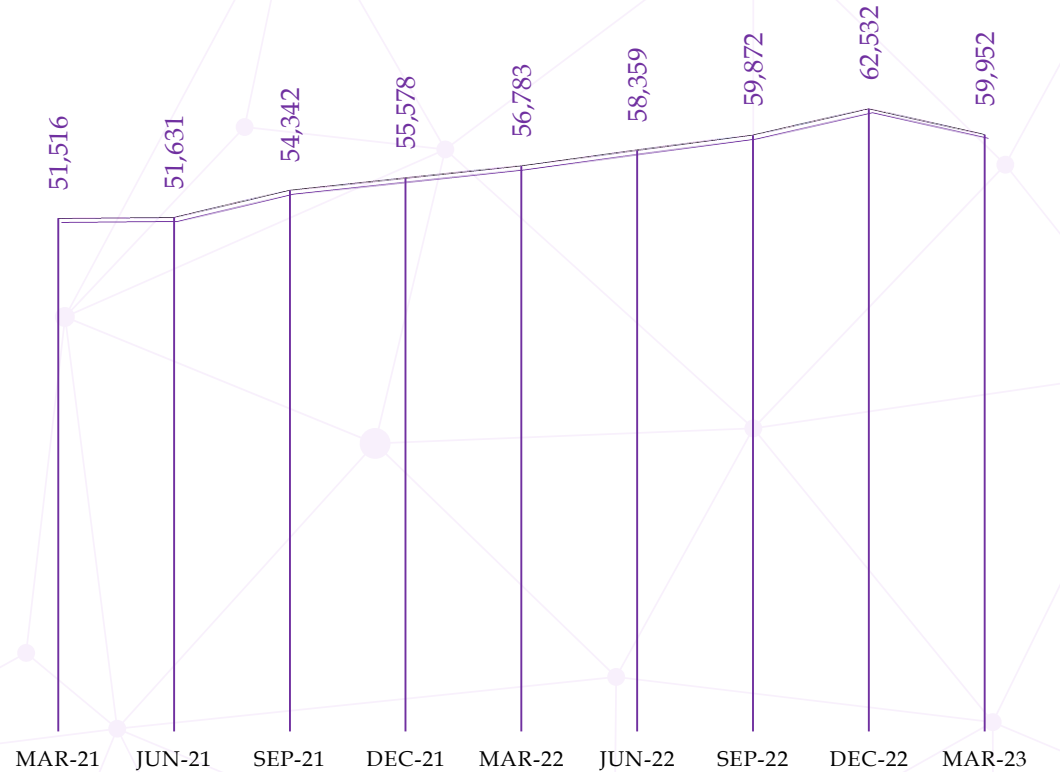


# Loan Growth momentum

**TOTAL LOAN GROWTH % (Y-O-Y)**



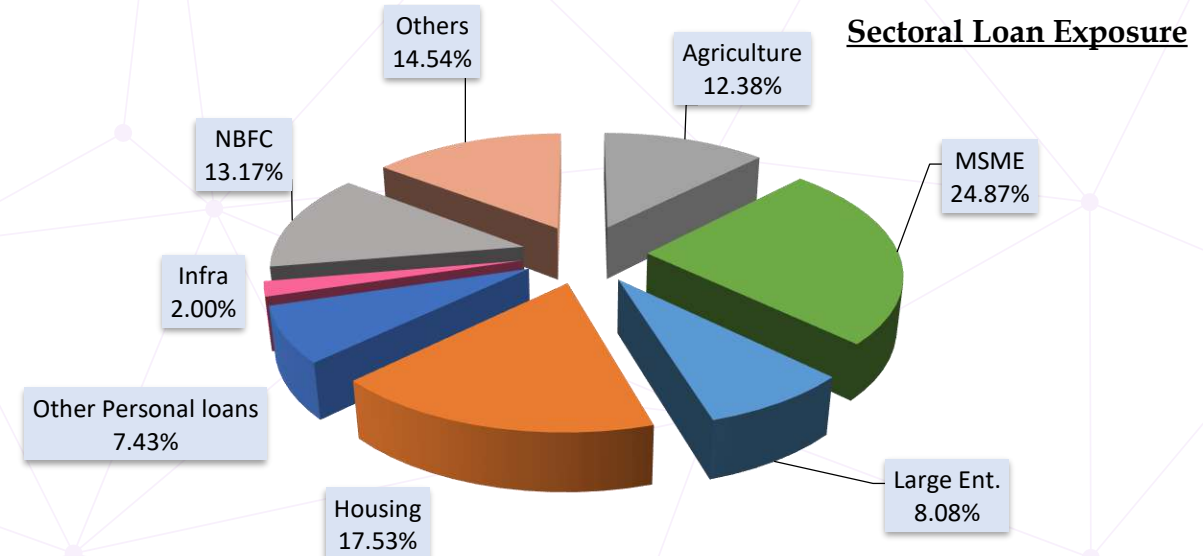
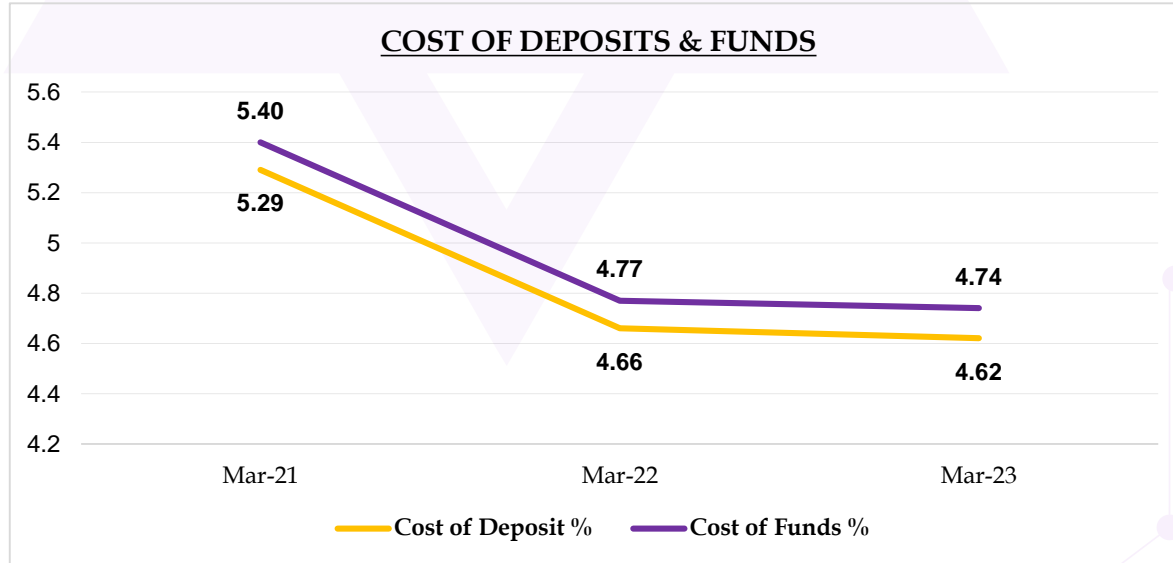
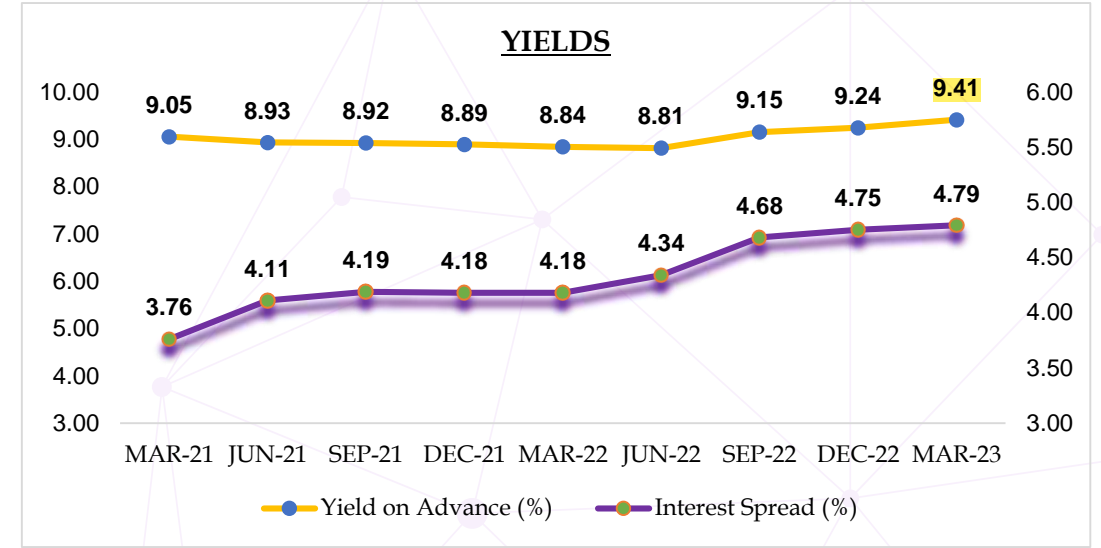
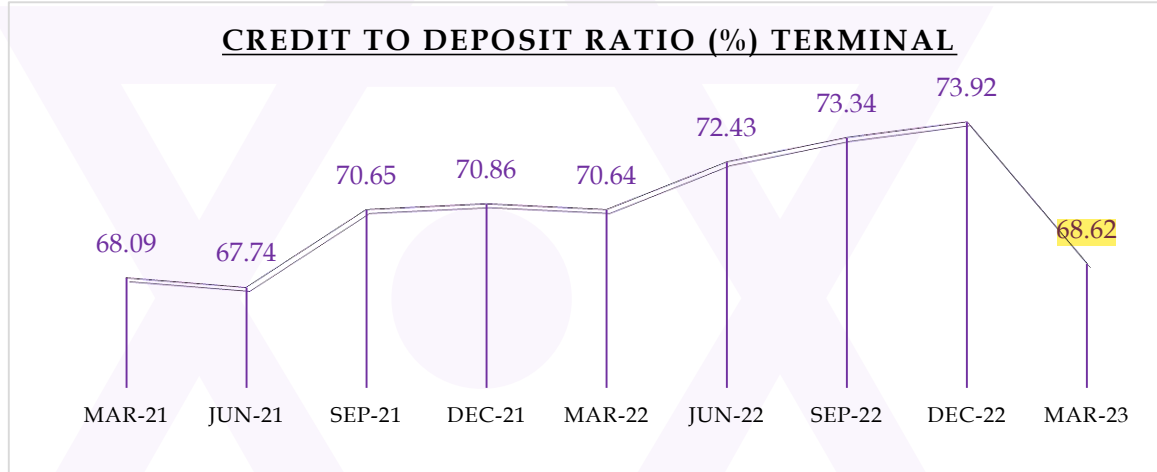
**ADVANCES (NET) (RS IN CR)**



**Average Loan Ticket Size (Rs. In cr)**

Large Corporate	Mid Corporate	Retail
171.78	16.13	0.10

# Trends: Loans - Deposit Ratio, Yield (cumulative) & Sectors

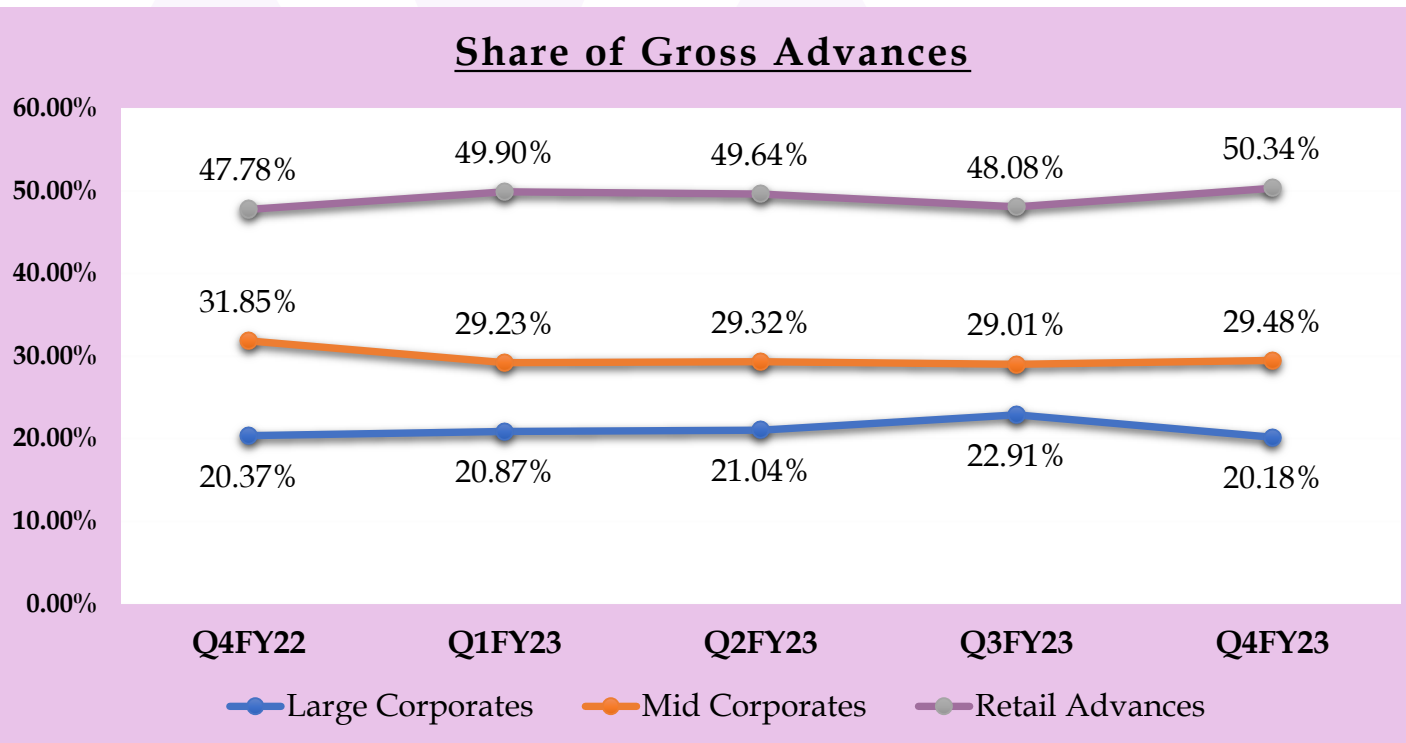


# Retailisation Begins



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 **Home Loans** and **Loans Against Gold**, we aim to foster improved risk profile and more beneficial margins, thus aligning with our long-term growth objectives.

## Segment Share of Gross Advances



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



State	GBC		NPA			Restructured Portfolio		
	Balance Outstanding	% to GBC	Balance Outstanding	% to GBC	State wise %	Balance Outstanding	% to GBC	State wise %
Karnataka	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)
Maharashtra	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)
Delhi	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
Tamil Nadu	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)
Telangana	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)
Andhra Pradesh	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)
Others	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)
<b>Total</b>	<b>61,302.78</b>		<b>2,292.91</b>	<b>3.74</b>		<b>3,201.39</b>	<b>5.23</b>	
	<b>(57,769.34)</b>		<b>(2,250.80)</b>	<b>(3.90)</b>		<b>(4,478.28)</b>	<b>(7.75)</b>	

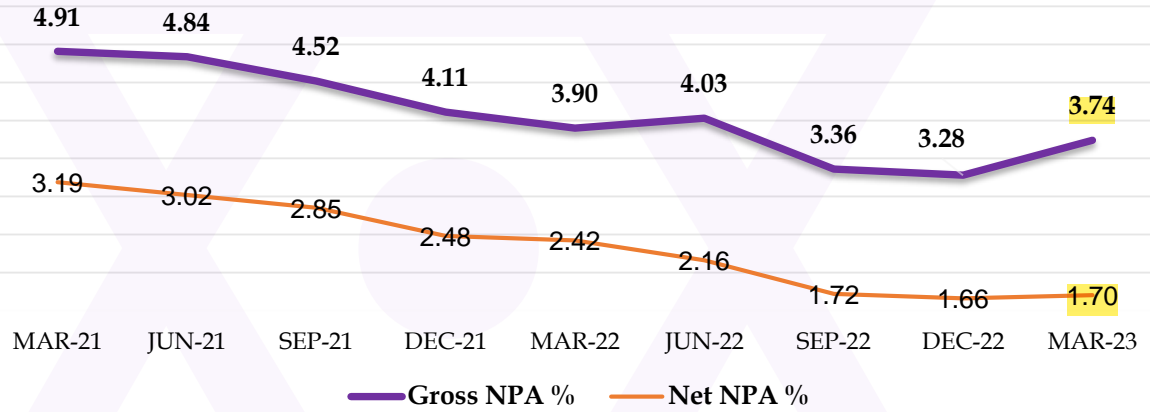


(Figures in brackets pertain to March 2022)

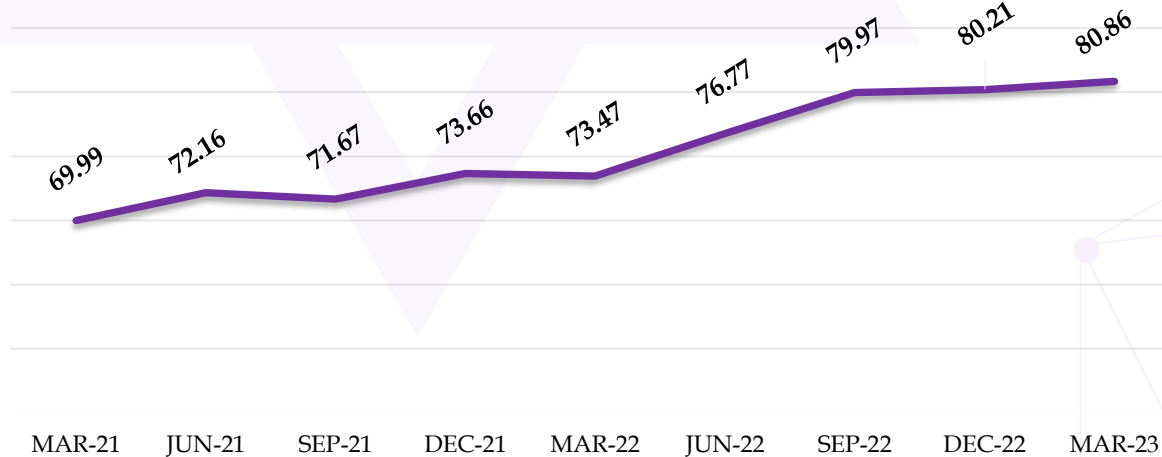


# Trends: Improving Recoveries & Provision Coverage

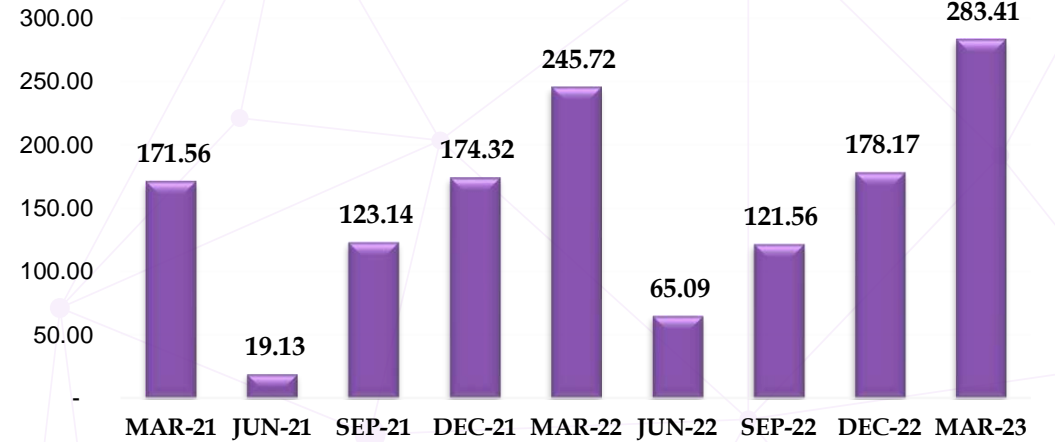
**Gross and Net NPA**



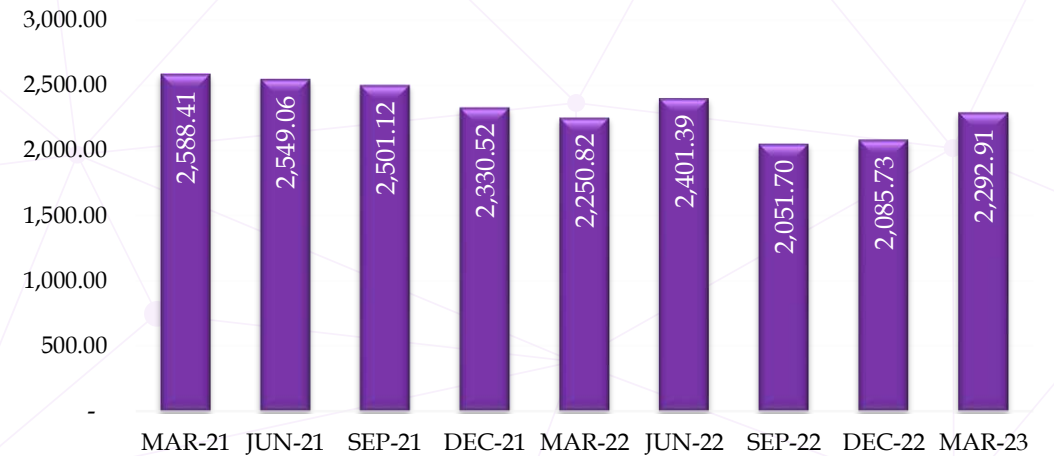
**Provision Coverage (PCR) (%)**



**Recovery in Written Off A/Cs (Rs in Cr)**

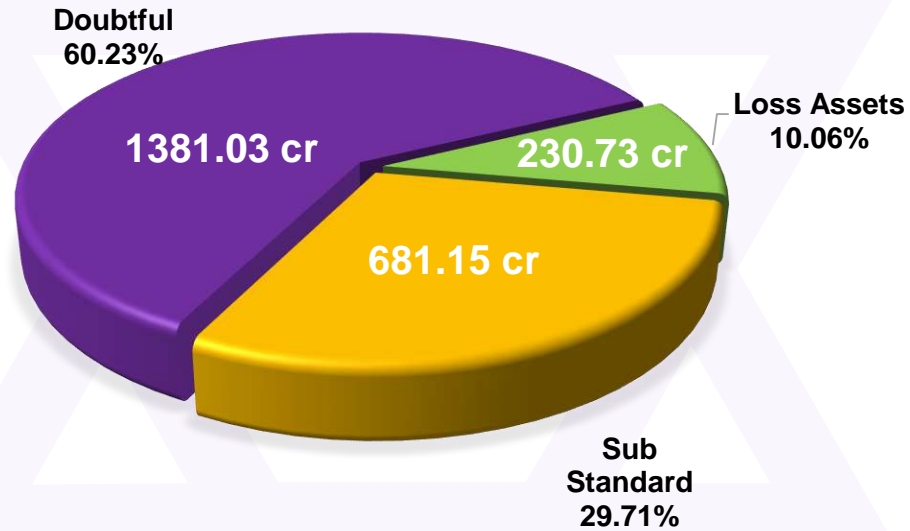


**Gross NPA- Amount (Rs in Cr)**

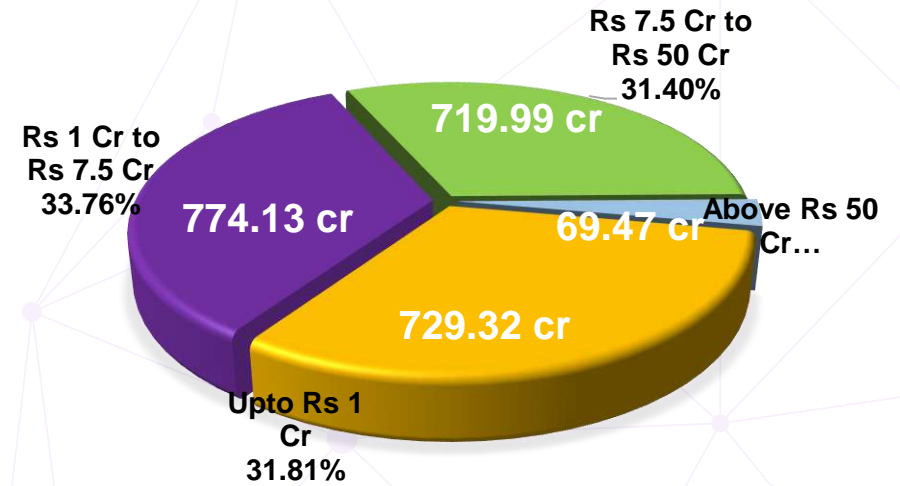


# FY23: NPA break-up

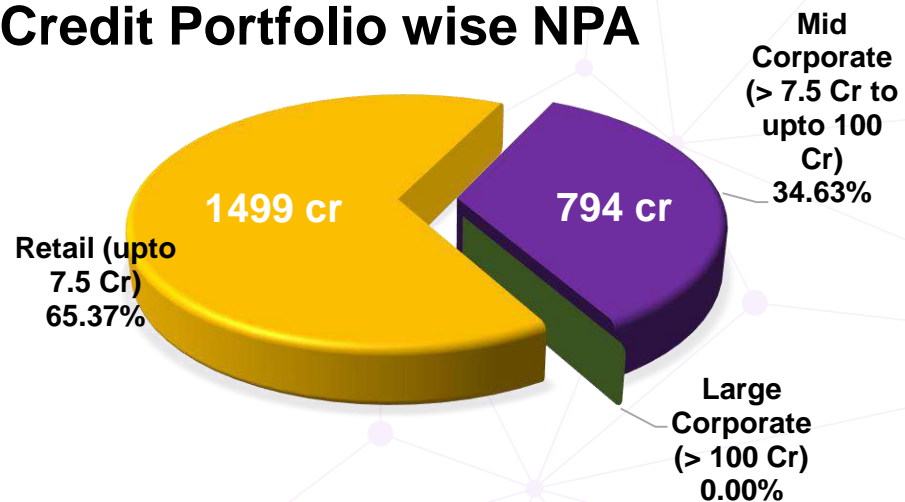
## Composition of GNPA



## Size wise NPA



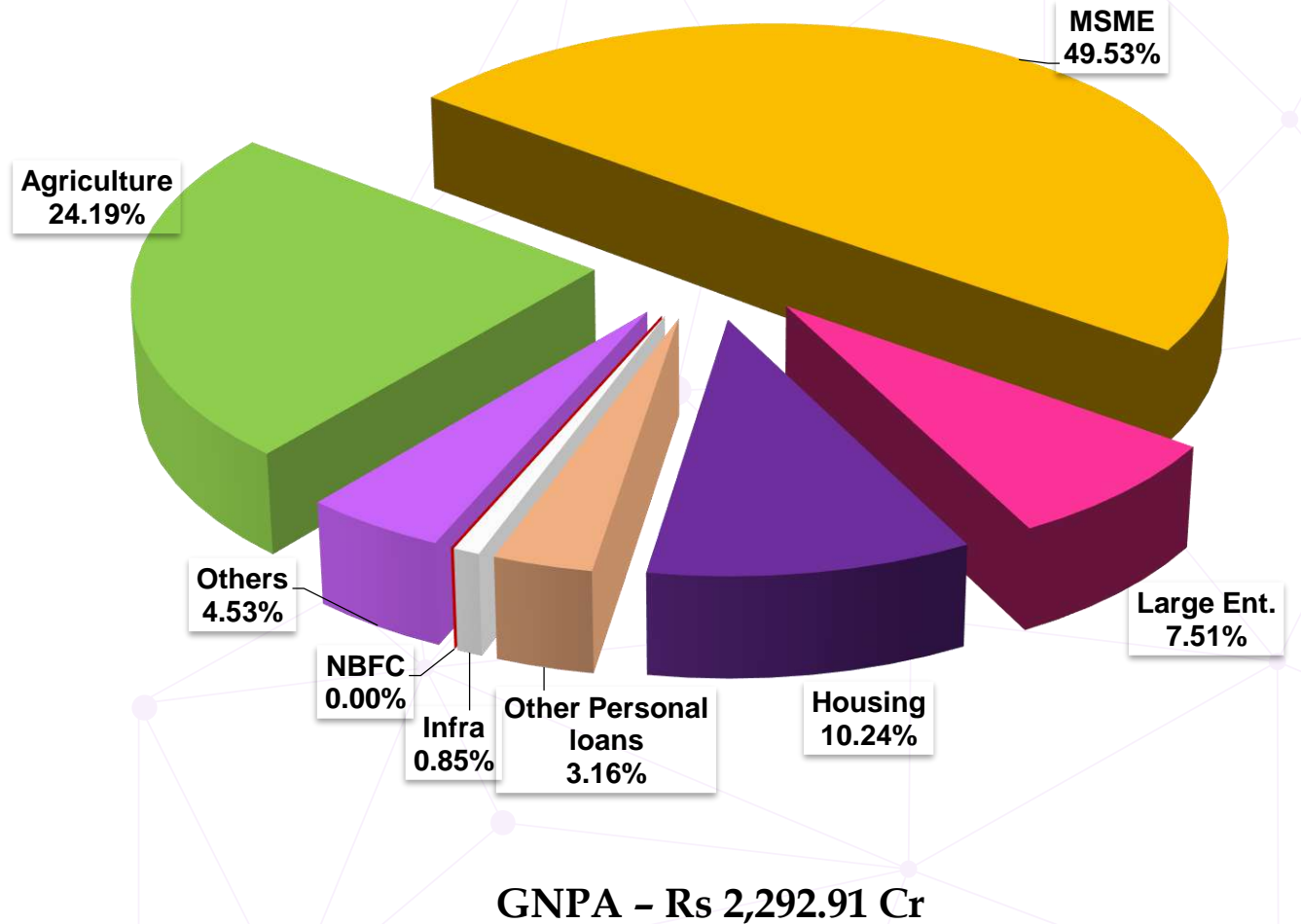
## Credit Portfolio wise NPA



# NPA movement

Movement in NPA during 12M FY23

Particulars	Amount
Opening GNPA	2,250.82
<b>Additions</b>	<b>1,836.64</b>
<b>Sub Total ( A )</b>	<b>4,087.46</b>
<b>Reduction</b>	
Up-gradation	401.70
Recoveries (excluding upgraded accts)	886.59
Technical Write Offs	491.15
Other Write Offs	15.11
<b>Sub Total ( B )</b>	<b>1,794.55</b>
<b>Closing GNPA</b>	<b>2,292.91</b>



# NPA Provisioning Breakup

## Top 25 NPA accounts and provisions held

(₹ crs)

NPA Classification	No. of Borrowers	Net Balance	Provision held	Provision %
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)
<b>Total</b>	<b>25(25)</b>	<b>574.08(447.86)</b>	<b>362.54(191.80)</b>	<b>63.15(42.83)</b>

(Figures in brackets pertain to March 2022)

# Asset Quality – Restructured Portfolio

## Restructured Portfolio –Details

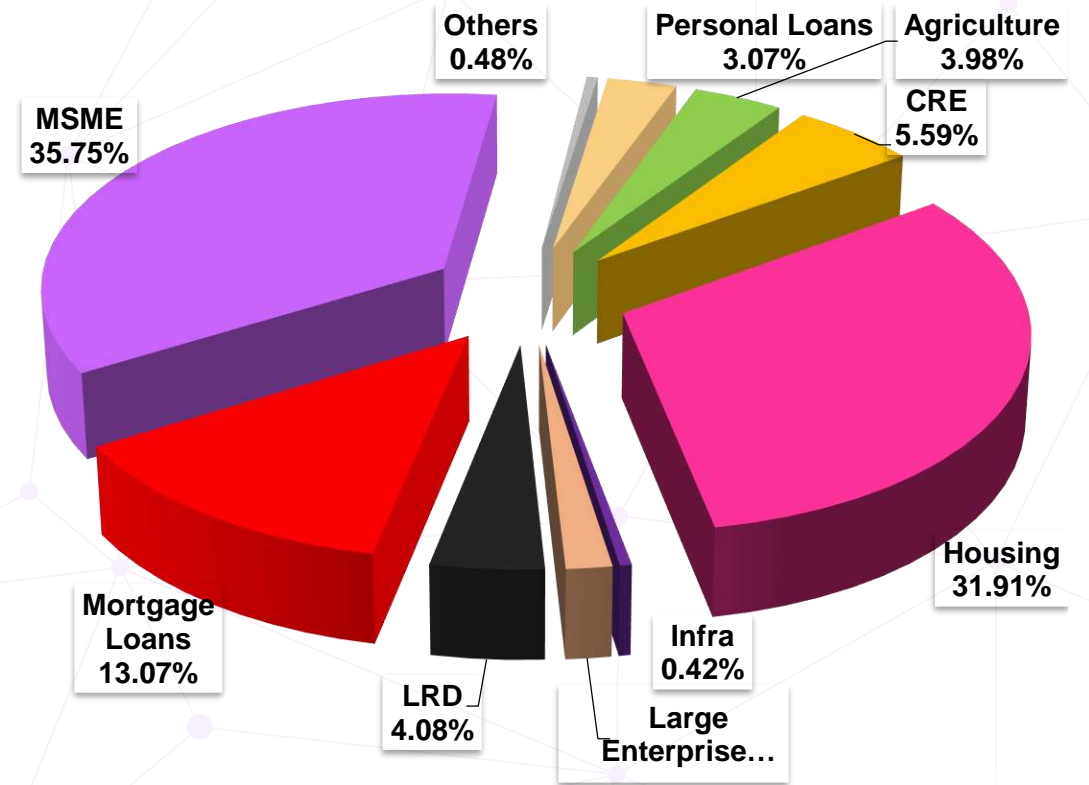
Particulars	FY 23			FY 22
	Standard	NPA	Total	
Restructured Amount	2,570.88	630.51	3,201.39	4,478.27
Provision made thereon	265.03	364.7	629.73	735.11
% Provision	<b>10.31%</b>	<b>57.84%</b>	<b>19.67%</b>	<b>16.42%</b>
Particulars	FY 23			
	SMA -2	NPA	Total	
MSME OTR	46.15	170.95	217.10	
Resolution Framework-1	30.39	60.31	90.70	
Resolution Framework-2	135.18	382.74	517.92	
Others	2.62	16.51	19.13	
<b>Total</b>	<b>214.34</b>	<b>630.51</b>	<b>844.85</b>	

# Asset Quality – Restructured Portfolio

## Standard Restructured Portfolio –Movement

Particulars	(₹ crs)
	FY 23
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
<b>Total - A</b>	<b>4,364.08</b>
Reductions in opening balance	977.92
Downgrades to NPA during the period	806.03
Write-offs during the period	9.25
<b>Total - B</b>	<b>1793.2</b>
<b>Total Standard Restructured Portfolio (A-B)</b>	<b>2,570.88</b>

## Standard Restructured Portfolio –Break-up



**ISO 9001: 2015**

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

**01**

Compliant with the extant 'Basel III' guidelines of RBI

**03**

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

**05**

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

**07**

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

## MANAGING RISKS

Periodical monitoring & reviewing of risk profile of the Bank.

**02**

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

**04**

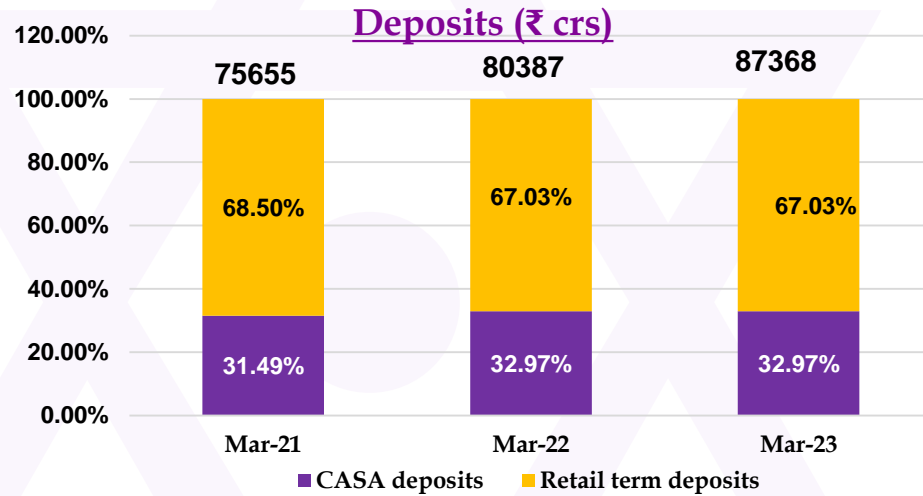
Enterprise level fraud risk management system (ELFRMS) to effectively control / prevent online suspicious transactions done by customers & other digital channel transactions.

**06**

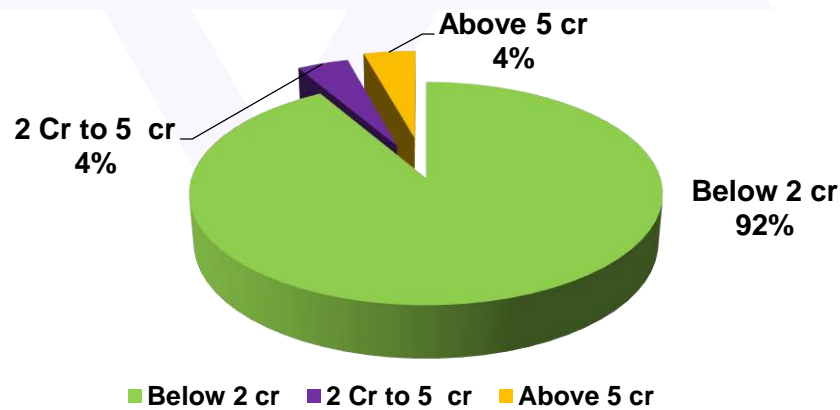
Effective Operational risk management by:  
Building up a database of internal Loss data, near- miss cases and other Operational risk events, since Sept 2007.  
AML monitoring system to scrutinize the customer transactions to ensure compliance to the extant guidelines

# Sustained Deposit Franchise

## Healthy Share of CASA & Strong Liquidity Profile

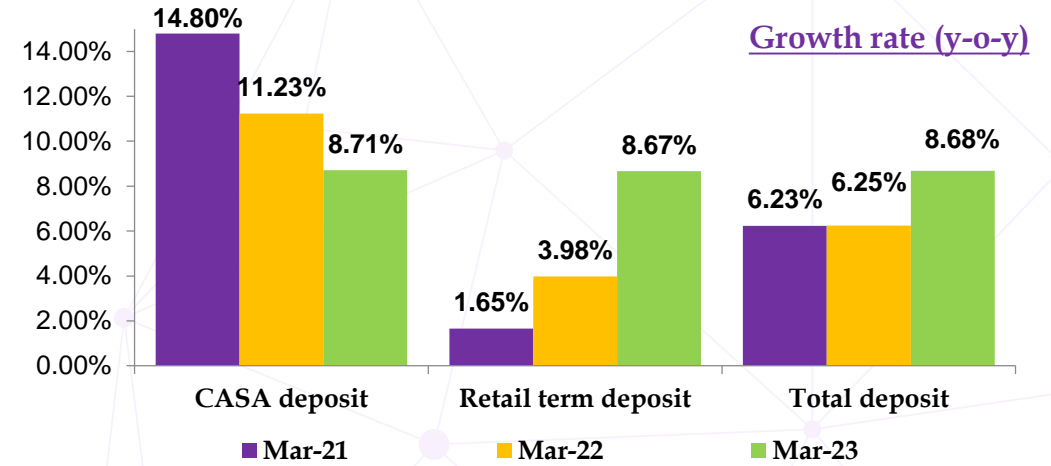


## Retail Term Deposits- Size-wise

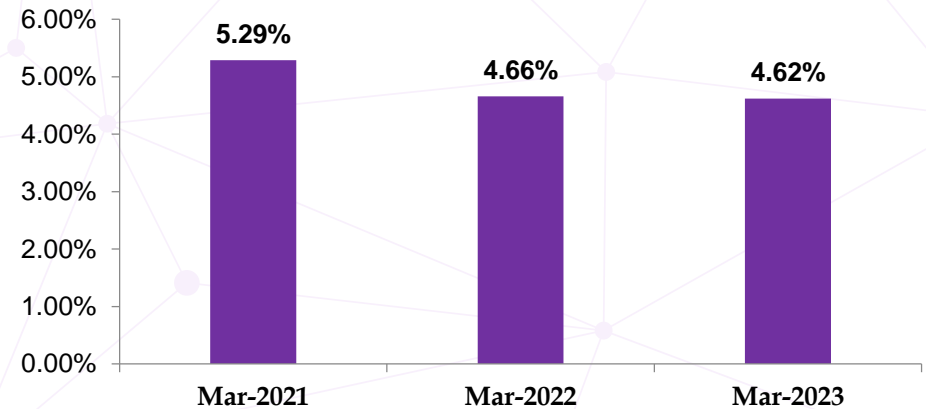


Deposit Concentration: Top 20 Depositors - 3.55 %

## Diversified Deposit Mix



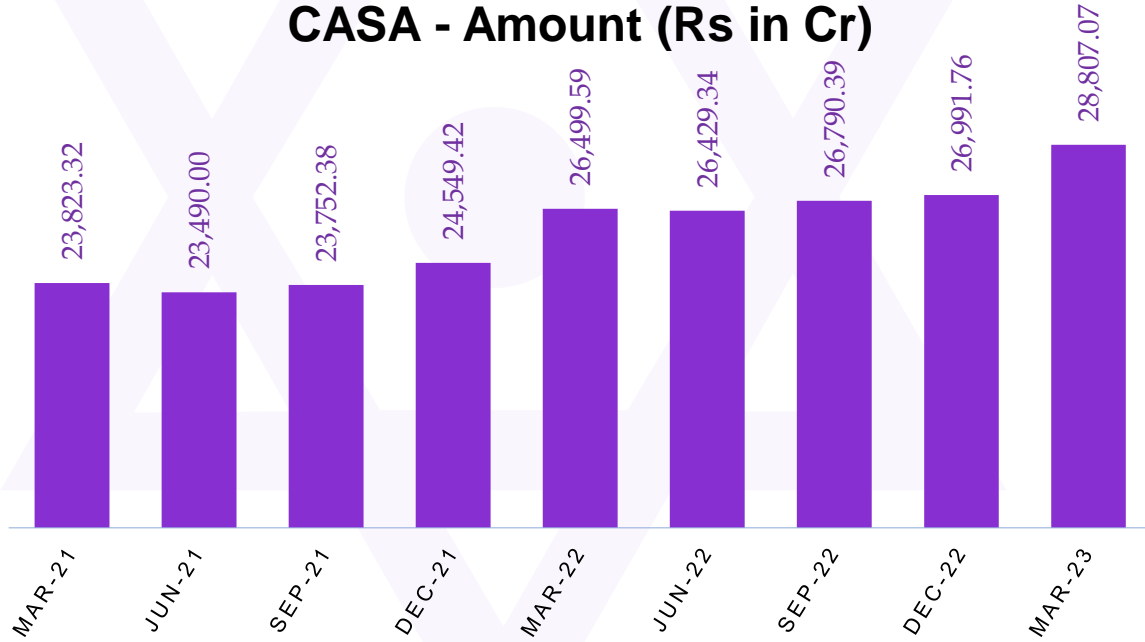
## Cost of deposit



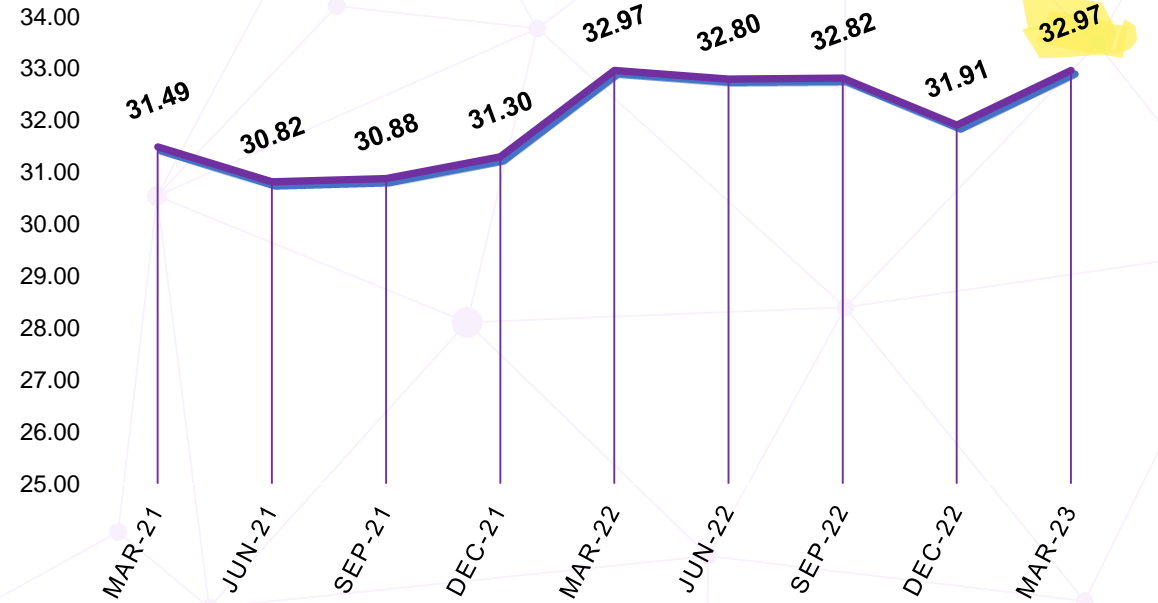


# Strong Core Deposit Franchise

### CASA - Amount (Rs in Cr)

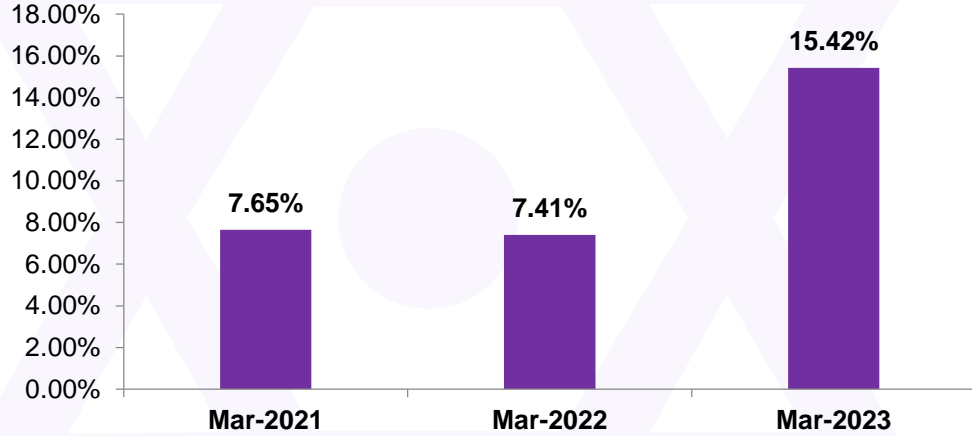


### CASA - %

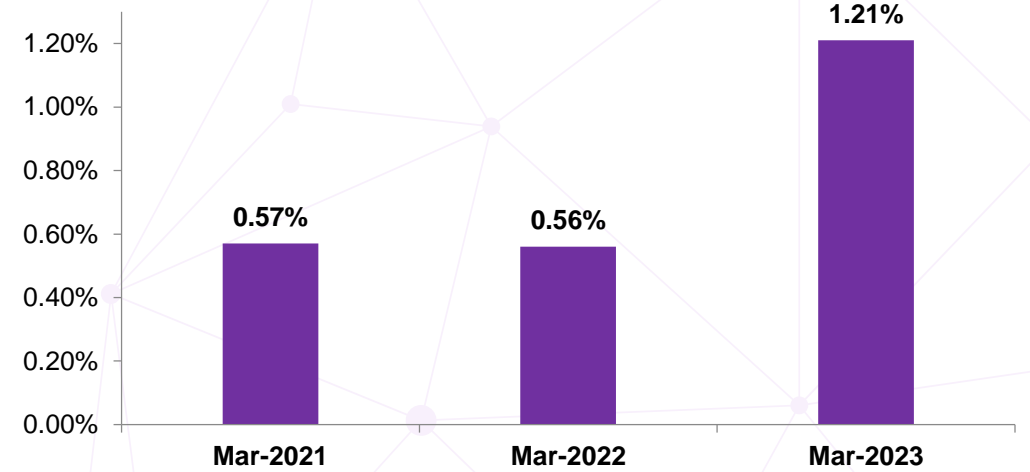


# Capital Management - Returns & Adequacy

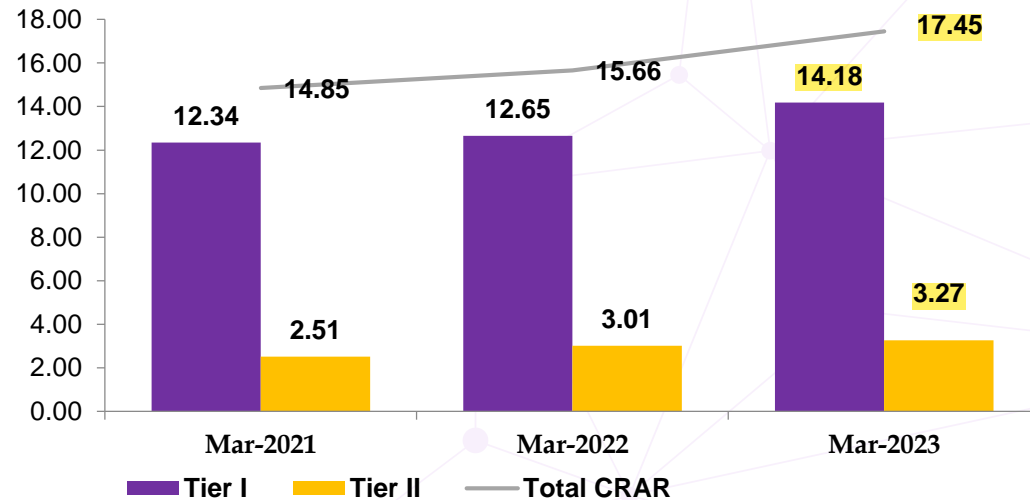
**Return on Equity (%)**



**Return on Assets (%)**

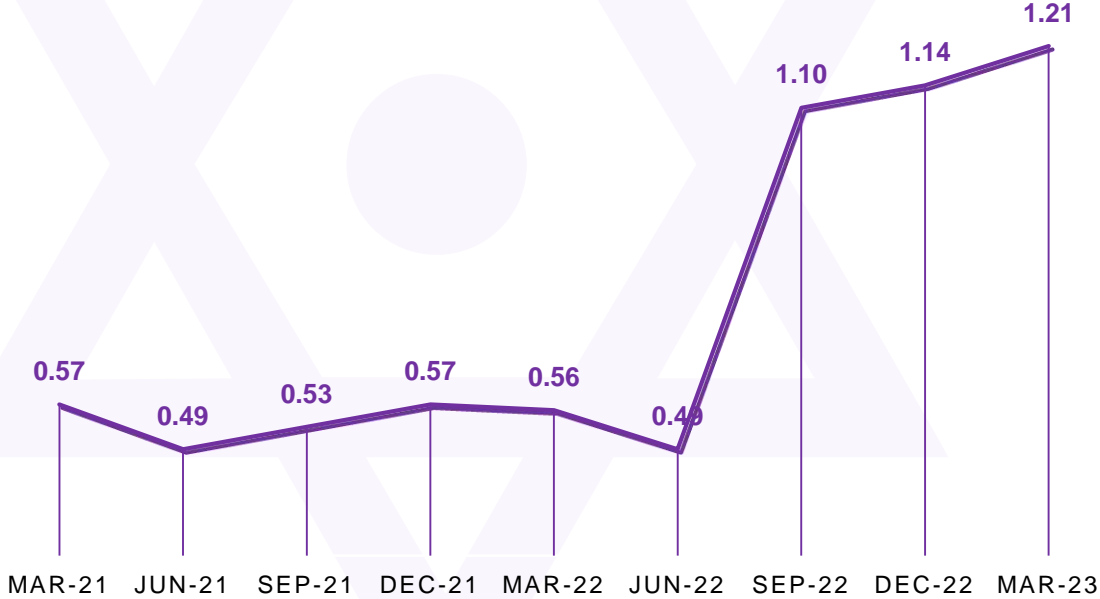


**Capital Adequacy (%) - Basel III**

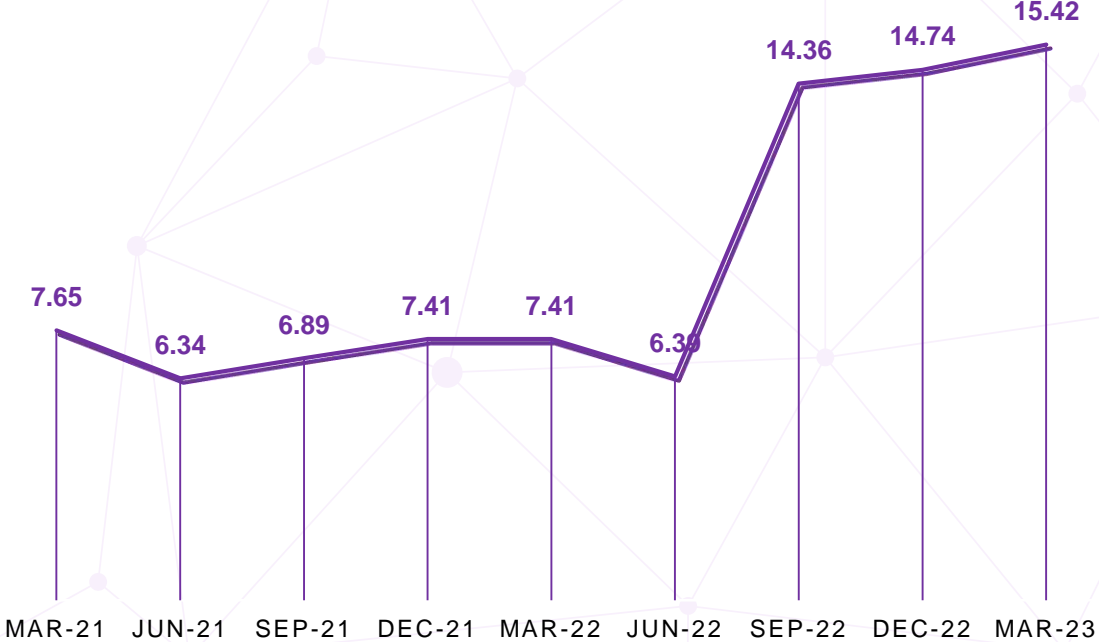


# Guiding Returns Towards Higher Levels

### R. O. A. (%)



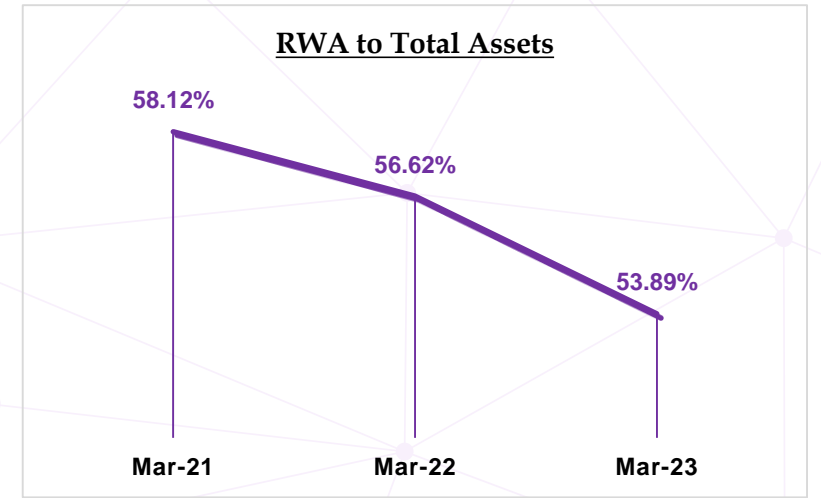
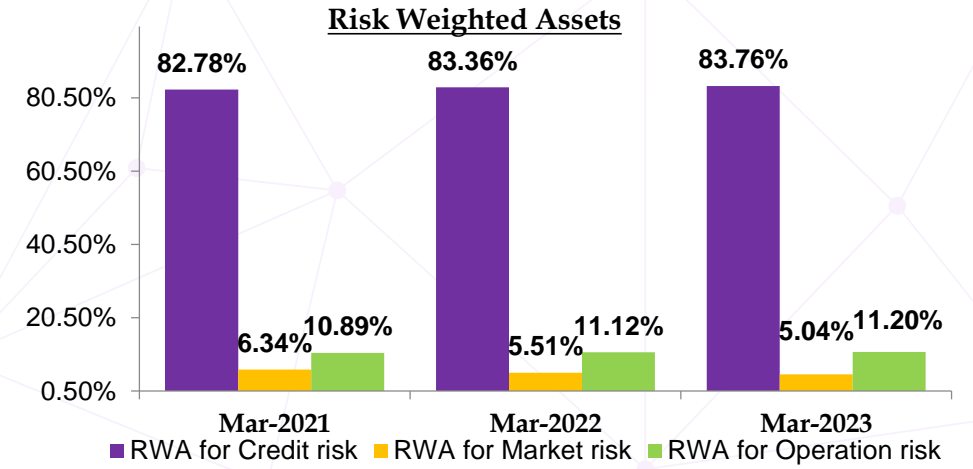
### R. O. E. (%)



# Capital Management - Capital Adequacy

₹ in Cr

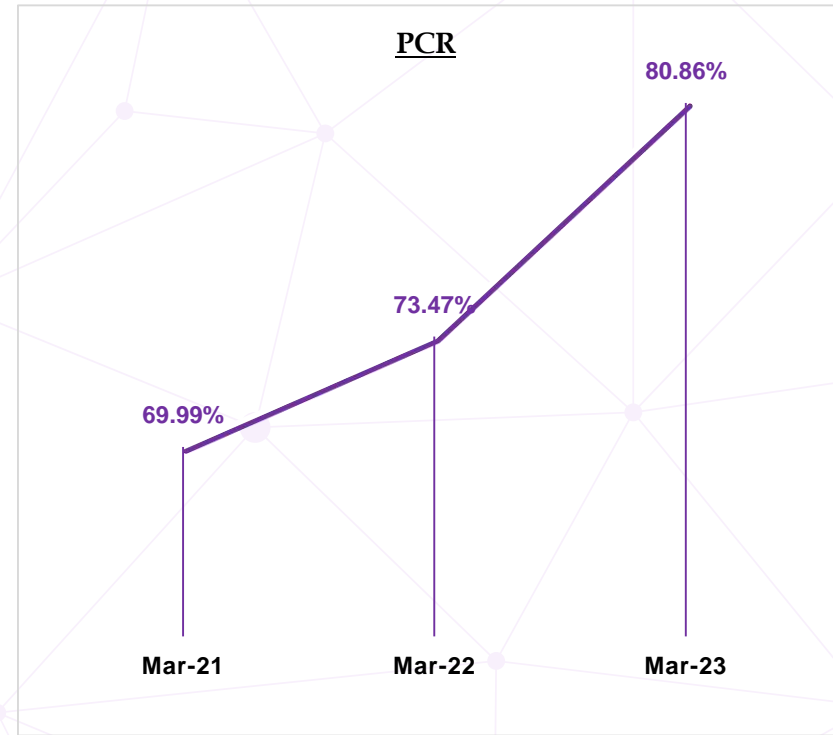
Particulars	31-03-2021	31-03-2022	31-03-2023
Risk Weighted Assets- Total	49,759.61	51,855.44	53,378.41
Total Capital Fund (Basel III)	7,387.05	8,118.55	9,312.53
Total Tier I Capital	6,140.39	6,558.19	7,570.66
1. Paid up Equity Capital	310.88	311.17	312.35
2. Reserves under Tier I Cap	5,829.51	6,247.02	7,258.31
Eligible Tier II Capital	1,246.65	1,560.35	1,741.87
1. General Provisions & Reserves	501.65	540.35	721.87
2. Subordinated Debts	745.00	1,020.00	1,020.00
CRAR under Basel III (%)	14.85	15.66	17.45
1. CRAR Tier I Capital (%)	12.34	12.65	14.18
2. CRAR Tier II Capital (%)	2.51	3.01	3.27



# FY23: Provisions

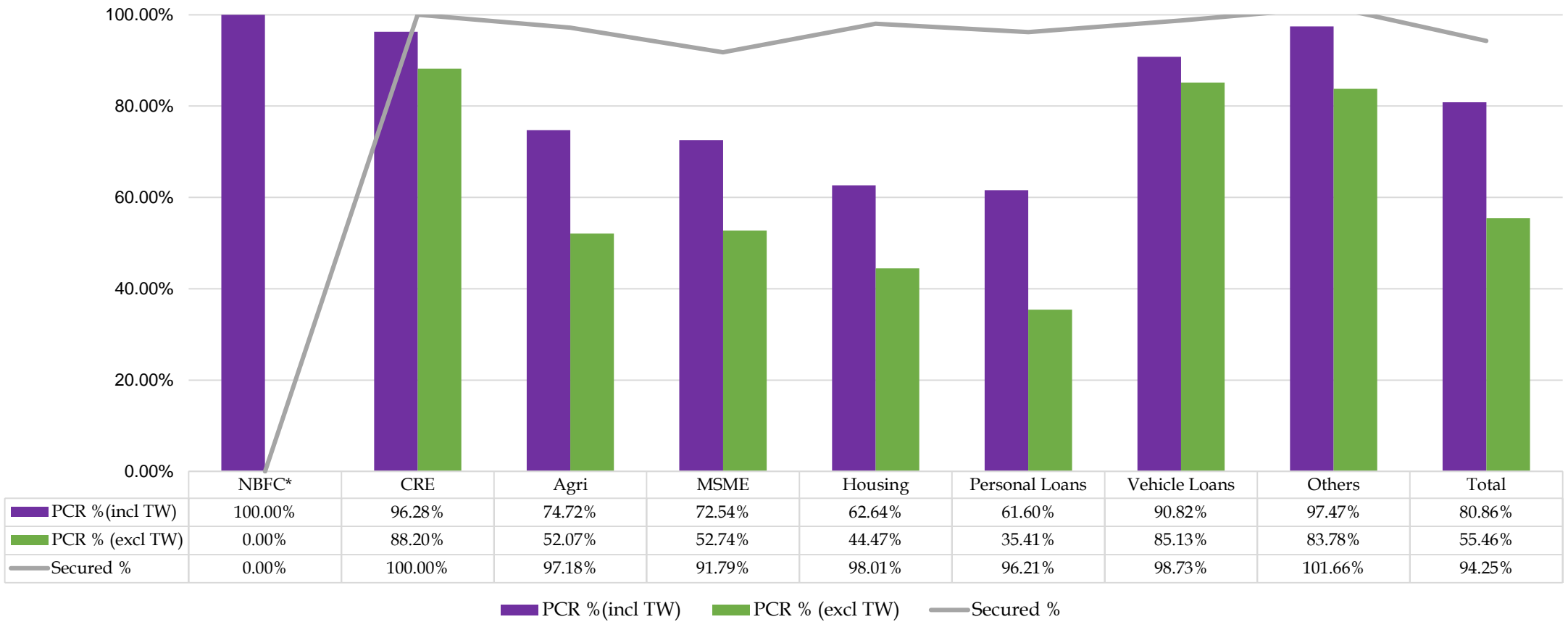
₹ in Cr

Category	Provision during FY 23	Provision during FY 22
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
<b>Total</b>	<b>1,027.98</b>	<b>1,125.38</b>



# FY23: Provisions

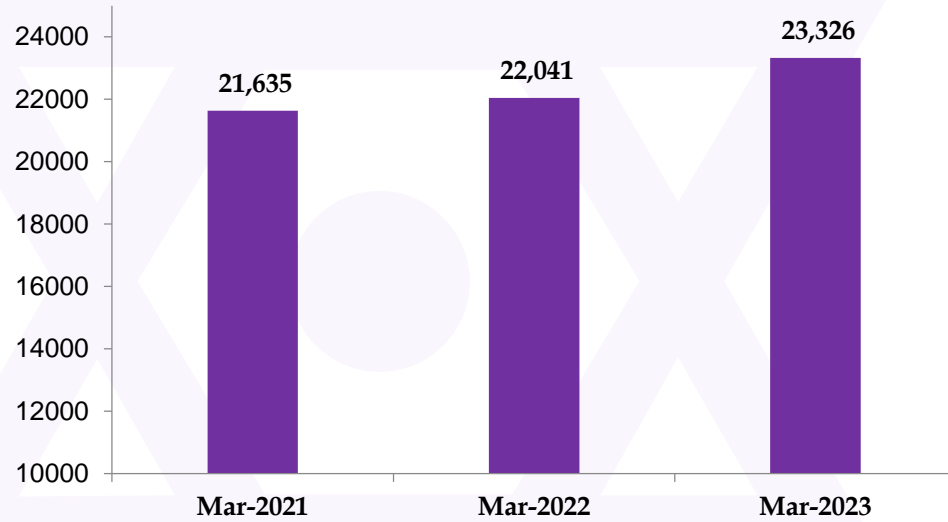
**Sector-wise PCR %**



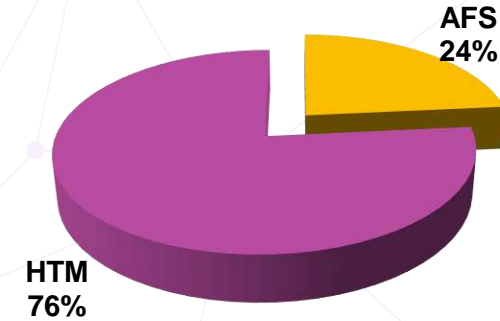
\* NBFC Lending only to highly rated entities

# Investments

Investments [excl. RIDF] (Rs in crs)



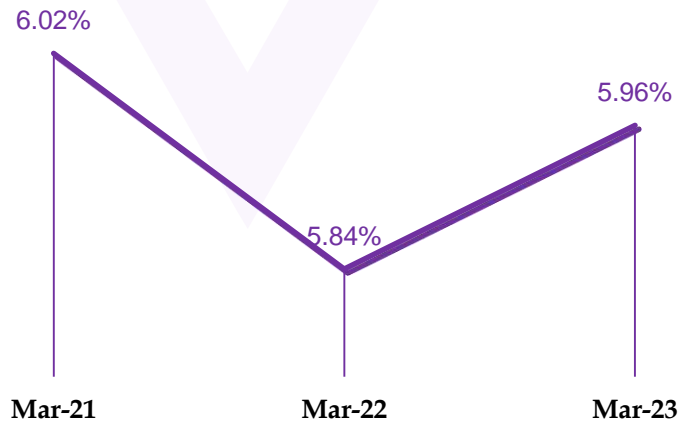
Investment



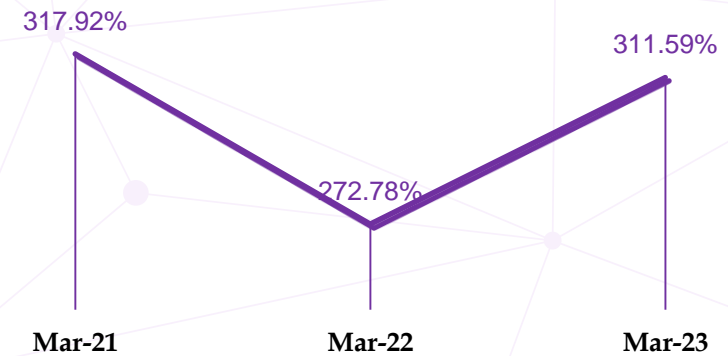
Duration (%)

AFS	HFT	HTM	TOTAL
3.47	0.00	5.28	4.88

Yield on Investment (%)

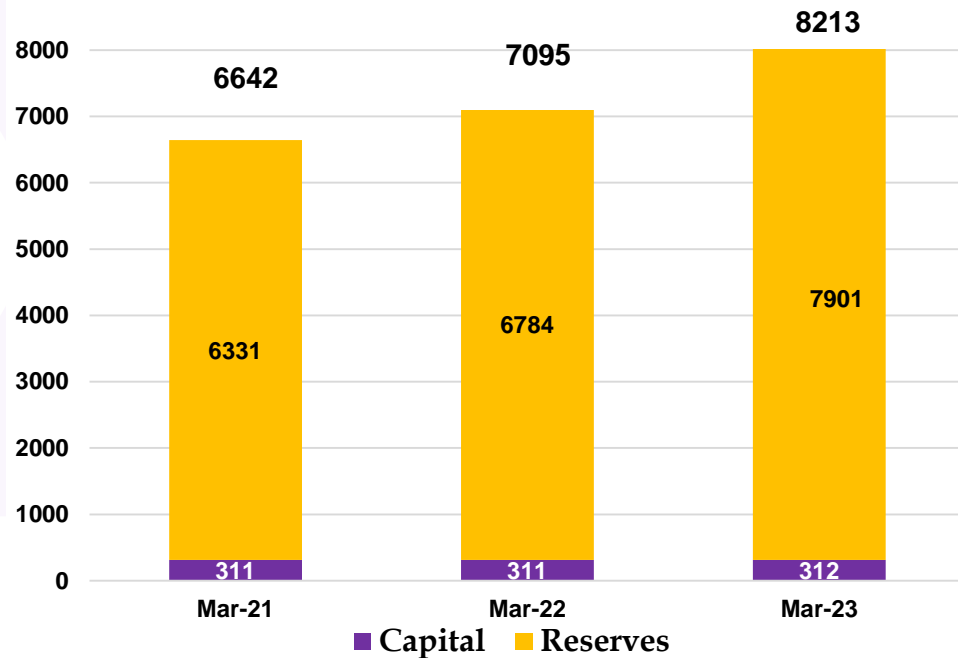


Liquidity Coverage Ratio (%)

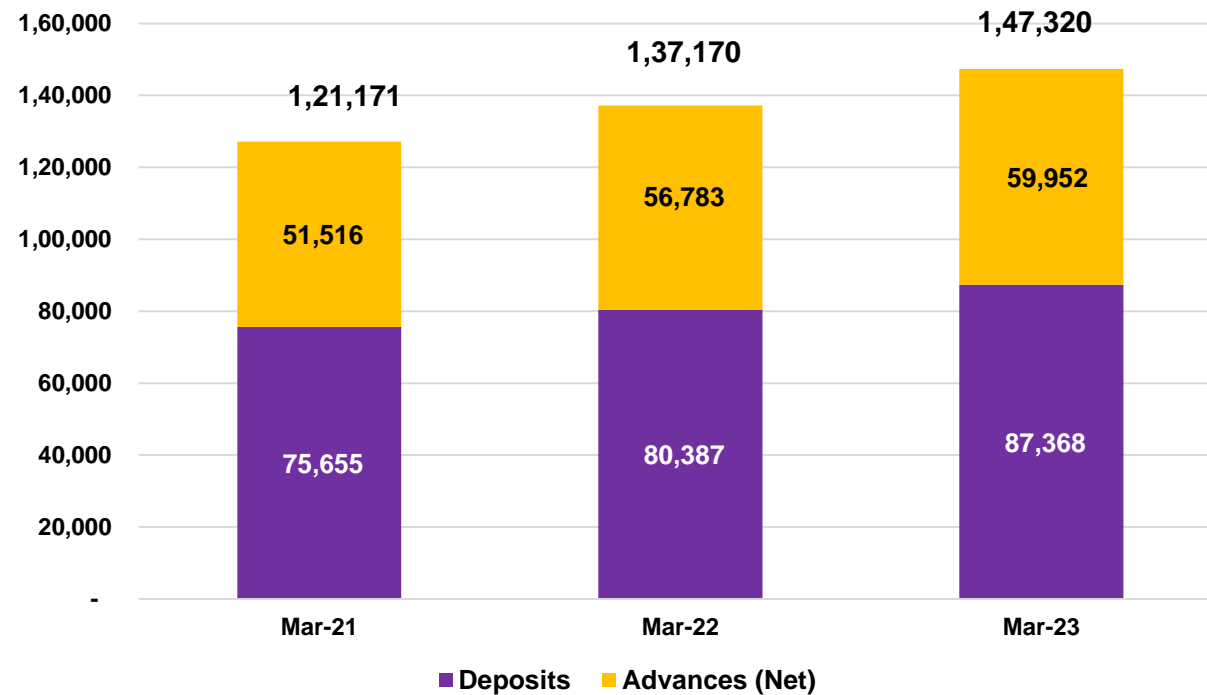


# Financial Strength

### Capital and Reserves\* (₹ crs)



### Business Turnover (₹ crs)



\* including Revaluation Reserve and profit for the period





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


# Bank Overview



# Overview: Serving India since 1924



**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**

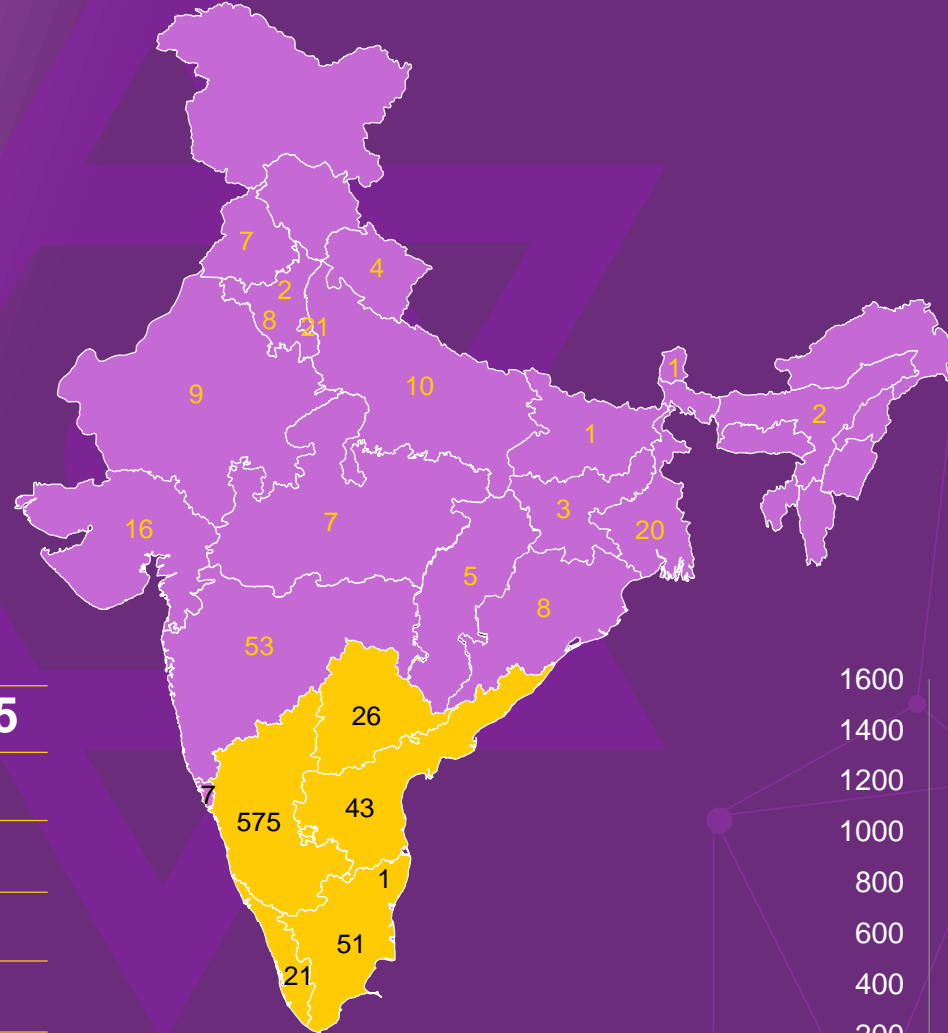
Cash recyclers

**548 + 38**

mini E-lobbies + E-lobbies

**Business Turnover of Rs ₹ 1,47,320 crore for FY2023**

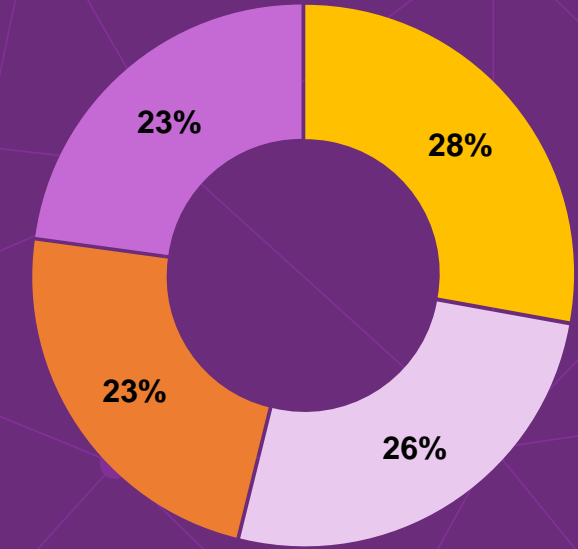
# Overview: Serving India since 1924



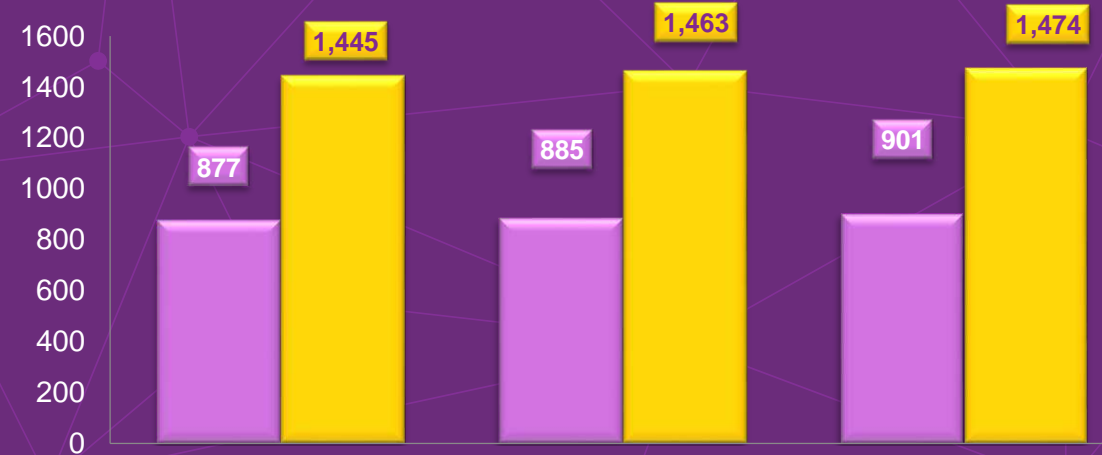
## Top 5 States

Karnataka	575
Maharashtra	53
Tamilnadu	51
Andhra Pradesh	43
Telangana	26

■ Metro ■ Urban ■ Semi Urban ■ Rural



■ Branches ■ ATM & Recyclers



# 100 Years of Trust and Resilience



**1924**

## Incorporation

Incorporated on 18th of February with an initial paid up capital of Rs 11,580/- and the first branch at Mangalore-Dongerkey 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

# 100 Years of Trust and Resilience



**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%



 Karnataka Bank  
Your Family Bank. Across India.

# Business Strategy

03



# 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

**Great Place To Work®**

- Clients' first choice for banking
- 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

## Implementation of KBL-NxT

KBL- VIKAAAS 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



Banking services through Whatsapp Channel

01

Launching of 'KBL SAMRIDDHI' – Wealth management product

02

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

03

Introduction of 'eTHIC' a new tool for Automation of Audit Functions

04

Integration of system to the National Portal (Jan Samarth) for credit linked Government schemes

05

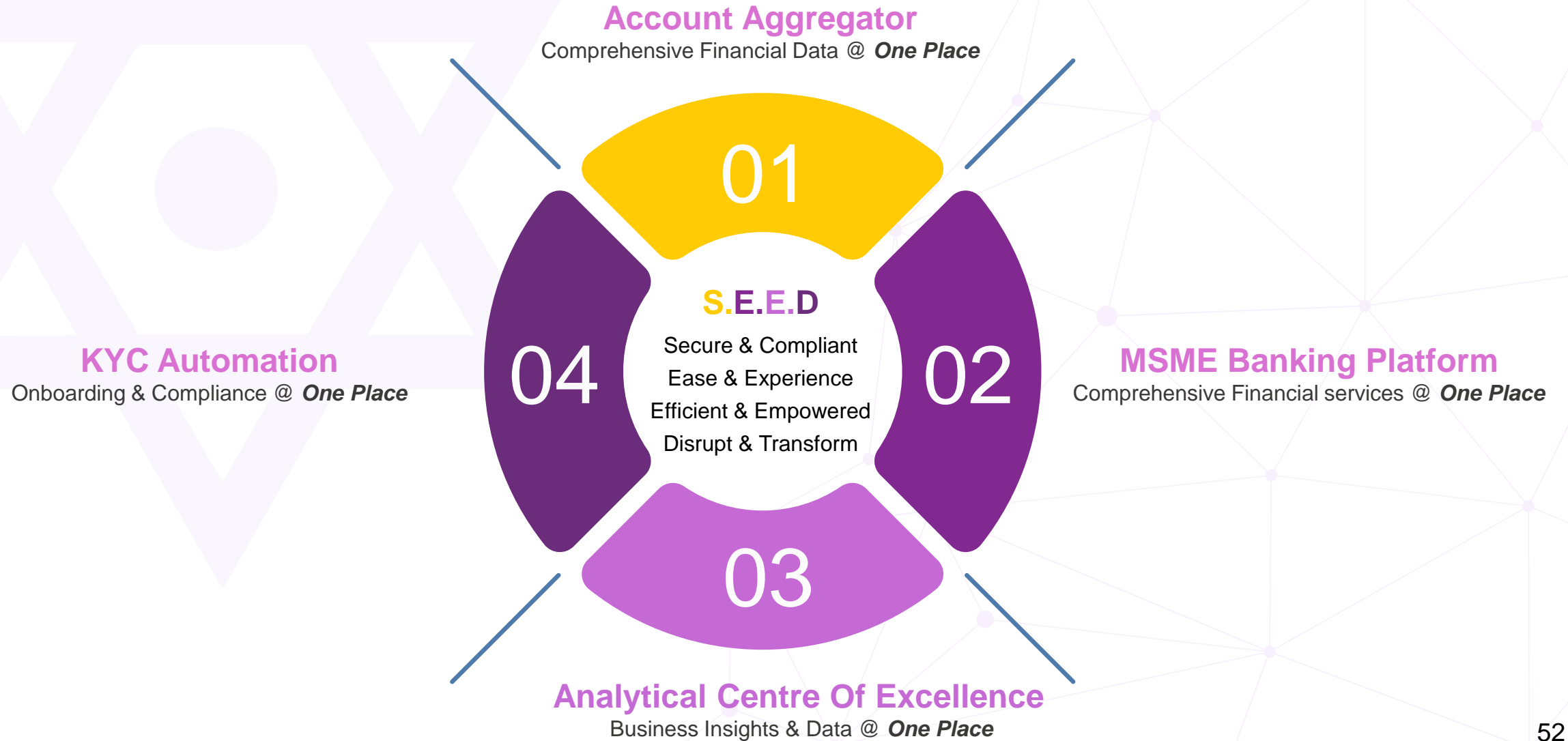
KBL FINSURANCE - The Digital insurance platform was implemented with integration of the insurer

06

VDEFEND-A Digital tool for monitoring the cases against bank

07

# Digital Banking: Projects in pipeline for Impact NxT



# Digital Banking: Robust technology digital platforms



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 **“ISO 27001:2013”** certificate encompassing at Bank’s Data Centre/ IT Cell, Near line Site [NLS] and Information Technology Department including the DR site [IT & DR]

Digital sales of insurance policies through Mobile Banking and Internet Banking platform and Sale of Mutual Fund products in a single platform **‘FISDOM’**. Online opening of Demat & Trading account through KBL-Smart Trade.

Pioneer in implementing **“Finacle (CBS)”** amongst first generation private sector banks

Implemented **‘KBL-Mobile Plus’** (Mobile Banking) app, **‘BHIM KBL UPI’** App on Unified Payment Interface



# Digital Banking: Digital Centre of Excellence (DCoE)



## Accelerating Digital Transformation Catalyst



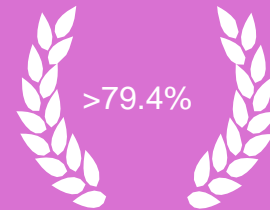
Digital Leads  
Enabling reach digitally



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



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



24000+ customers benefiting through relevant need match to services offered

# Digital Banking: Strong foundation of digital capabilities and enablers



## Digital Channels

Mobile Banking

Internet Banking

KBL BHIM UPI

KBL -mPassBook

## KBL Xpress Journeys

KBL Xpress Home Loan

KBL Xpress Car Loan

KBL Xpress Cash Loan

KBL Xpress Mortgage Loan

KBL Xpress MSME

Term Loan

CV Loan

KBL Xpress SB

## Customer Assistant & Analytics platforms

DhIRA

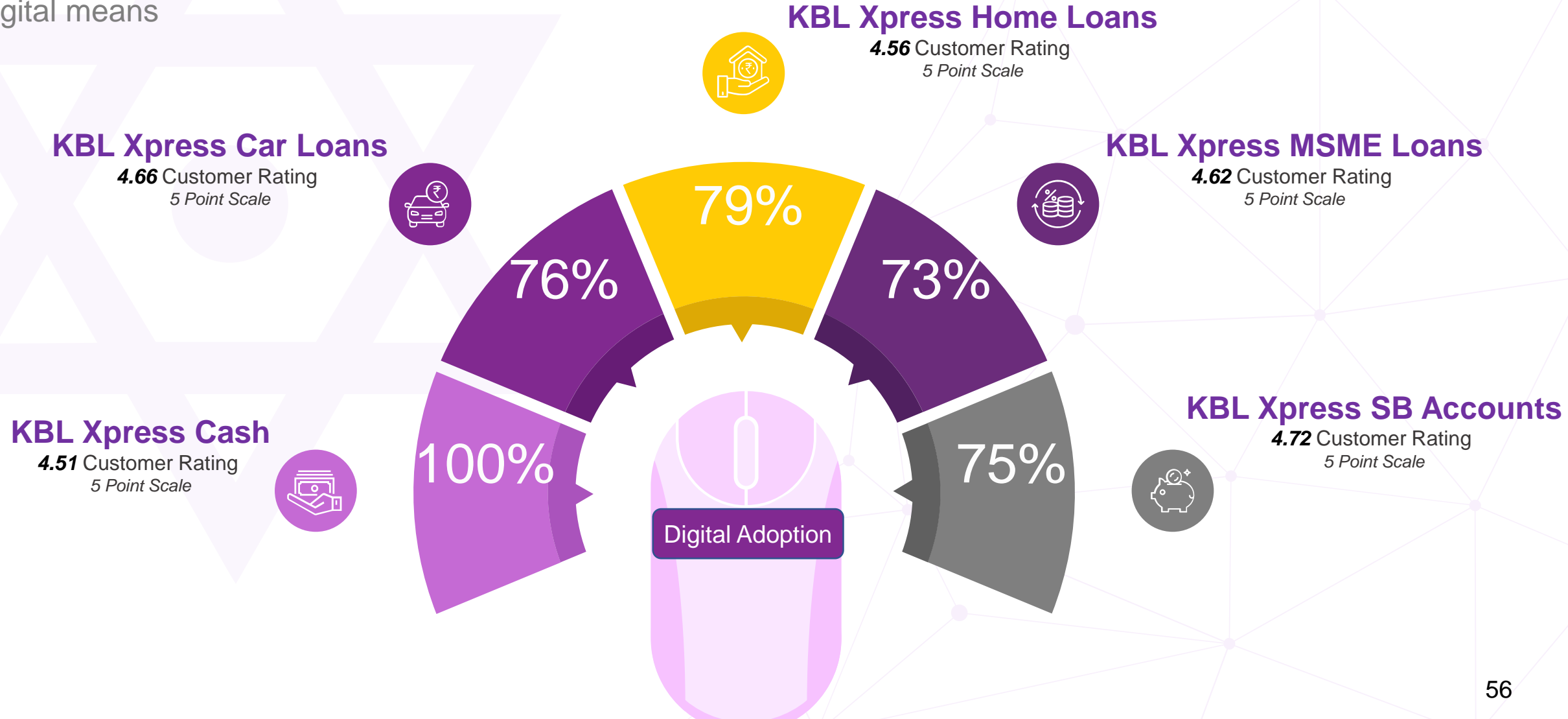
KBL XeD

KBL ABCD

KBL X-PAWS

# Digital adoption & underwriting

93.48% of customer transactions are through Digital means

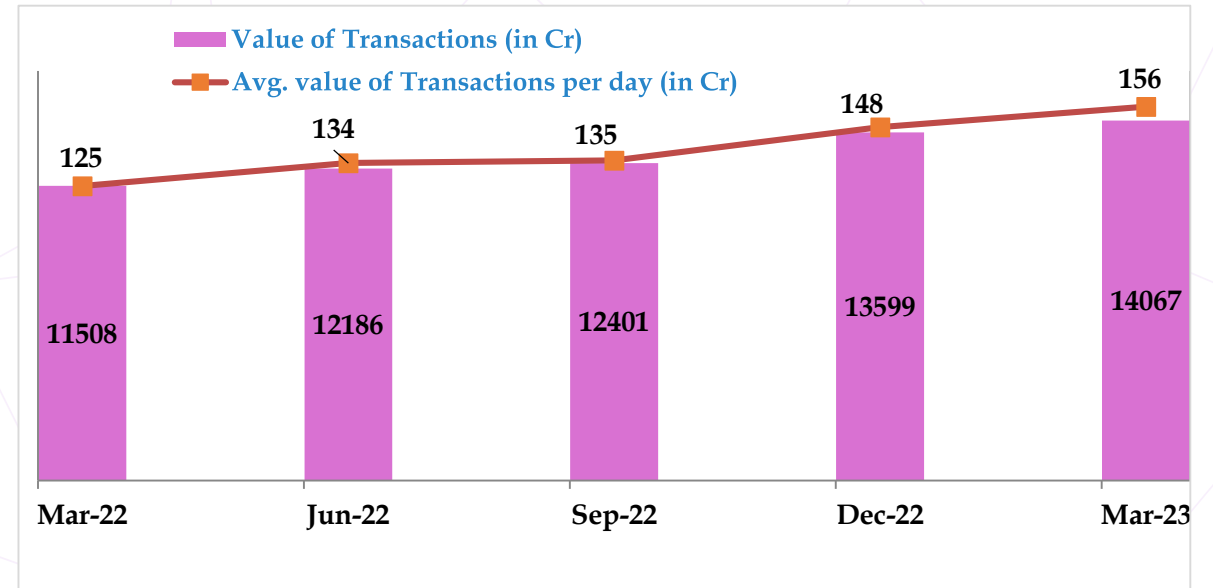
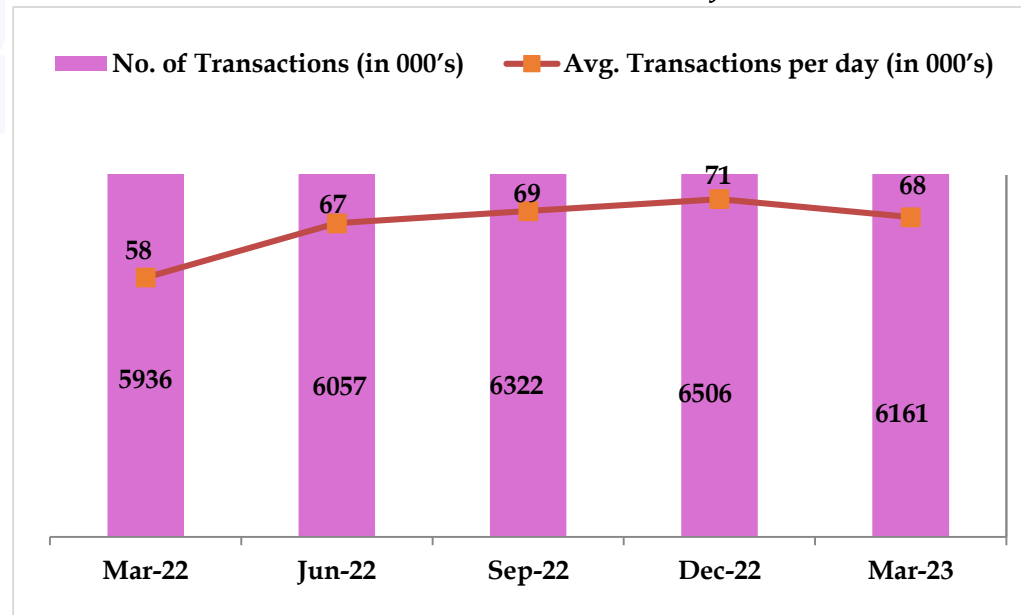
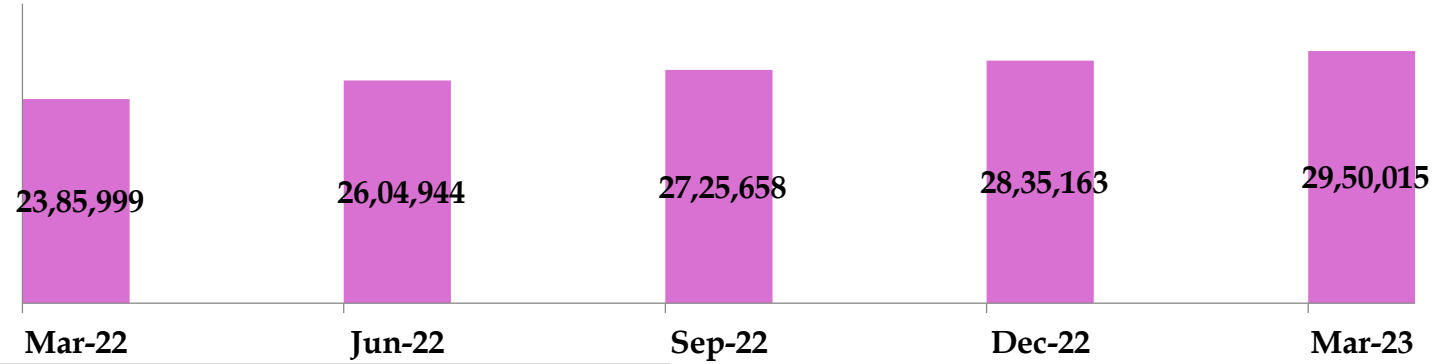




# Digital Adoption: Mobile Banking



## No. of Regd Users (Actuals)

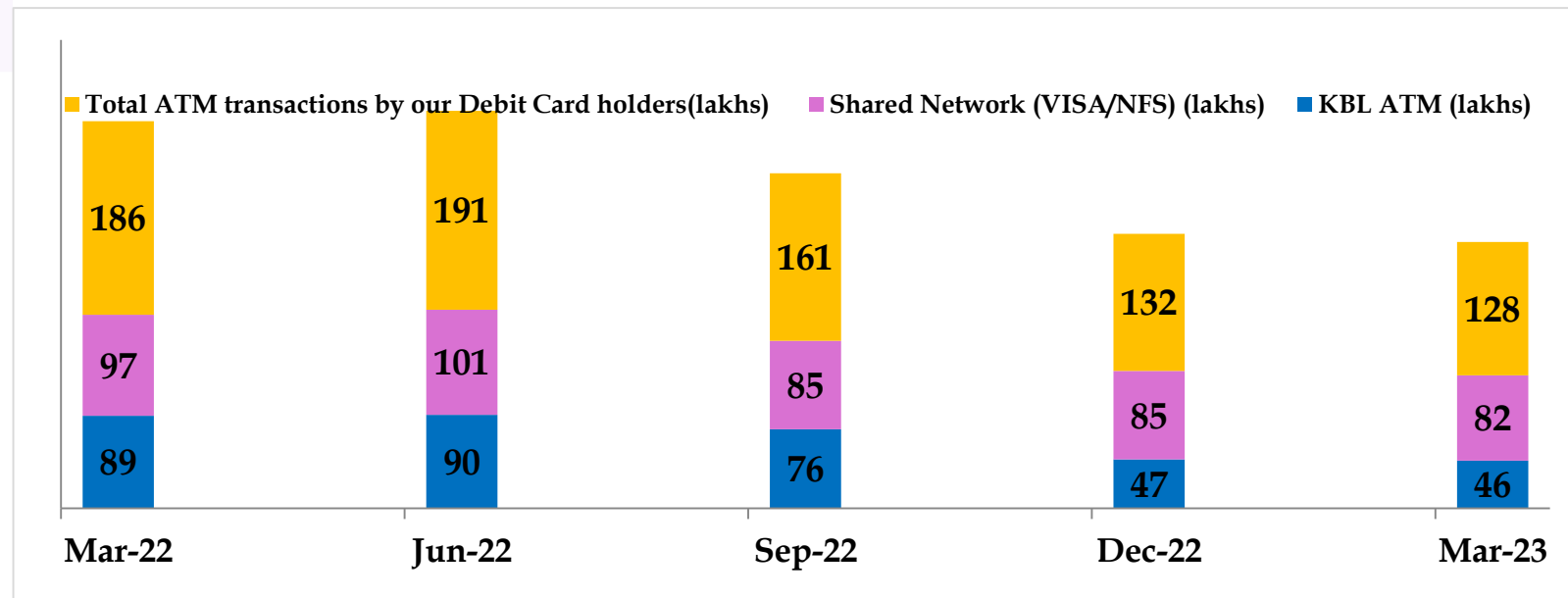
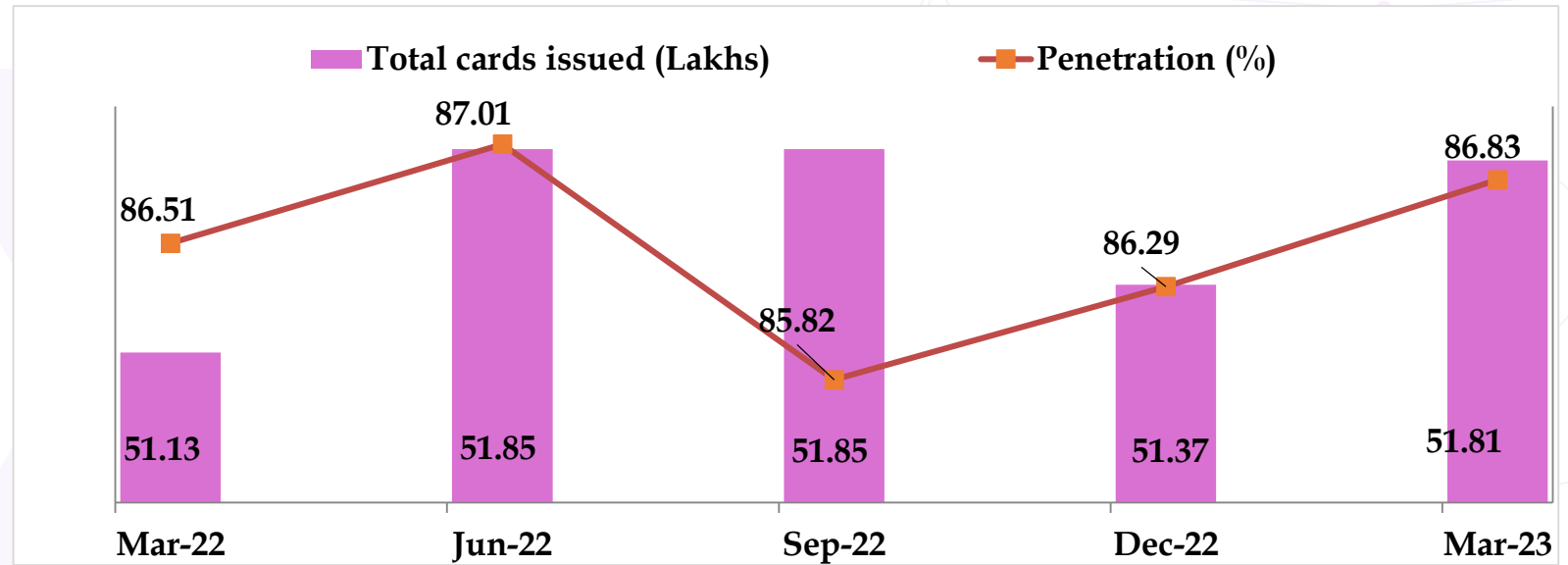


# Digital Channel: Debit Cards

## Debit cards Penetration

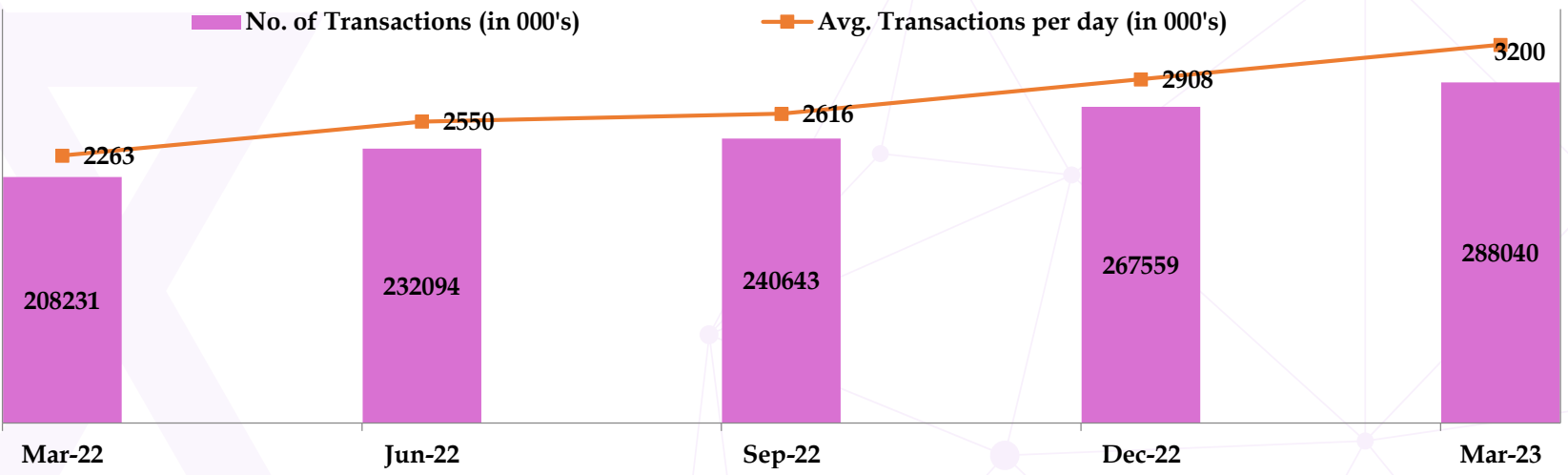


## Cards Usage

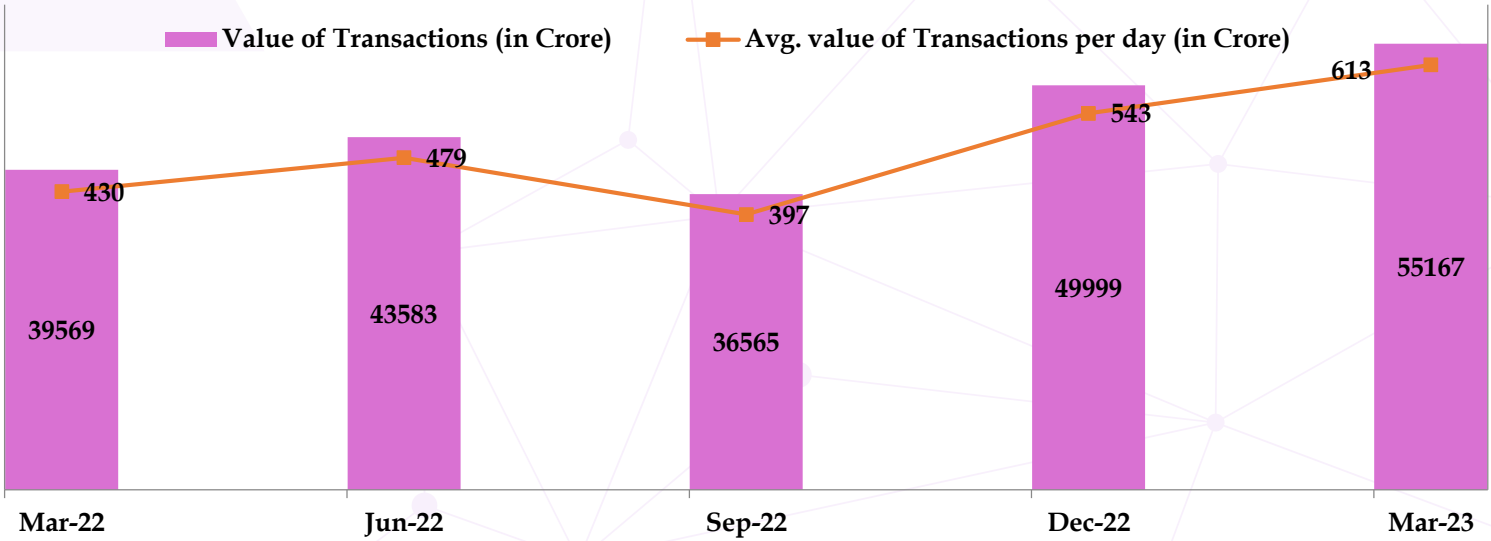


# Digital Channel: UPI Transactions

## UPI Transactions- count



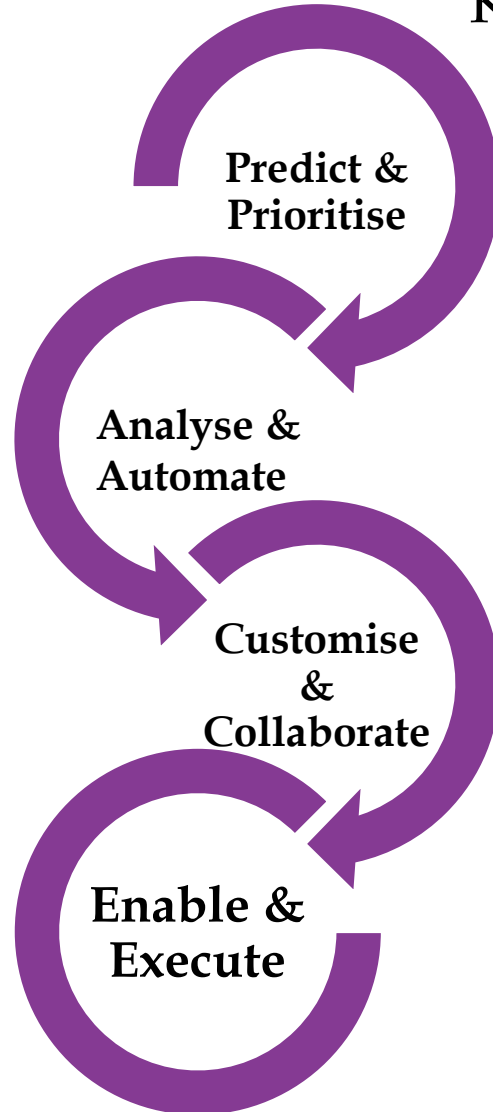
## UPI Transaction Value



# Analytical Centre of Excellence

Karnataka Bank's vision...

P  
A  
C  
E



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

Rating	No of Borrowers	Funded O/s Bal (in cr)	% to GBC	Of Which, NPA		Of Which, SMA-2		Of Which, Restructure		
				No of Borrowers	Funded O/s Bal (in cr)	No of Borrowers	Funded O/s Bal (in cr)	No of Borrowers	Funded O/s Bal (in cr)	% to Std Advances
AAA	20	6054.63	9.88%	0	0.00	0	0.00	0	0.00	0.00%
AA	47	4790.61	7.81%	0	0.00	0	0.00	0	0.00	0.00%
A	80	2565.65	4.19%	0	0.00	0	0.00	0	0.00	0.00%
BBB	79	2024.04	3.30%	0	0.00	0	0.00	0	0.00	0.00%
<b>Sub Total</b>	<b>226</b>	<b>15434.92</b>	<b>25.18%</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0.00%</b>
BB	11	318.69	0.52%	0	0.00	0	0.00	0	0.00	0.00%
B	1	66.25	0.11%	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%
<b>Sub Total</b>	<b>12</b>	<b>384.94</b>	<b>0.63%</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0.00%</b>
<b>Grand Total</b>	<b>238</b>	<b>15819.85</b>	<b>25.81%</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0.00%</b>

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

# FY23: Asset Quality-Top 50 Borrowers under external rating

Rating	No of Borrowers	Balance O/s (in cr)	% to GBC	Of Which, NPA		Of Which, SMA-2		Of Which, Restructure		
				No of Borrowers	Balance O/s (in cr)	No of Borrowers	Balance O/s (in cr)	No of Borrowers	Balance O/s (in cr)	% to Std Advances
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%
<b>Sub Total</b>	<b>43</b>	<b>9860.94</b>	<b>16.09%</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0.00%</b>
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%
<b>Sub Total</b>	<b>0</b>	<b>0.00</b>	<b>0.00%</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0.00%</b>
Unrated	7	868.61	1.42%	0	0.00	0	0.00	0	0.00	0.00%
<b>Grand Total</b>	<b>50</b>	<b>10729.55</b>	<b>17.50%</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0.00%</b>

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

# FY23: Asset Quality - External rating of NBFC portfolio

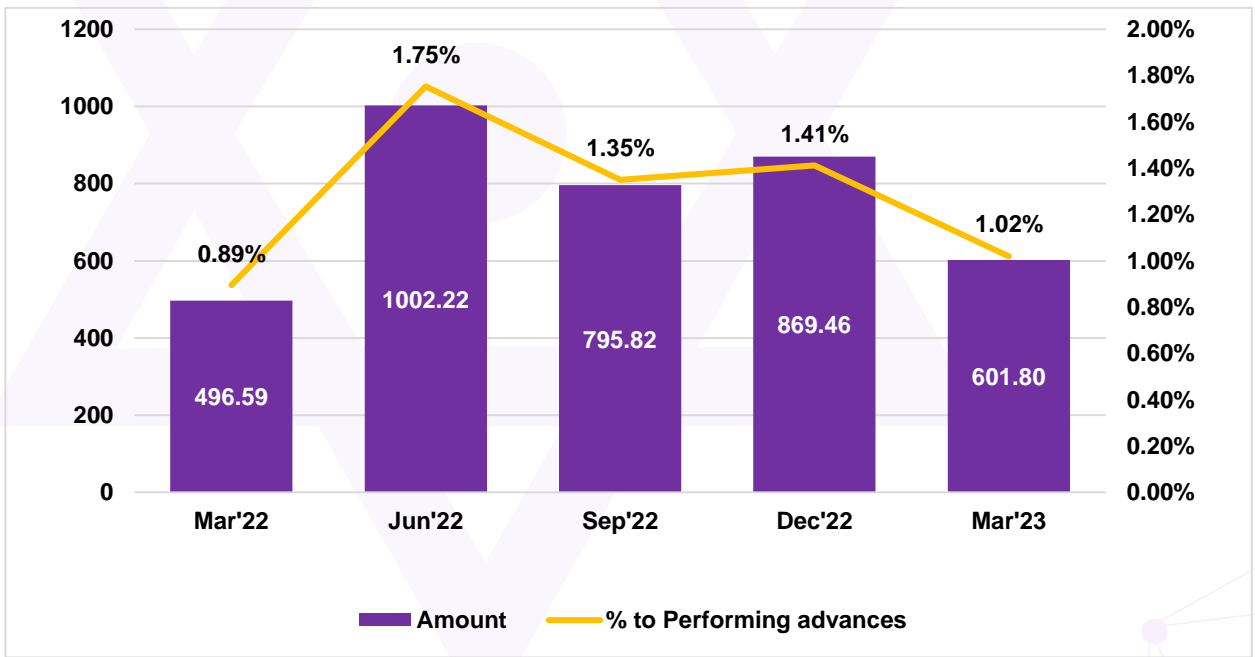
Rating	No of Borrowers	Balance O/s (in cr)	% to GBC	Of Which, NPA		Of Which, SMA-2		Of Which, Restructure		
				No of Borrowers	Balance O/s (in cr)	No of Borrowers	Balance O/s (in cr)	No of Borrowers	Balance O/s (in cr)	% to Std Advances
AAA	18	5054.63	8.25%	0	0.00	0	0.00	0	0.00	0.00%
AA	30	2862.78	4.67%	0	0.00	0	0.00	0	0.00	0.00%
A	27	846.74	1.38%	0	0.00	0	0.00	0	0.00	0.00%
BBB	2	13.62	0.02%	0	0.00	0	0.00	0	0.00	0.00%
<b>Sub Total</b>	<b>77</b>	<b>8777.77</b>	<b>14.32%</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0.00%</b>
BB	1	9.16	0.01%	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%
<b>Sub Total</b>	<b>1</b>	<b>9.16</b>	<b>0.01%</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0.00%</b>
Unrated	0	0.00	0.00%	0	0.00	0	0.00	0	0.00	0.00%
<b>Grand Total</b>	<b>78</b>	<b>8786.93</b>	<b>14.33%</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0.00%</b>

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

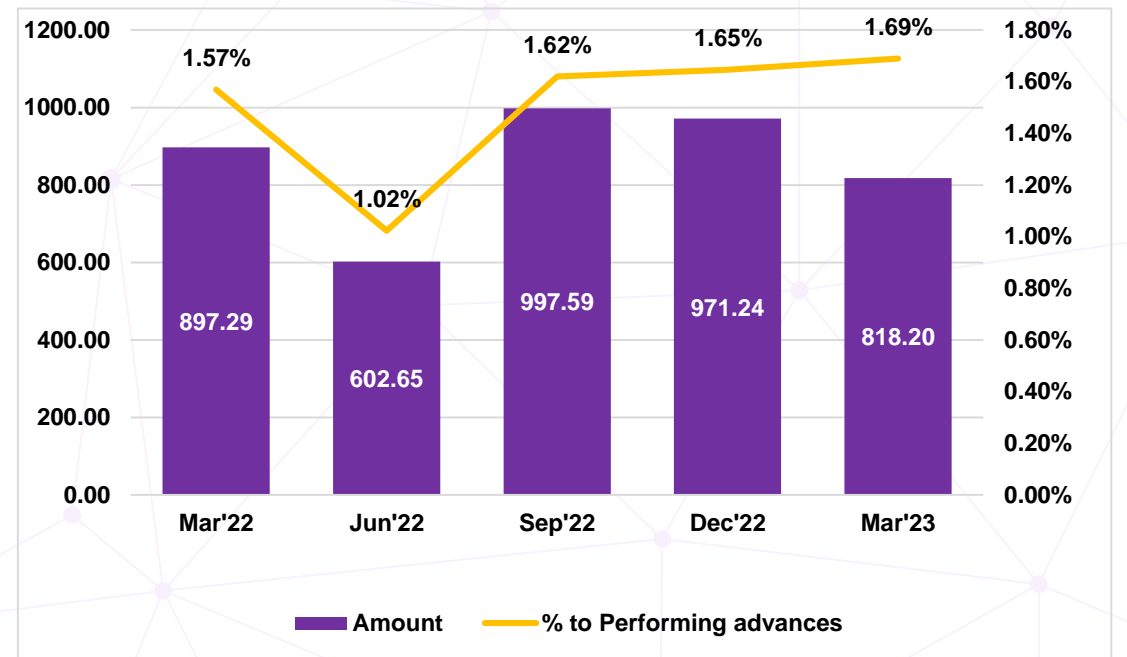


# Asset Quality – NPA & Slippage

**SMA 2 (₹ crs)**



**SMA 1 (₹ crs)**





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**Thank  
You**