



**Karnataka Bank**  
Your Family Bank Across India

**Analysis of Financial Results**  
**June 2021**

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# Highlights - Q1 FY22

3 Months

KPAs	Q1 FY 22	Q4 FY 21	Q-o-Q	Q1 FY 21	Y-o-Y	(₹ crs)
Turnover	1,28,006	1,27,349	↑ 0.52%	1,26,063	↑ 1.54%	
Asset size	86,506	85,581	↑ 1.08%	83,128	↑ 4.06%	
Operating profit	414.22	383.69	↑ 7.96%	677.04	↓ -38.82%	
Net profit	106.08	31.36	↑ 238.27%	196.38	↓ -45.98%	
Return on Asset	0.49%	0.15%	↑ 34 bps	0.93%	↓ -44 bps	
Earning per Share (not annualized)	3.41	1.01	↑ 2.40	6.32	↓ -2.91	
Return on Equity	6.34%	1.89%	↑ 445 bps	12.75%	↓ -641 bps	
Net Interest Income	574.79	459.14	↑ 25.19%	535.12	↑ 7.41%	
Net Interest Margin	2.98%	2.41%	↑ 57 bps	2.89%	↑ 9 bps	
Gross NPA - Amount	2,549.06	2,588.41	↓ -1.52%	2,557.64	↓ -0.34%	
- %	4.82%	4.91%	↓ -9 bps	4.64%	↑ 18 bps	
Net NPA - Amount	1,552.95	1,642.10	↓ -5.43%	1,630.65	↓ -4.76%	
- %	3.00%	3.18%	↓ -18 bps	3.01%	↓ -1 bps	
Cost to Income	48.91%	53.90%	↓ -499 bps	35.77%	↑ 1314 bps	
PCR	72.24%	70.05%	↑ 219 bps	67.93%	↑ 431 bps	
CRAR (Basel III)	14.58%	14.85%	↓ -27 bps	13.44%	↑ 151 bps	

Wholly owned non-financial subsidiary of the Bank - KBL Services Ltd, started its operation on 30.03.2021 and is yet to be fully operationalized.

# KBL - VIKAAS: Impact on Key Parameters

(Standalone)	June '21	March '21	March '20	March '19	March '18
PCR	72.24%	70.05%	64.70%	58.45%	54.56%
PCR for NPAs of Rs 25 cr & above	93.66%	93.78%	75.25%	70.30%	60.57%
CRAR	14.58%	14.85%	12.88%	13.54%	12.04%
Operating Profit (in crore)	414.22	1,999.14	1,656.77	1,449.81	1,473.17
Turnover per Branch (in crore)	149.19	148.42	151.83	147.46	137.65
Turnover per Employee (in crore)	15.40	15.12	15.14	14.90	13.46
Operating Profit per Employee (in lakh)	* 4.98	23.74	19.48	17.52	18.00
GNPA - Amount (in crore)	2,549.06	2,588.41	2,799.93	2,456.38	2,376.07
- %	4.82%	4.91%	4.82%	4.41%	4.92%
NNPA - Amount (in crore)	1,552.95	1,642.10	1,755.01	1,616.71	1,400.51
- %	3.00%	3.18%	3.08%	2.95%	2.96%
NIM	2.98%	2.91%	2.84%	2.93%	3.18%
ROA	0.49%	0.57%	0.53%	0.64%	0.49%
ROE	6.34%	7.65%	7.35%	8.53%	6.17%

\* Not annualized

# KBL - VIKAAS: Impact on Key Parameters

(Standalone)	June '21	March '21	March '20	March '19	March '18
CASA	30.82%	31.49%	28.91%	28.06%	27.98%
Digital transactions	91.63%	90.66%	83.50%	77.86%	65.34%
Retail: Mid Corporate: Large Corporate (%)	52 : 34 : 14	53 : 34 : 13	45 : 29 : 26	43 : 27 : 30	45 : 28 : 27
Digital underwriting of:					
Home loans	73%	71%	32%	-	-
Car loans	60%	71%	-	-	-
MSME loans (OD+TL)	40%	26%	-	-	-
MSME loans (Micromitra+BQL)	86%	73%	-	-	-
Salary loans	100%	100%	-	-	-
Book value of shares (Rs.)	217.07	213.67	192.06	204.71	191.44
Networth	6,748.44	6,642.36	5,970.45	5,785.18	5,410.15

# Company Overview

- 01 97 years of banking history with Pan-India presence.
- 02 Strong & Robust technology and digital platforms.
- 03 Satisfactory productivity & capital adequacy ratios.
- 04 Experienced management team & Professional Board with highest Standards of Corporate Governance.
- 05 Diversified credit portfolio and strong retail deposit base.
- 06 Ever increasing CASA - share of CASA at 30.82%.
- 07 Powered by KBL - VIKAAS for Total Transformation.

# History

- 2017-21**
  - Wholly owned non-financial subsidiary of the Bank, KBL Services Ltd, started its operation.
  - Initiated Bank's transformation journey KBL-VIKAAS
  - Digital journey for retail loan products
  - Bonus issue in the ratio of 1:10
  - Successful migration to Fin10
  - Customer base crossed the milestone of 1 crore.
  - Business turnover crossed the historic milestone of ₹ 1,00,000 crore.
  - Formed Investor Relation Cell.
- 2012-16**
  - Completed 1:2 rights issue to raise ₹ 658.96 crs.
  - Unveiled KBL - VISION 2020 & adopted Vision Statement.
  - No. of branches crossed 500 & No. of ATMs crossed 1,000.
  - Secured ISO 27001 : 2005 Certificate from NQA..
  - Launched ASBA facility
- 2007-11**
  - Right issue of ₹ 457.03 crore in the ratio of 2:5.
  - Launched Online Trading facility.
  - Maiden QIP aggregating ₹ 160.83 crs.
  - Completion of 100% core banking
- 2002-06**
  - Floated general insurance JV along with Allahabad Bank, Indian Overseas Bank, Dabur Investments and Sompo Japan Insurance.
  - Launched CDSL-DP services at select branches .
  - Rights issue in the ratio of 2:1 to raise ₹ 160 crs.
  - Right issue in the ratio of 1:2.
  - Bancassurance tie-up with MetLife.
  - Maiden bonus issue in the ratio of 1:1
- 1997-2002**
  - Implementation of "Finacle" CBS in 2000
- 1977-96**
  - Public issue of 45 lakh equity shares in October 1995
  - Became an authorised dealer of foreign exchange in 1977
- 1960-66**
  - Took over Sringeri Sharada Bank Ltd, Chitaldurg Bank & Bank of Karnataka, Hubli.
- 1924**
  - Incorporated on 18<sup>th</sup> February 1924 at Mangalore by Late B R Vyasarayachar & other leading members of the South Kanara Region

# Evolution

First generation private sector Bank

Offers wide variety of banking products

Digital loan initiatives & Tab Banking for SB a/c opening launched

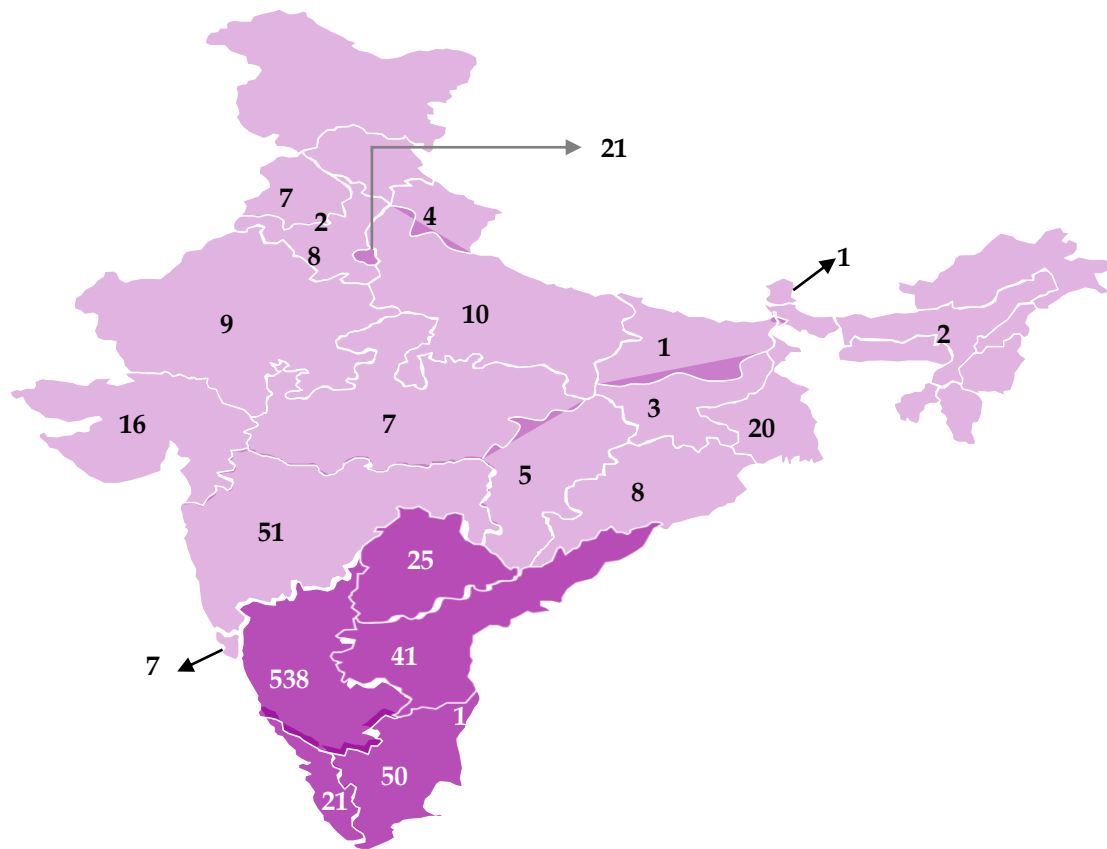
2,318 Outlets all over India

₹ 1,28,006 Cr business turnover

- Business Turnover of ₹ 1,28,006 crore for the quarter ended 30.06.2021.
- **2,318** service outlets with 858 branches, one Extension Counter, 981 ATMs and 478 recyclers in 554 centres across India as on 30.06.2021. All 36 e-Lobbies & 427 mini e-Lobbies empowered through Recyclers.
- Digital loan underwriting for Retail & MSME loans.
- Offers wide variety of corporate and retail banking products and services to over **11 million** customers.
- Incorporated in **1924**, one of the first generation time tested private sector Banks.



# Pan-India footprint



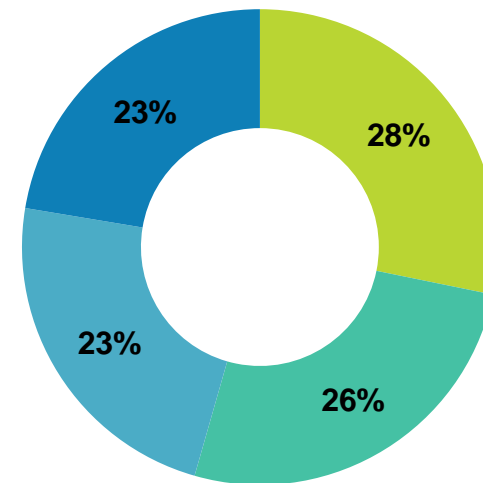
Has the strongest presence in South India with 676 branches

## Top 5 States:

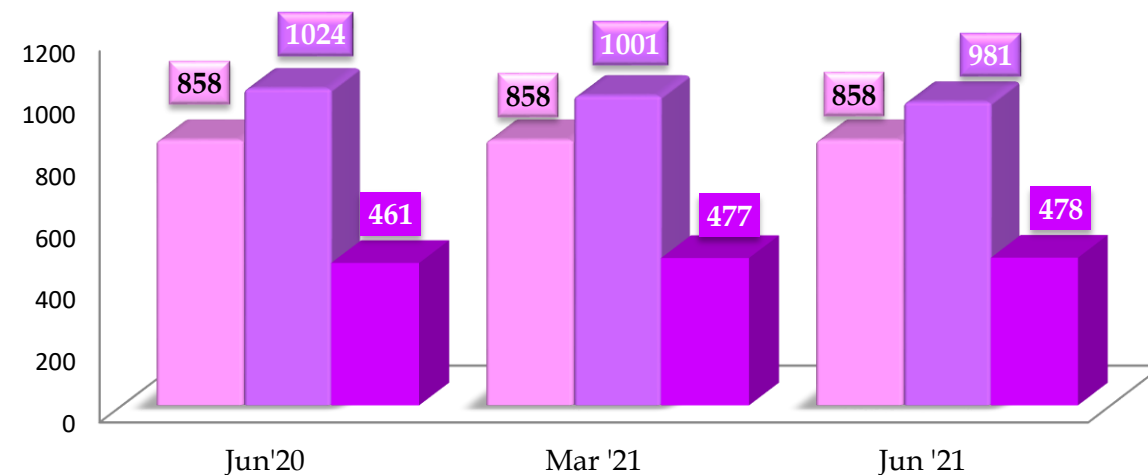
Karnataka (538), Maharashtra (51), Tamilnadu (50), Andhra Pradesh (41), Telangana (25)

## Area wise distribution of Branches

■ Metro ■ Urban ■ Semi Urban ■ Rural



■ Branches ■ ATMs ■ Recyclers



# Robust technology and digital platforms



## Strong technology platform

The existing “ISO 27001:2013” certificate encompassing the Information Security Management System (ISMS) at the Bank’s Data Centre, Near line Site [NLS] and Information Technology Department including the DR site [IT & DR], has been renewed by AJA Registrars, UK, for a further period of three years up to March 2022, reflecting the Bank’s continued commitment to technology adoption.



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

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.

Implemented ‘KBL-Mobile Plus’ (Mobile Banking) app, ‘BHIM KBL UPI’ app on Unified Payment Interface, Cardless cash withdrawal, switch on/off debit card usage, enable/disable international transactions, etc. as additional facilities for the convenience of customers

Implemented Lending Automation Processing System (LAPS) software for efficient life cycle management of loan accounts and improved monitoring.

Established Centralized Account Opening Cell for opening of CASA.

Implemented an Enterprise Level Fraud Risk Management System (ELFRMS) for effective, cyber fraud prevention across delivery channels.

Established DCOE for developing Digital underwriting capabilities & for better risk management in credit portfolio.

Digital sanction of Home loans, Personal loans, Car loans, 2-wheeler loans & MSME loans.

Opening of Savings accounts with pre-activated debit card, through Tab provided to branches. Opening of SB a/cs through Web banking enabled.

Digital sales of insurance policies through Mobile Banking and Internet Banking platform.

Sales of Mutual Fund products of all the AMCs in a single platform ‘FISDOM’.

Online opening of Demat & Trading account through KBL-Smart Trade.

## DCoE : Accelerating Digital Transformation Catalyst

C : Cost Optimization

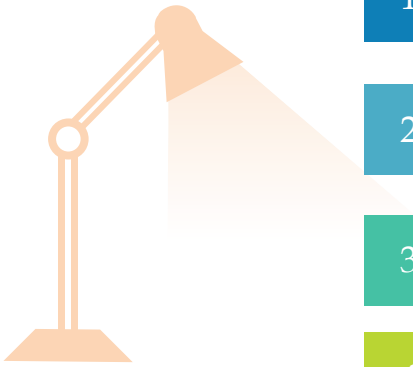
A : Adoption

R : Risk Profile

E : Experience



# Effective Risk management systems



1

Periodical monitoring & reviewing of risk profile of the Bank.

2

Internal Credit Rating of all the borrowers: Credit exposure above INR 25 lakh are rated borrower-wise and credit facilities below INR 25 lakh & all schematic advances including agri-credit proposals are rated under 'Pool based approach'. Also, developed KBL96 model for all sanctions under digital journey.

3

Continuous offsite surveillance of borrower accounts.

4

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

5

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

6

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.

7

Complied with the extant 'Basel III' guidelines of RBI.

8

Implemented a scientific Fund Transfer Pricing (FTP) & Customer Profitability Management System (CPMS) to assess the performance of branches / products / portfolios / customers.

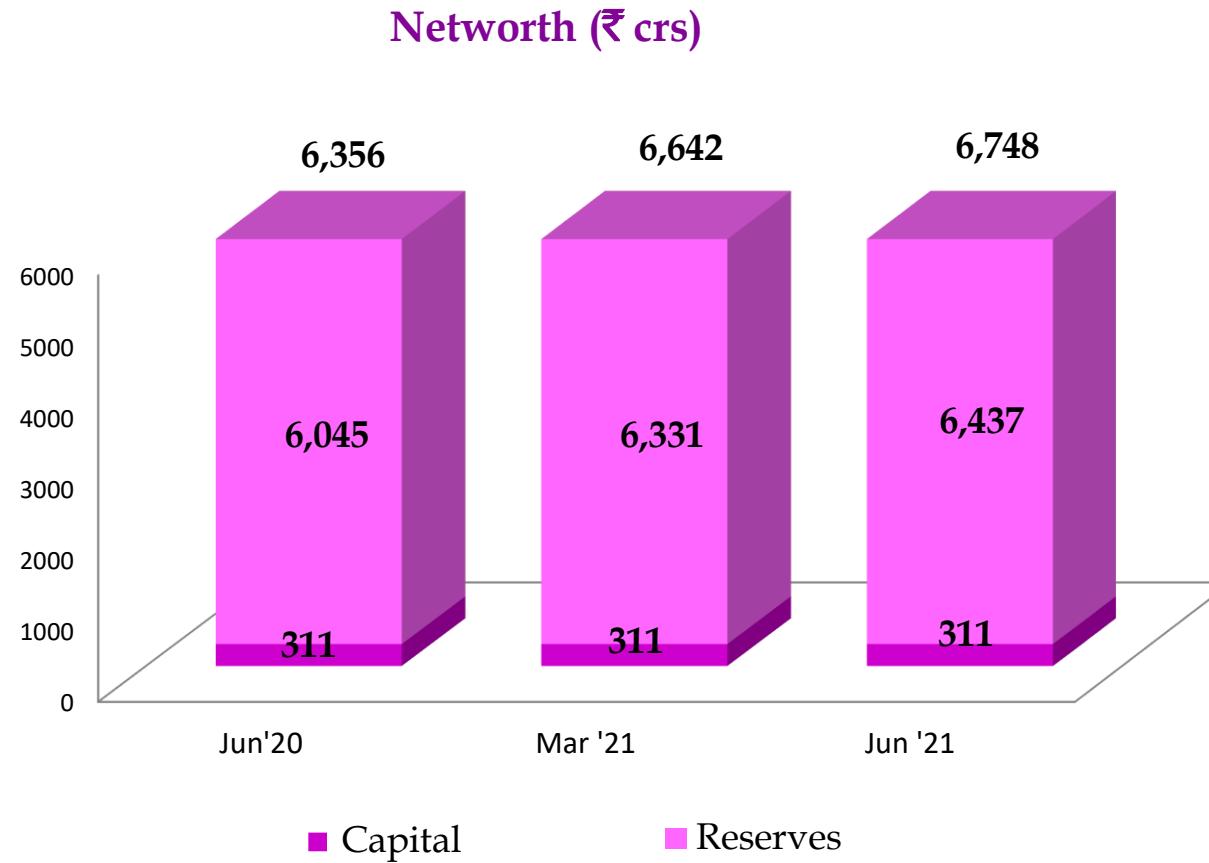
9

Centralized Payments and Reconciliation Cell (CPRC) to handle Reconciliation, Settlement and Disputes of all Digital Channels transactions.

# Financial Performance



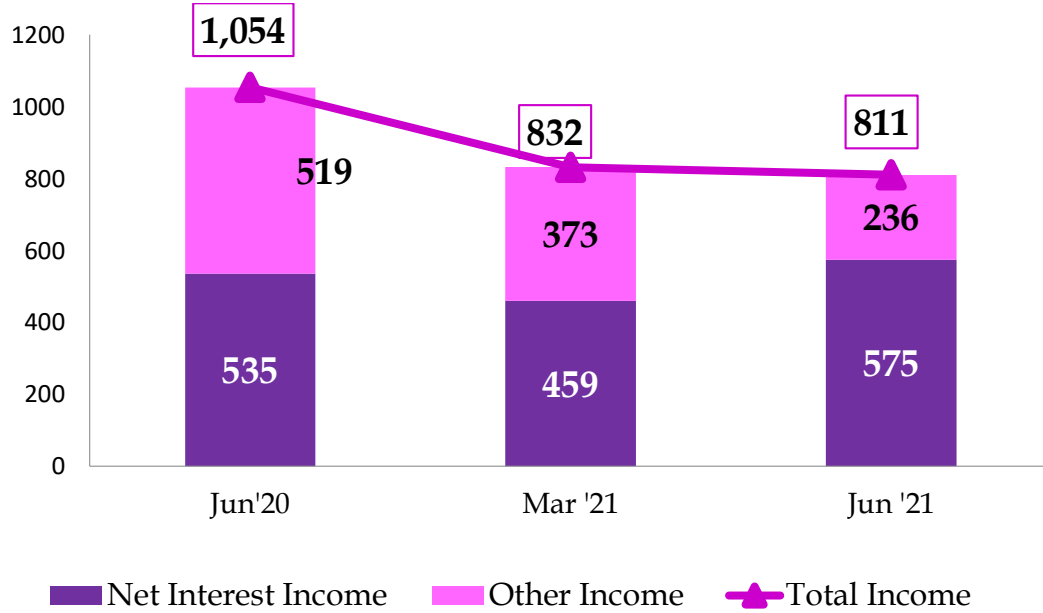
# Financial strength of the Bank



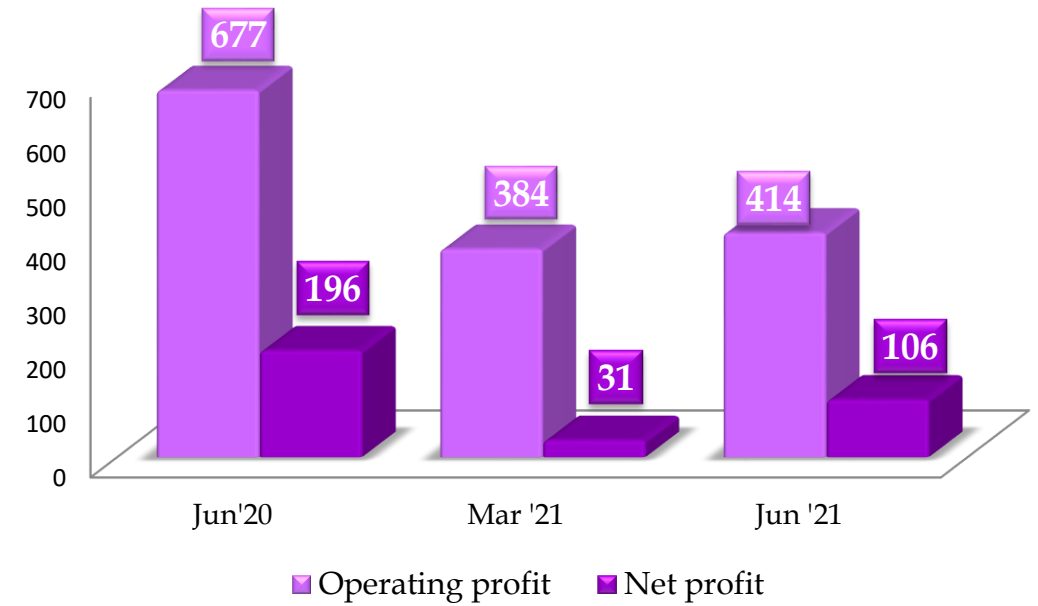


# Income & Profit - Quarterly

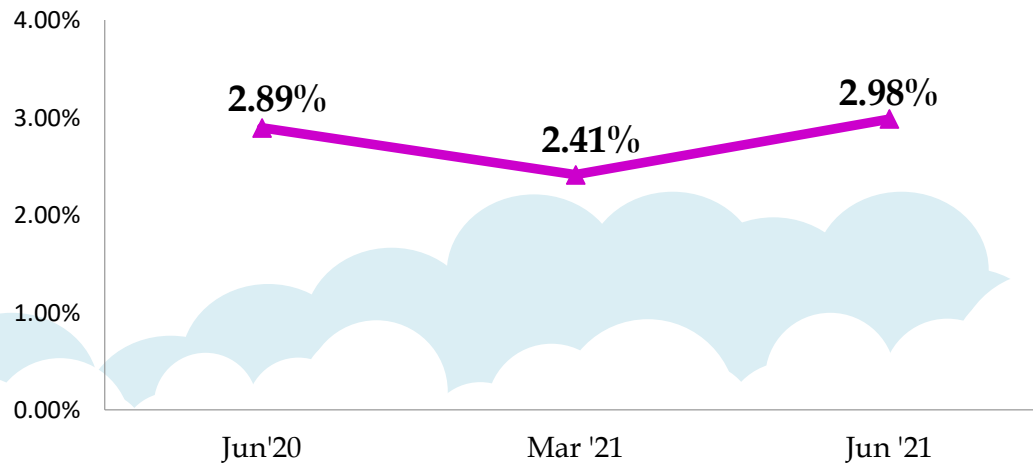
### Net Income (₹ crs)



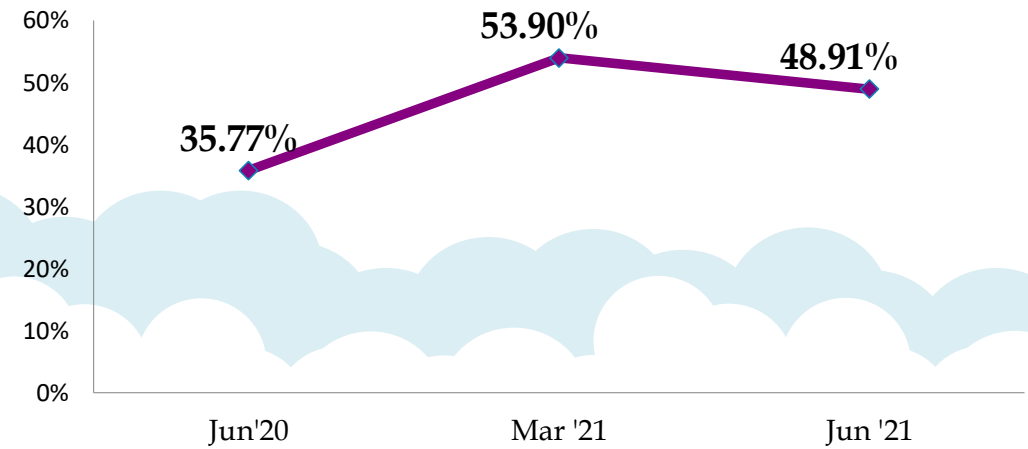
### Operating and Net Profit (₹ crs)



### Net Interest Margins (%)

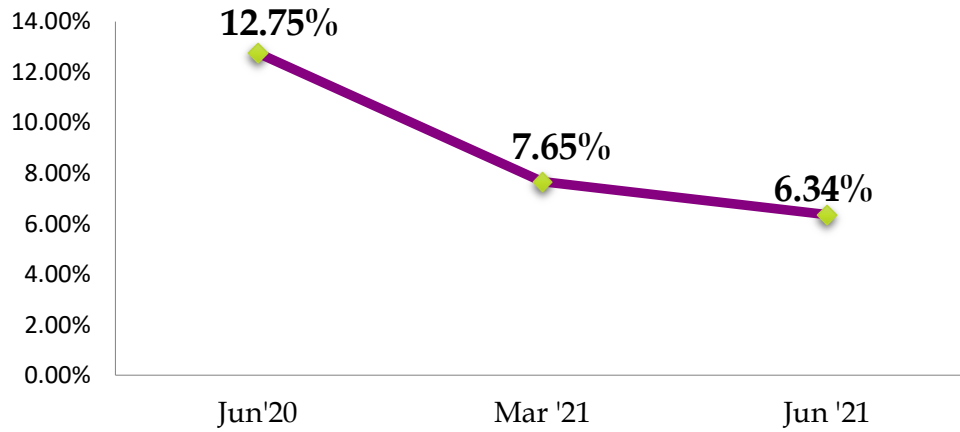


### Cost to Income Ratio (%)

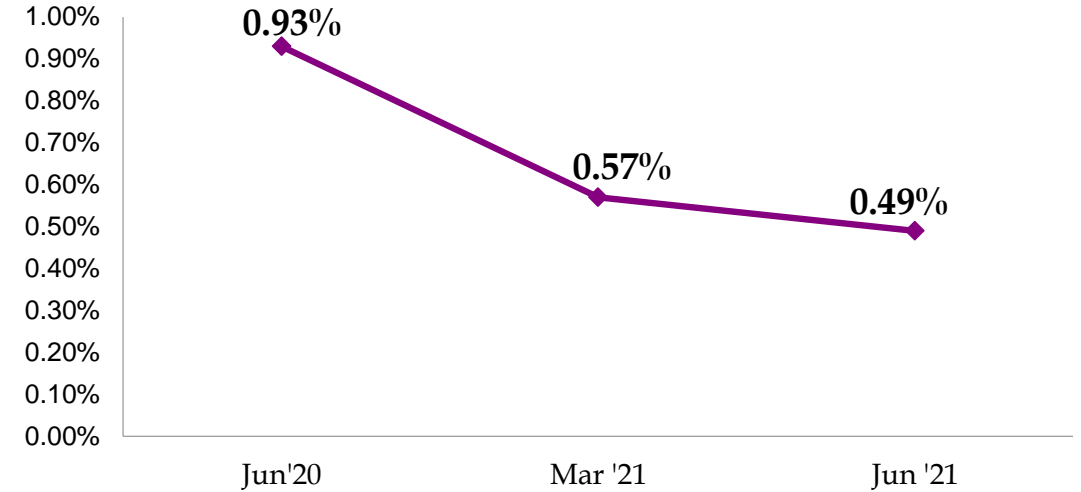


# Return and Capital Adequacy Ratios

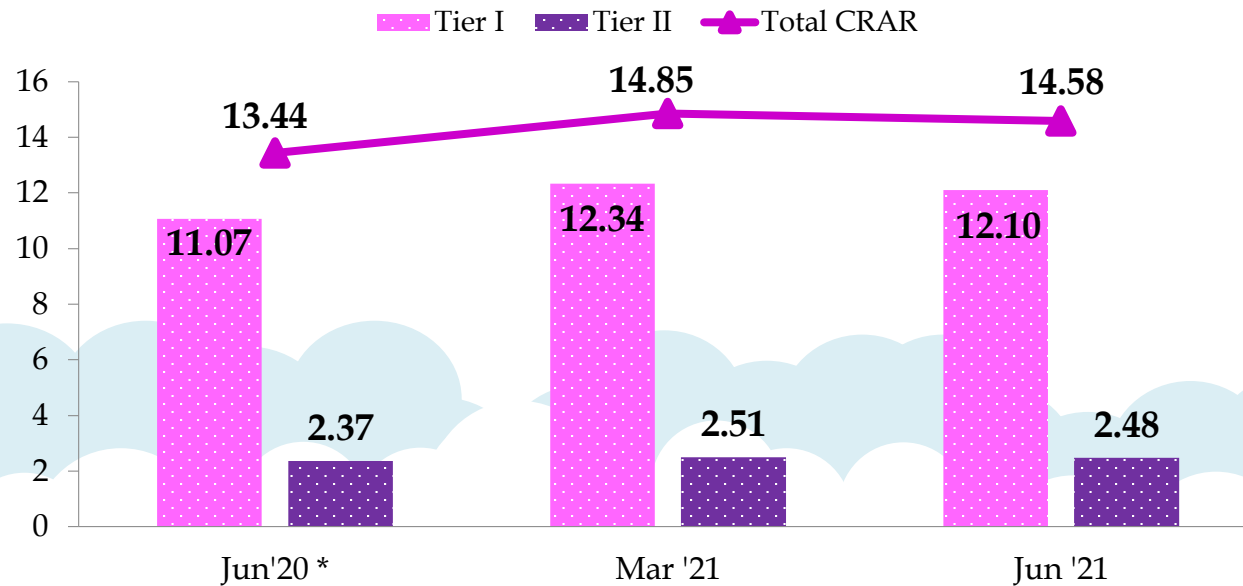
Return on Equity (%) (after tax)



Return on Assets (%) (after tax)



Capital Adequacy (%) - Basel III

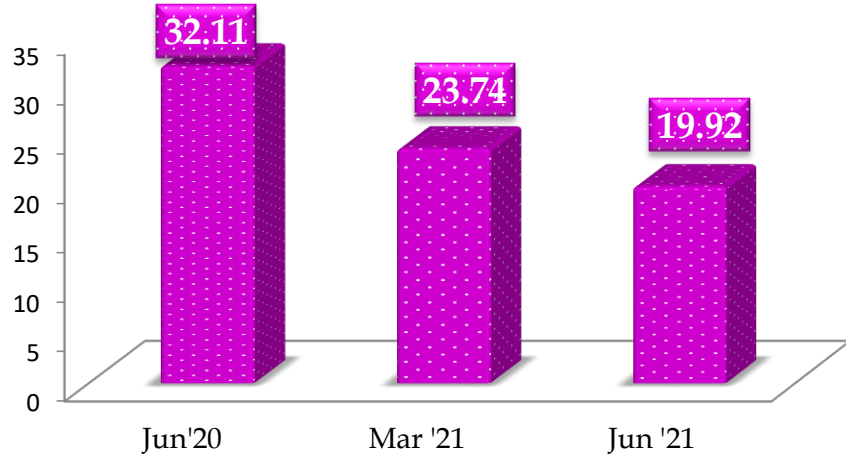


\* Recomputed by including full eligible Tier II Capital



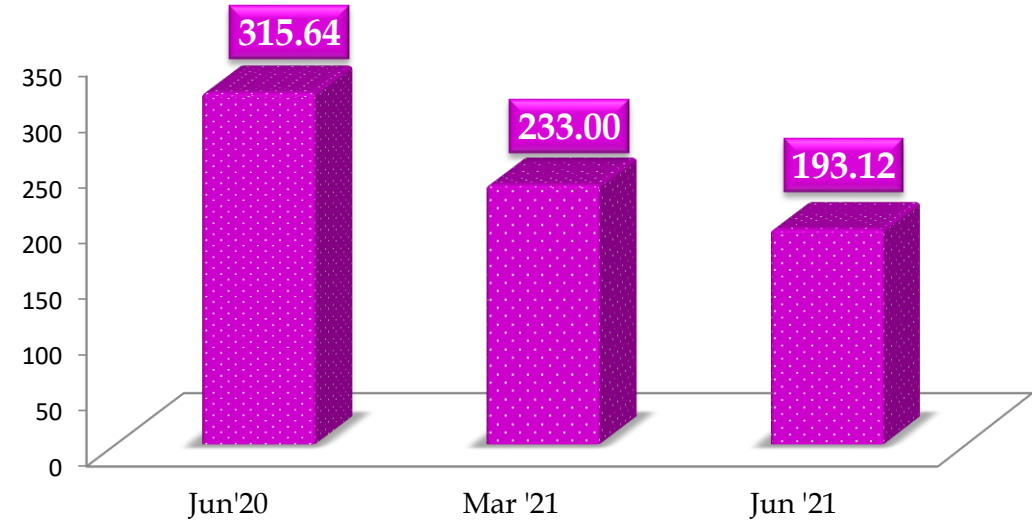
# Productivity ratios

### Operating Profit per employee (₹ lakh) \*

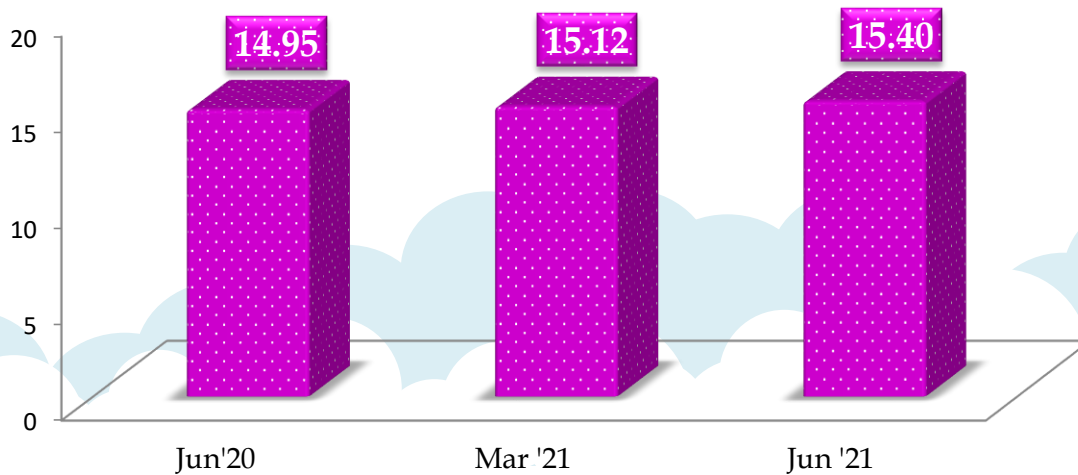


\* annualized

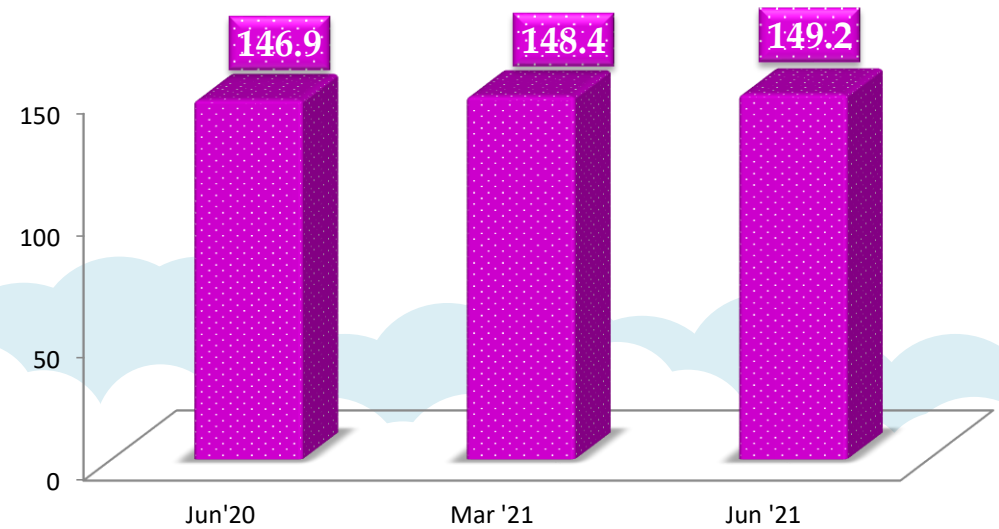
### Operating Profit per branch (₹ lakh) \*



### Business per employee (₹ crs)

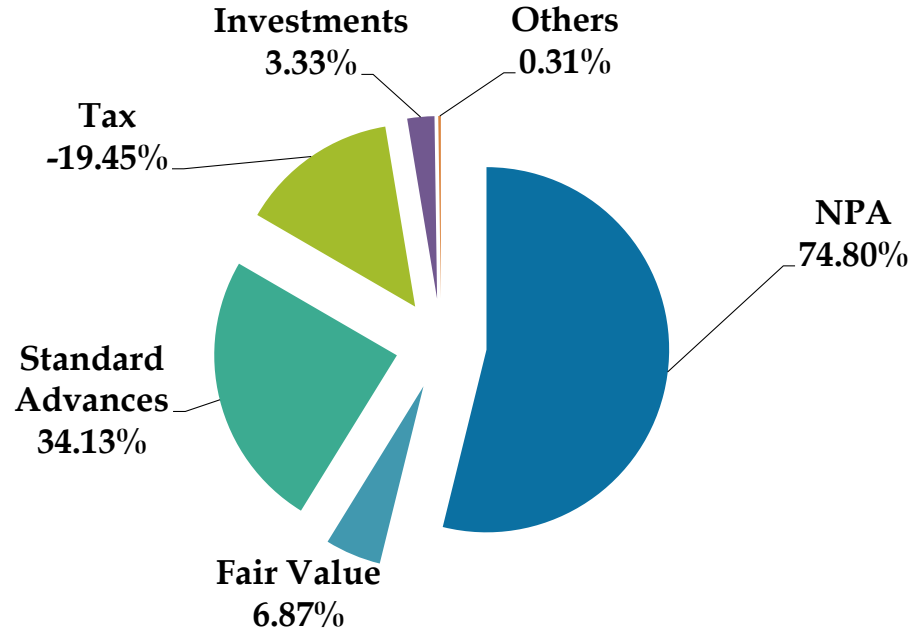


### Business per branch (₹ crs)

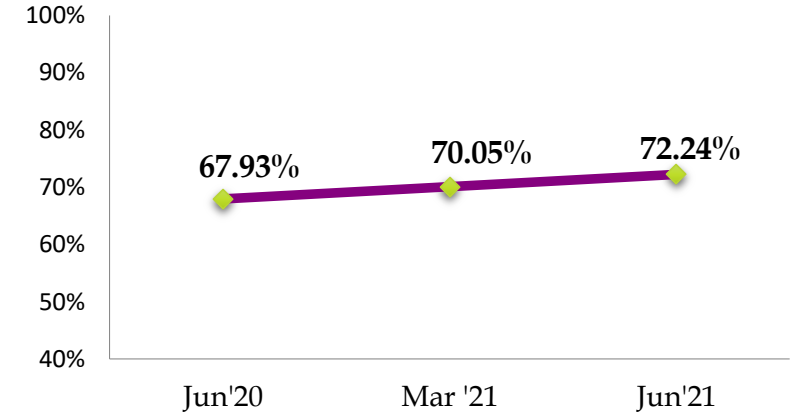


# Provisions

## Provisions & Contingencies

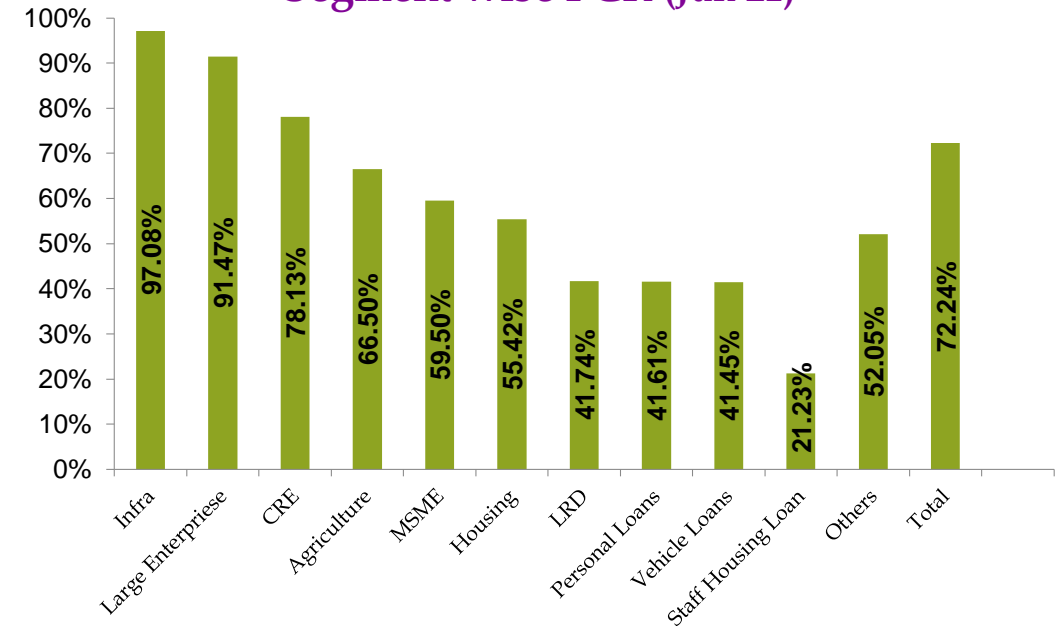


## Provision Coverage Ratio



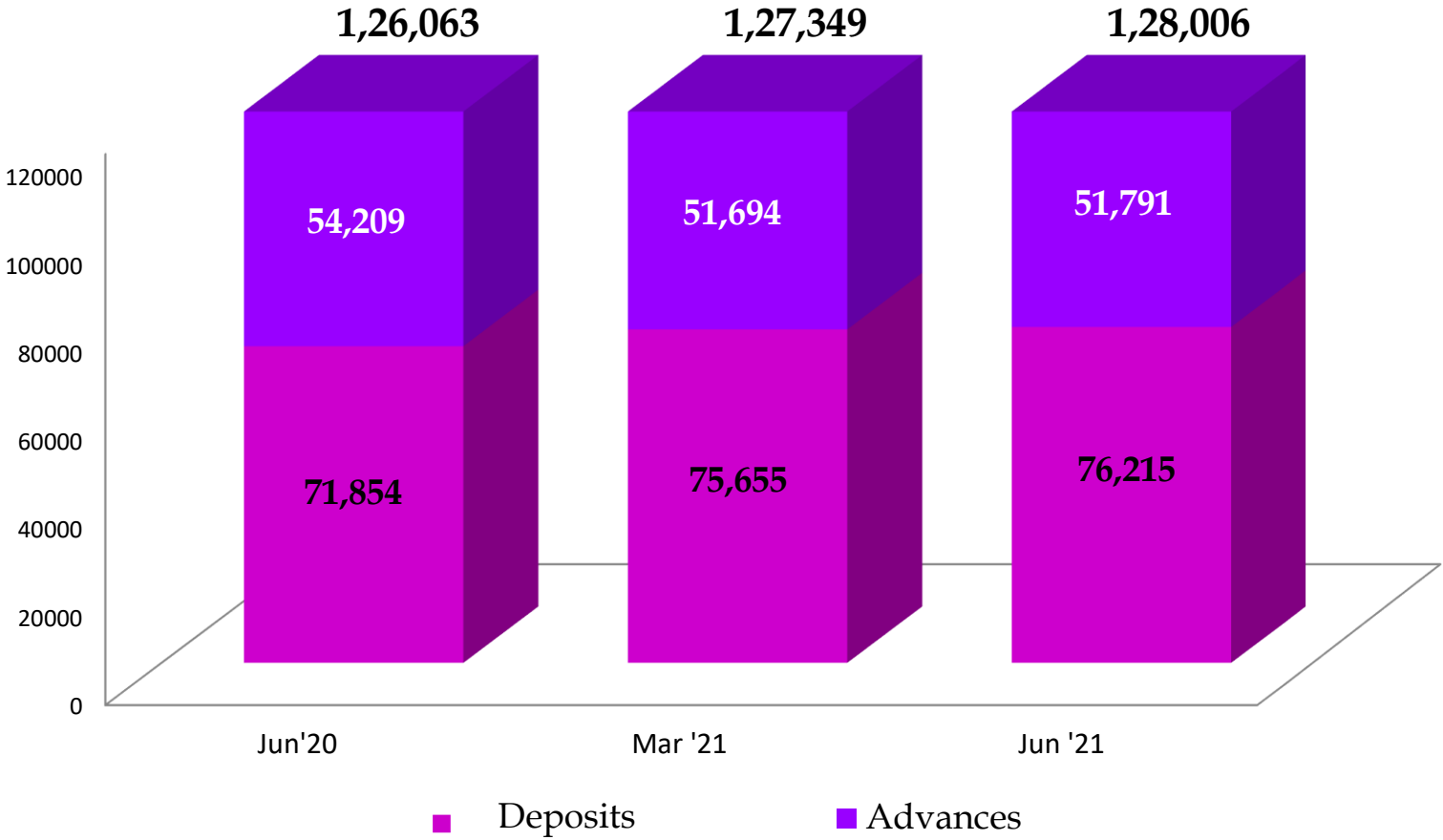
As on 30.06.2021	No. of cases	Amount (in crore)	Provision held (in crore)	% provision held
NCLT Referred cases	34	1461.56	1,460.80	99.95%
SR Portfolio	-	394.30	170.20	43.16%

## Segment wise PCR (Jun'21)



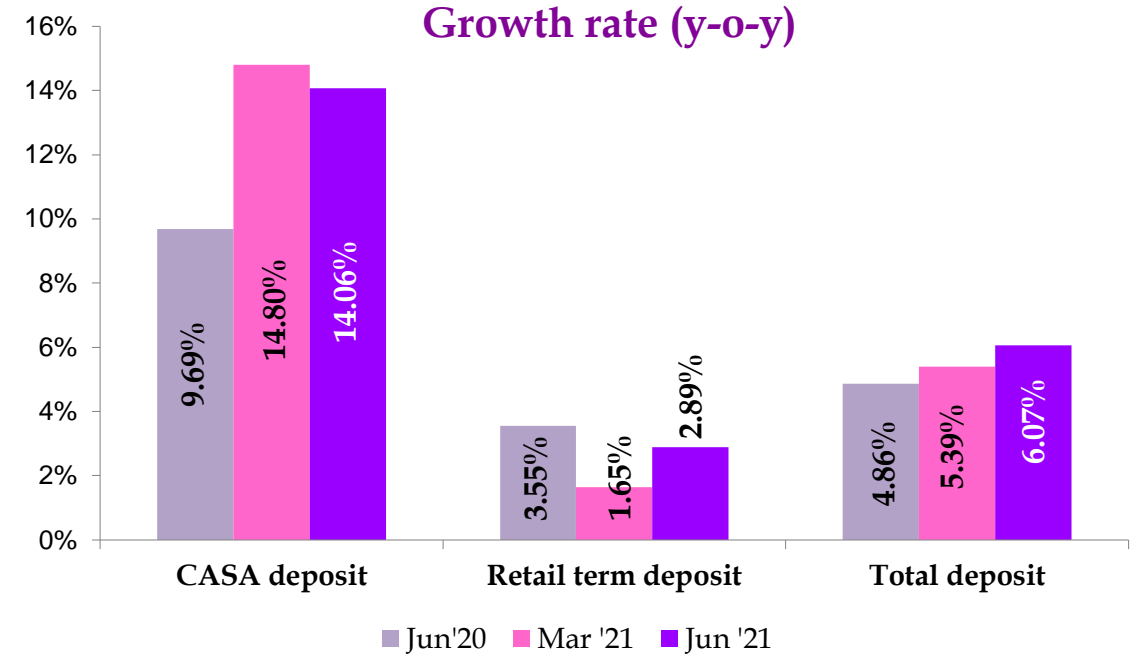
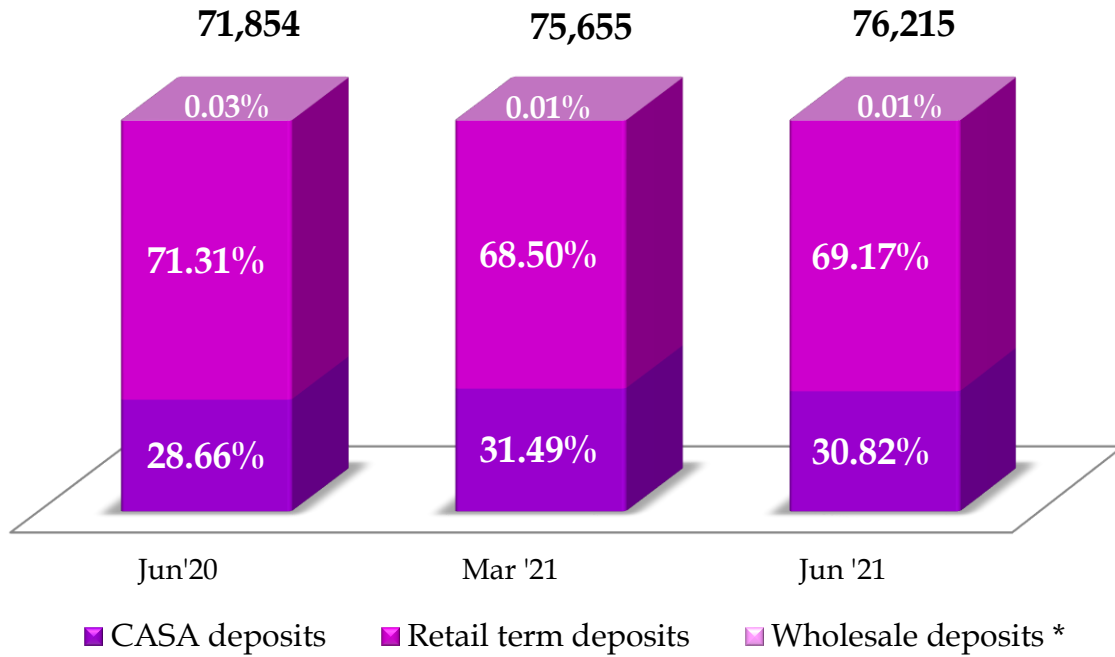
# Business size

Business Turnover (₹ crs)

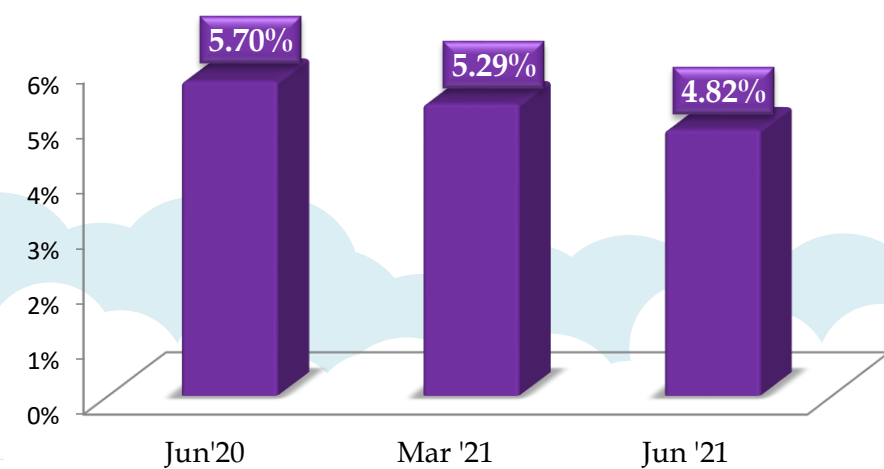


# Deposits

Deposits (₹ crs)

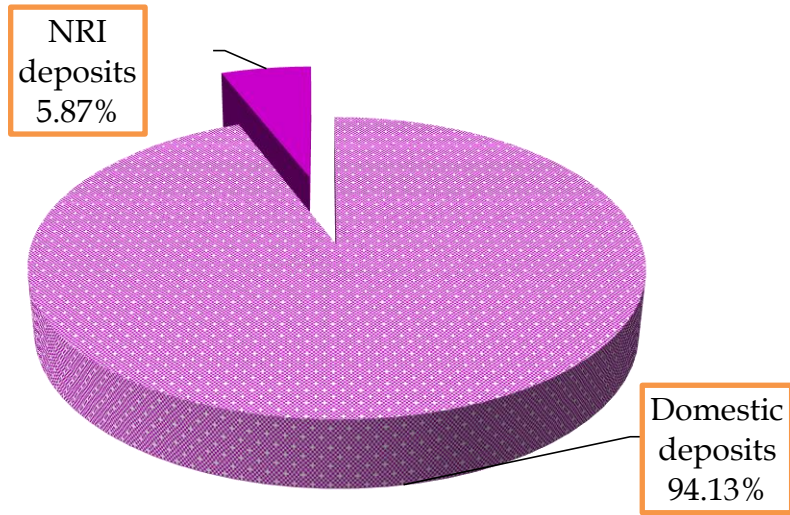


## Cost of Deposits

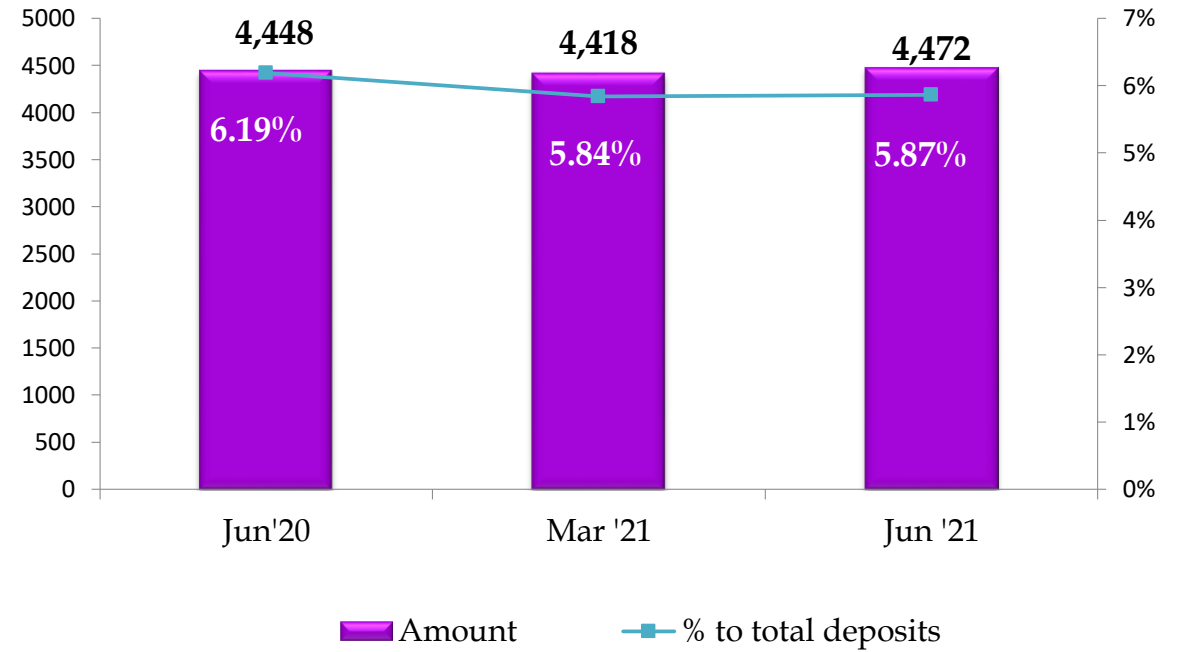


\* Wholesale deposits = Purchase liability + Certificates of deposit + Interbank deposits

# Deposits

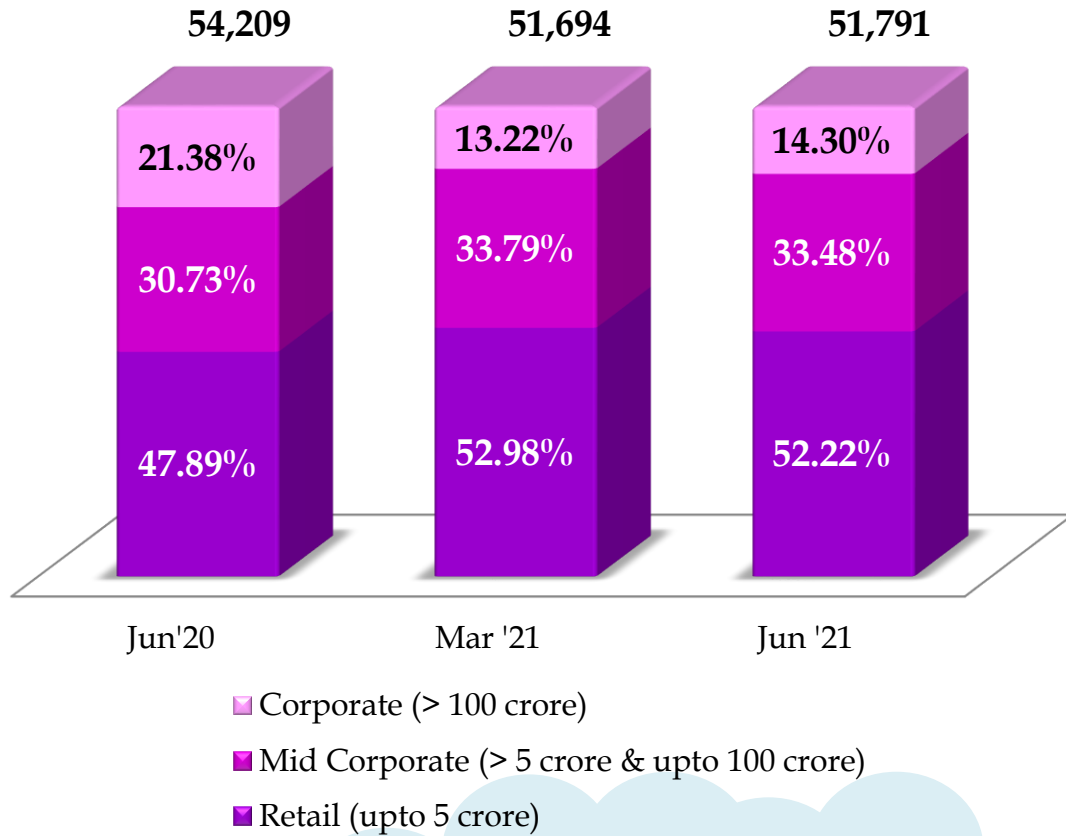


### NRI Deposits (₹ crs)

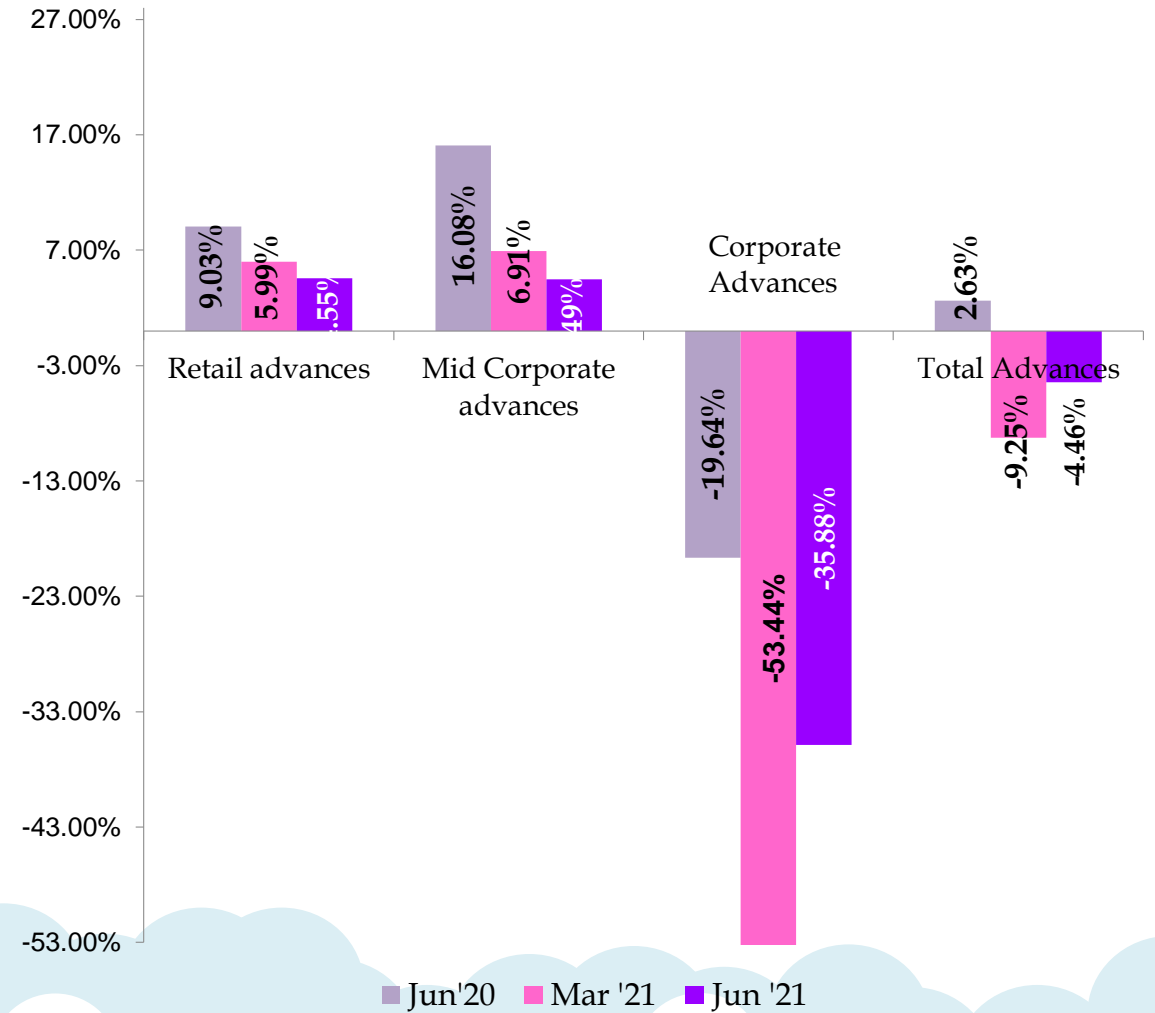


# Advances

Advances [Net] (₹ crs)



Growth rate (y-o-y)



# Top Credit Sectors

Sectors	Position As on 30.06.2021					
	Total Balance O/S	% to GBC	NPA		SMA 2 #	
			Amount	% to sector GBC	Amount	% to sector GBC
MSME	16,470.68	31.13	1,085.99	6.59	731.93	4.44
Housing Loans (Residential Mortgage)	8,690.95	16.43	299.91	3.45	272.23	3.13
Agriculture	8,931.33	* 16.88	587.14	6.57	128.06	1.43
NBFC	4,541.06	8.58	0	0	0	0.00
LRD	2,660.57	5.03	44.88	1.69	45.08	1.69
Gold Loans	2,794.32	5.28	0.42	0.02	21.16	0.76
Others	8,820.86	16.67	530.72	6.02	1,047.29	11.87
<b>Total GBC</b>	<b>52,909.77</b>	<b>100.00</b>	<b>2,549.06</b>	<b>4.82</b>	<b>2,245.75</b>	<b>4.24</b>
Consortium	1,371.39	2.59	0	0	80.34	5.86
Multiple Banking	8,024.24	15.17	24	0.30	100.19	1.25

(₹ crs)

\* However, this works out to 15.23% of the ANBC

# This includes both ₹ 5 crore & above and below ₹ 5 crore as well as the main accounts & the related accounts

# Advances under GECL

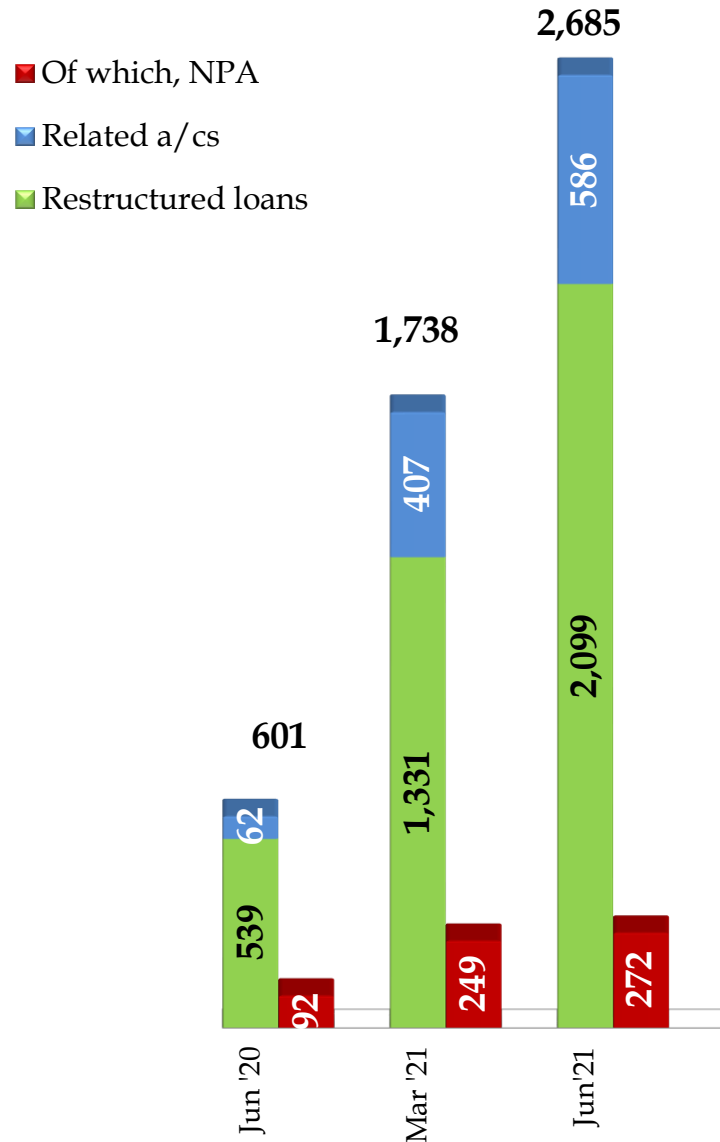
## Advances under GECL (1.0 & 2.0) as on 30.06.2021

No. of Accounts	Amount (Bal. o/s in crore)	% to GBC	SMA1 * (Amount in crore & %)	SMA2 * (Amount in crore & %)
9,571	2,233.98	4.22%	1.97 0.09%	1.30 0.06%

\* Including main and related accounts and both less than ₹ 5 crore & more than ₹ 5 crore.



# Restructured loans & related accounts



	Q1FY21	Q2FY21	Q3FY21	Q4FY21	FY21	Q1FY22
<b>Opening balance</b>	536.49	601.28	644.57	689.80	536.49	1,738.41
<b>Addition</b>	102.15	77.59	86.22	1100.54	1366.50	1,035.97
<b>Reduction</b>	37.36	34.30	40.99	51.93	164.58	89.33
<b>Closing balance</b>	<b>601.28</b>	<b>644.57</b>	<b>689.80</b>	<b>1,738.41</b>	<b>1,738.41</b>	<b>2,685.05</b>
<b>% to Gross Adv</b>	<b>1.08%</b>	<b>1.17%</b>	<b>1.28%</b>	<b>3.30%</b>	<b>3.30%</b>	<b>5.07%</b>
<b>NPA amount</b>	<b>91.53</b>	<b>87.40</b>	<b>80.02</b>	<b>248.64</b>	<b>248.64</b>	<b>271.67</b>
<b>NPA %</b>	<b>15.22%</b>	<b>13.56%</b>	<b>11.60%</b>	<b>14.30%</b>	<b>14.30%</b>	<b>10.10%</b>
<b>Provision held</b>	<b>15.30%</b>	<b>15.03%</b>	<b>16.34%</b>	<b>16.77%</b>	<b>16.77%</b>	<b>16.10%</b>

(₹ crs)

	Bal o/s		% to GBC		SMA 2 (Amount, %)	
	Jun'20	Jun'21	Jun'20	Jun'21	Jun'20 *	Jun'21 **
OTR 1.0	-	407.73	-	0.77%	-	51.42 (12.61%)
MSME	317.19	521.48	0.57%	0.99%	5.10 (1.61%)	91.34 (17.52%)
Others	221.81	1,386.94	0.40%	2.62%	10.51 (4.74%)	184.18 (13.28%)
Rephased	-	368.91	-	0.70%	-	58.64 (15.90%)
<b>Total</b>	<b>539.00</b>	<b>2,685.05</b>	<b>0.98%</b>	<b>5.07%</b>	<b>15.60 (2.89%)</b>	<b>385.58 (14.36%)</b>

\* All the accounts are main accounts only with balance below ₹ 5 crore.

\*\* including main accounts (₹ 237.87 crore) & related accounts (₹ 147.71 crore) and also ₹ 5 crore & above (₹ 131.98 crore) and below ₹ 5 crore (₹ 253.60 crore).

# External rating wise Advances

## External rating wise Credit Portfolio as of Jun'21

Rating	No of Borrowers	Balance O/s (in cr)	% to GBC	Of which, NPA		SMA2		Restructured book		
				no. of borrowers	Bal o/s (cr)	no. of borrowers	Bal o/s (cr)	no. of borrowers	Bal o/s (cr)	% share to Std. Adv. *
AAA	12 (21)	3,031 (5,467)	5.73 (9.91)	-	-	-	-	-	-	-
AA	31 (32)	2,200 (3,454)	4.16 (6.26)	-	-	-	-	-	-	-
A	45 (38)	1,383 (1,489)	2.61 (2.70)	-	-	-	-	-	-	-
BBB	88 (74)	2,508 (1,934)	4.74 (3.50)	-	-	1	5	1	97	3.87
<b>Sub total</b>	<b>176 (165)</b>	<b>9,123 (12343)</b>	<b>17.24 (22.37)</b>	-	-	<b>1</b>	<b>5</b>	<b>1</b>	<b>94</b>	<b>1.07</b>
BB	31 (67)	762 (1,311)	1.44 (2.38)	- (3)	- (87)	1	17	3	55	7.23
B	8 (68)	39 (1,165)	0.07 (2.11)	- (3)	- (90)	-	-	-	-	-
C	- (7)	- (47)	- (0.08)	- (1)	- (12)	-	-	-	-	-
D	8 (31)	643 (1,254)	1.22 (2.27)	- (17)	- (807)	1	76	1	316	49.18
<b>Sub total</b>	<b>47 (173)</b>	<b>1,444 (3777)</b>	<b>2.73 (6.85)</b>	<b>- (24)</b>	<b>- (996)</b>	<b>2</b>	<b>93</b>	<b>4</b>	<b>371</b>	<b>25.71</b>
<b>Grand Total</b>	<b>223 (338)</b>	<b>10,567 (16,121)</b>	<b>19.97 (29.22)</b>	<b>- (24)</b>	<b>- (996)</b>	<b>3</b>	<b>98</b>	<b>5</b>	<b>468</b>	<b>4.43</b>

Gross Bank Credit: ₹ 52,910 crore (prev.yr: ₹ 55,178 crore).

# NBFC portfolio

NBFC Portfolio as of Jun '21

[ Figures in brackets - as of Jun '20] \* Under respective rating category

Rating	No of Borrowers	Balance O/s (in cr)	% to GBC	Of which, NPA		SMA2		Restructured book		
				no. of borrowers	Bal o/s (cr)	no. of borrowers	Bal o/s (cr)	no. of borrowers	Bal o/s (cr)	% share to Std. Adv. *
AAA	10 (14)	2,531 (3,524)	4.78 (6.39)	-	-	-	-	-	-	-
AA	17 (21)	1,506 (2,879)	2.85 (5.22)	-	-	-	-	-	-	-
A	16 (13)	458 (360)	0.87 (0.65)	-	-	-	-	-	-	-
BBB	1 (2)	13 (9)	0.03 (0.02)	-	-	-	-	-	-	-
Sub total	44 (50)	4,508 (6,773)	8.52 (12.27)	-	-	-	-	-	-	-
BB	- (1)	- (3)	- (0.005)	-	-	-	-	-	-	-
B	- (1)	- (11)	- (0.02)	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-
D	1 (2)	13 (154)	0.02 (0.28)	- (2)	- (154)	-	-	-	-	-
Sub total	1 (4)	13 (168)	0.02 (0.30)	- (2)	- (154)	-	-	-	-	-
Without External rating	3 (5)	40 (1,525)	0.08 (2.76)	- (1)	- (19)	-	-	-	-	-
Grand Total	48 (59)	4,561 (8,466)	8.62 (15.34)	- (3)	- (173)	-	-	-	-	-

# Top 50 borrowers

Top 50 borrowers as of Jun '21

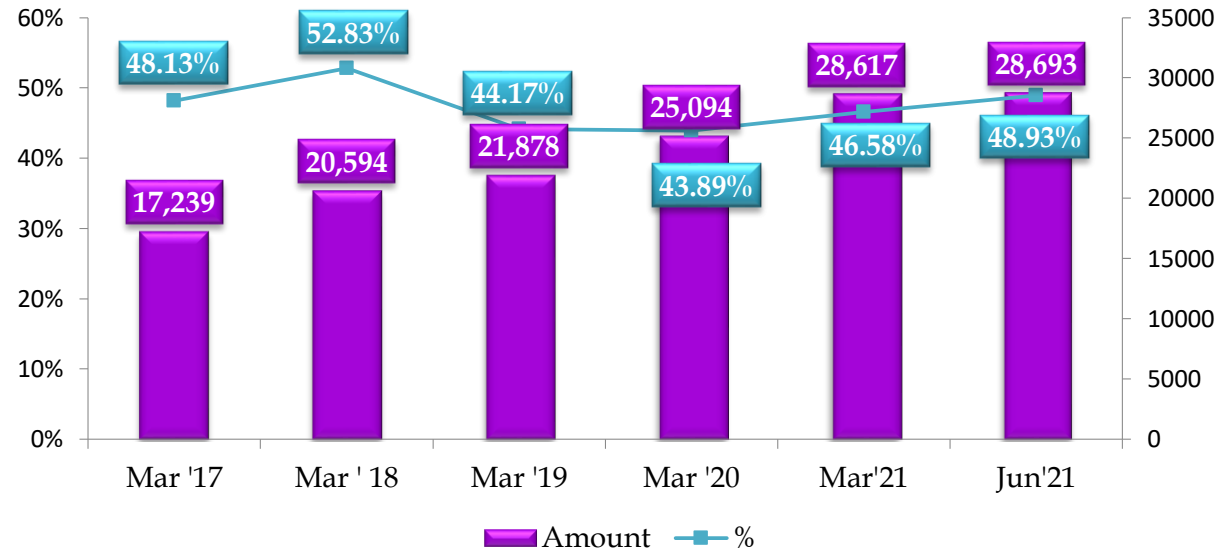
[ Figures in brackets – as of Jun'20] \* Under respective rating category

Rating	No of Borrowers	Balance O/s (in cr)	% to GBC	Of which, NPA		SMA2		Restructured book		
				no. of borrowers	Bal o/s (cr)	no. of borrowers	Bal o/s (cr)	no. of borrowers	Bal o/s (cr)	% share to Std. Adv. *
AAA	8 (14)	2,886 (5,060)	5.45 (9.17)	-	-	-	-	-	-	-
AA	6 (11)	1,018 (2,347)	1.92 (4.25)	-	-	-	-	-	-	-
A	6 (5)	421 (565)	0.79 (1.02)	-	-	-	-	-	-	-
BBB	13 (5)	1,020 (583)	1.93 (1.06)	-	-	-	-	-	-	-
<b>Sub total</b>	<b>33 (35)</b>	<b>5,344 (8,556)</b>	<b>10.10 (15.51)</b>	-	-	-	-	-	-	-
BB	1 (1)	116 (1)	0.22 (0.00)	-	-	-	-	-	-	-
B	1 (3)	17 (169)	0.03 (0.31)	-	-	-	-	-	-	-
C	- (1)	- (0)	- (0.00)	-	-	-	-	-	-	-
D	2 (2)	469 (280)	0.89 (0.51)	- (1)	- (130)	-	-	1	316	67.39
<b>Sub total</b>	<b>4 (7)</b>	<b>602 (450)</b>	<b>1.14 (0.82)</b>	<b>- (1)</b>	<b>- (130)</b>	-	-	<b>1</b>	<b>316</b>	<b>52.55</b>
Without External rating	13 (8)	1,620 (1,131)	3.06 (2.05)	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>50 (50)</b>	<b>7,565 (10,136)</b>	<b>14.30 (18.37)</b>	<b>- (1)</b>	<b>- (130)</b>	-	-	<b>1</b>	<b>316</b>	<b>4.18</b>

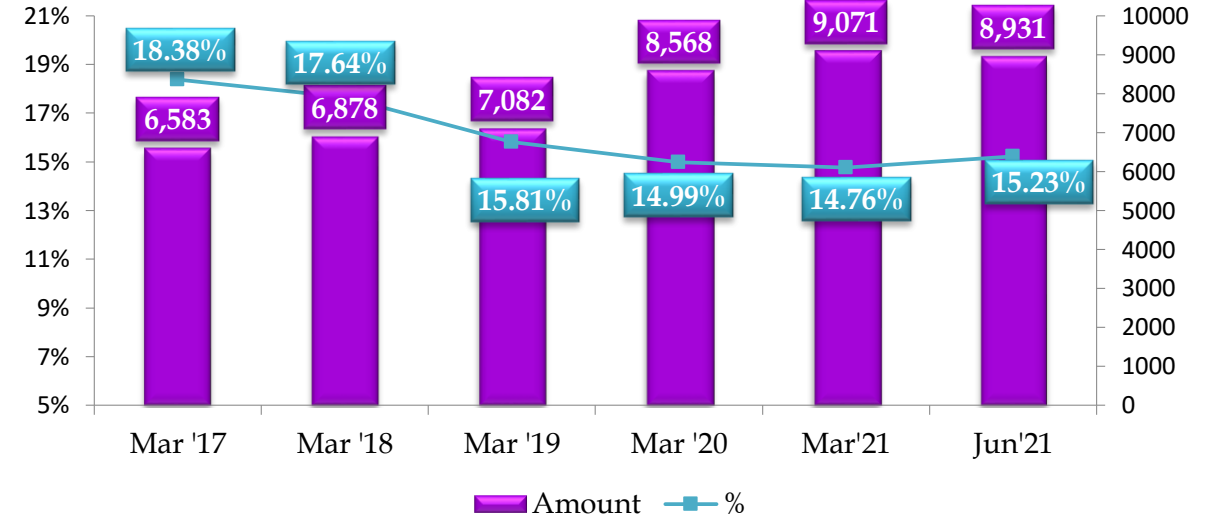
All the top 50 borrowers are in Standard category as of June'21.

# Advances to Priority sectors

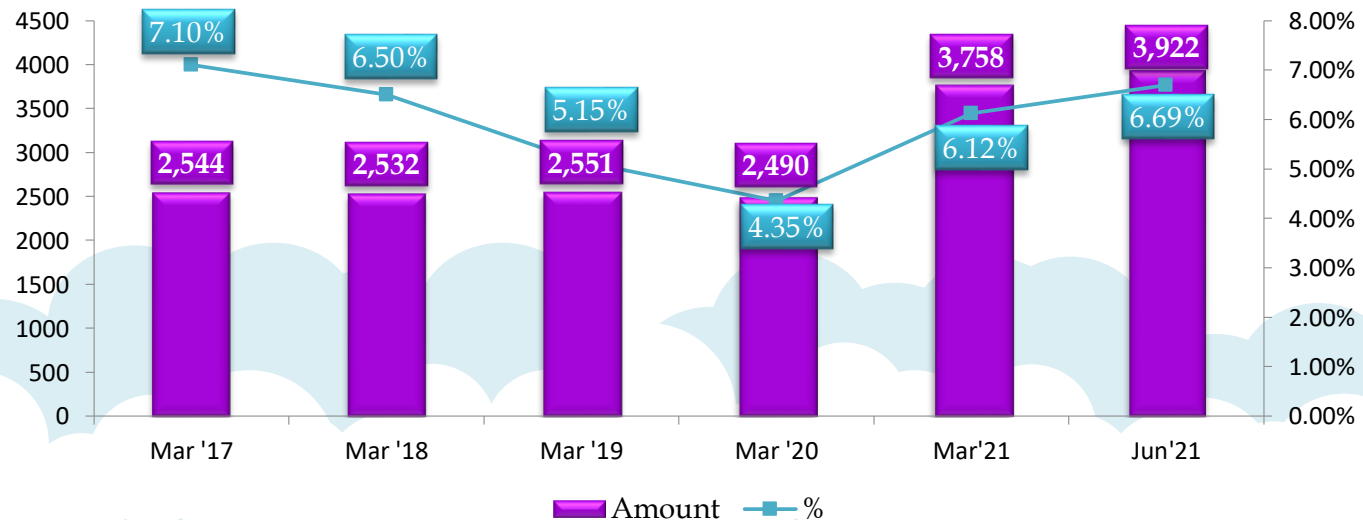
## Priority Sector Advances (₹ crs)



## Agriculture Advances (₹ crs)

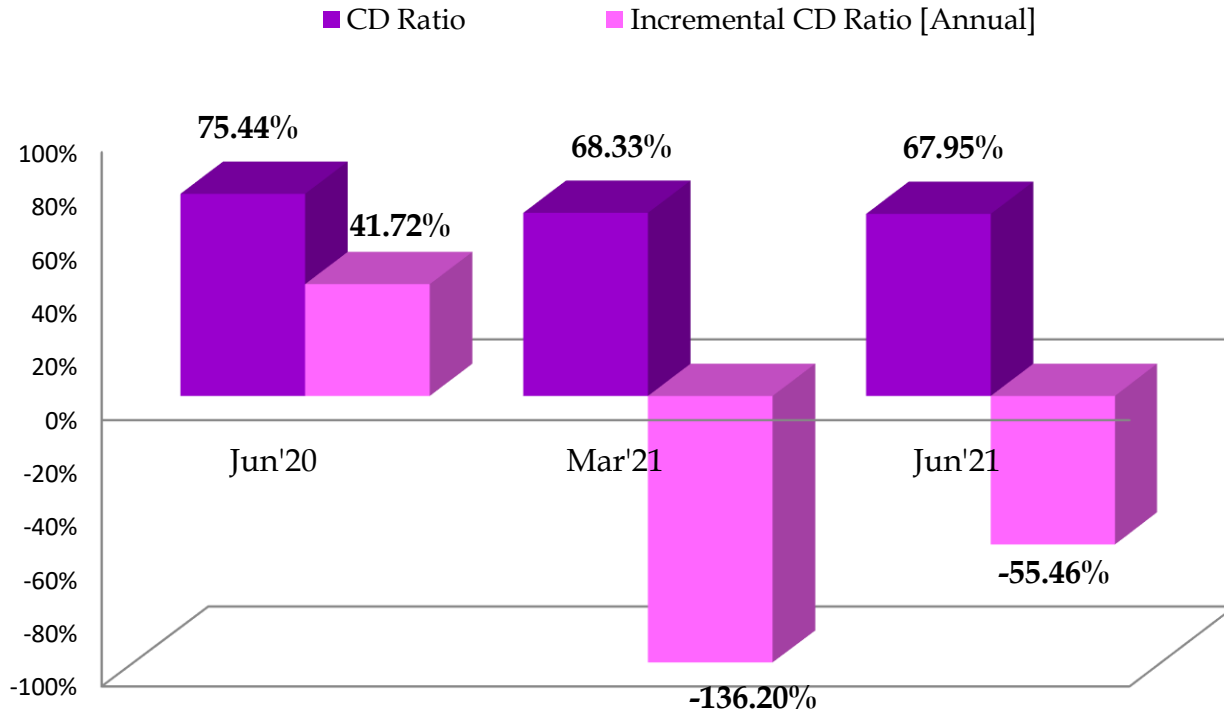


## Advances to Weaker Section (₹ crs)

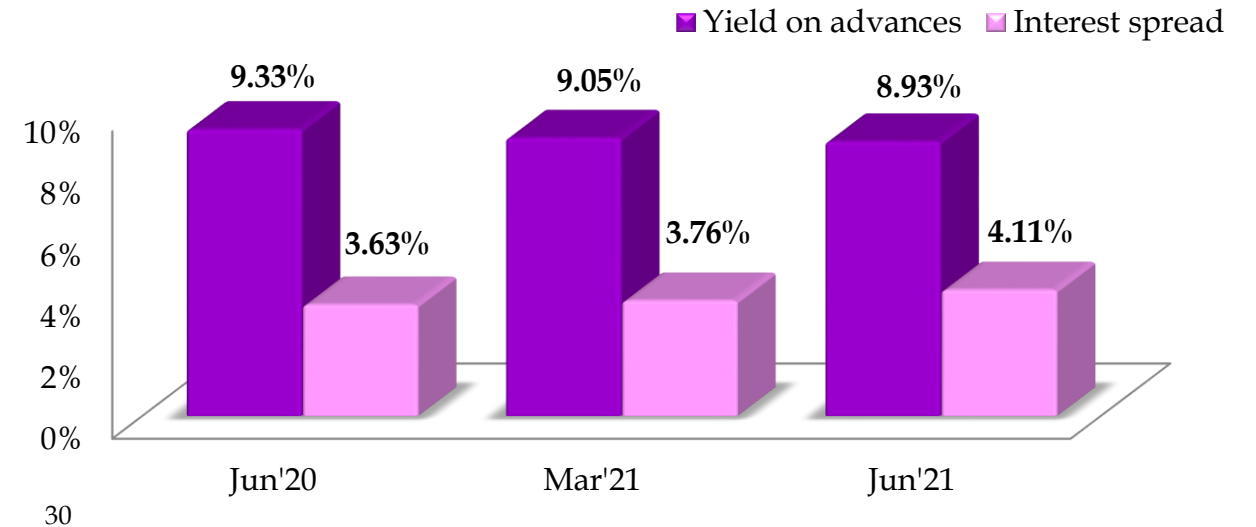


# CD Ratio & Yield on Advances

## Credit Deposit ratio (%)

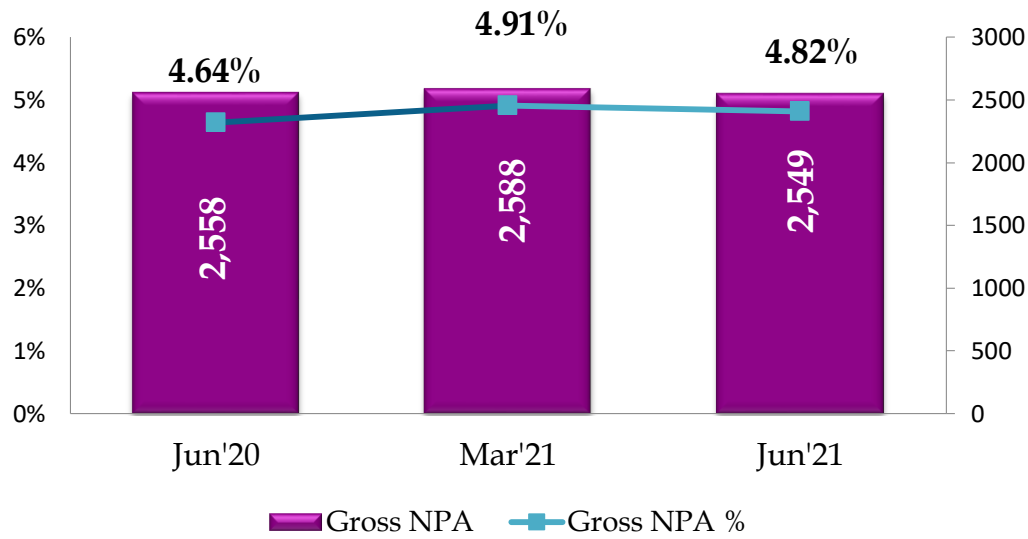


## Yield on Advances & Interest Spread (%)

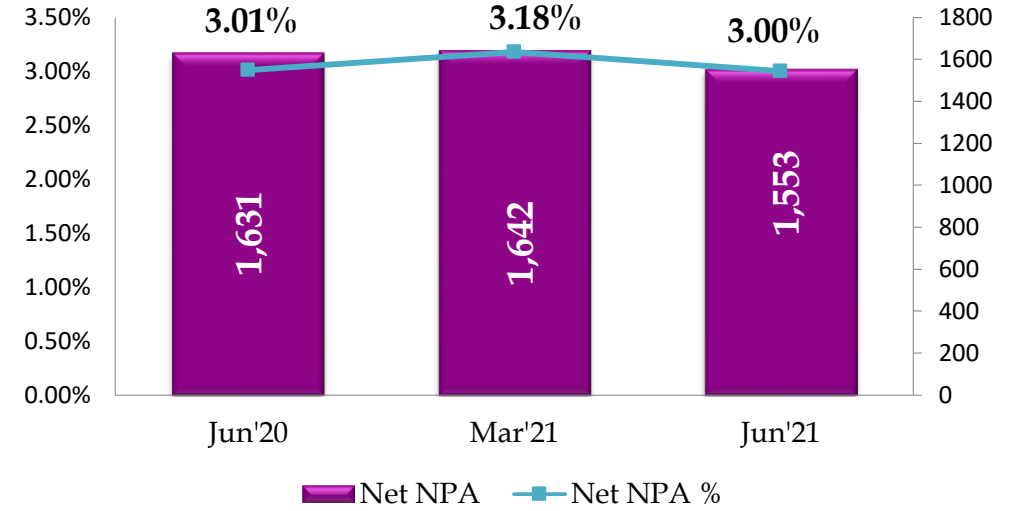


# Asset Quality

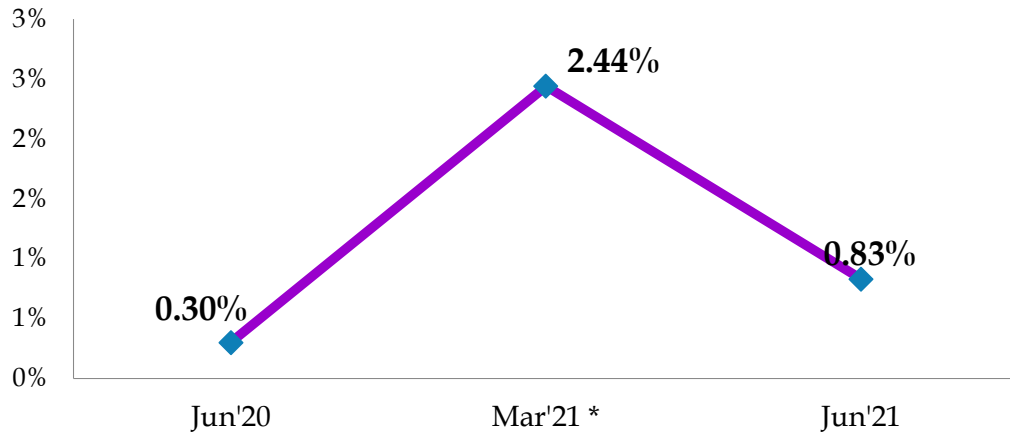
### Gross NPAs (₹ crs)



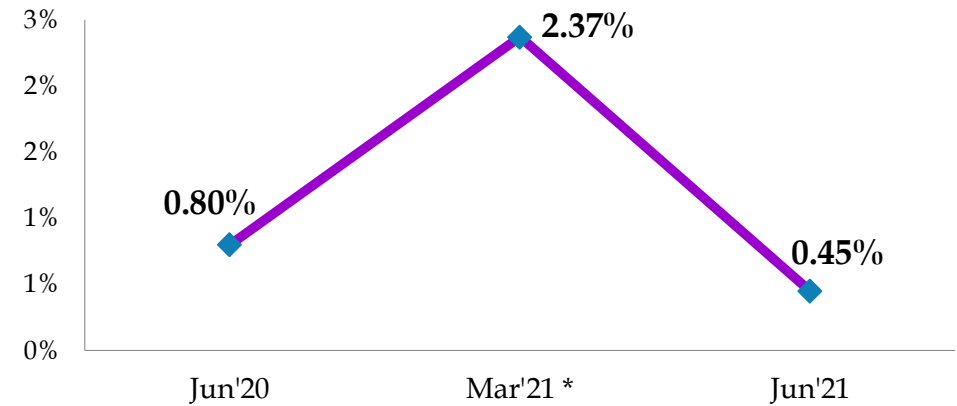
### Net NPAs (₹ crs)



### Slippage ratio



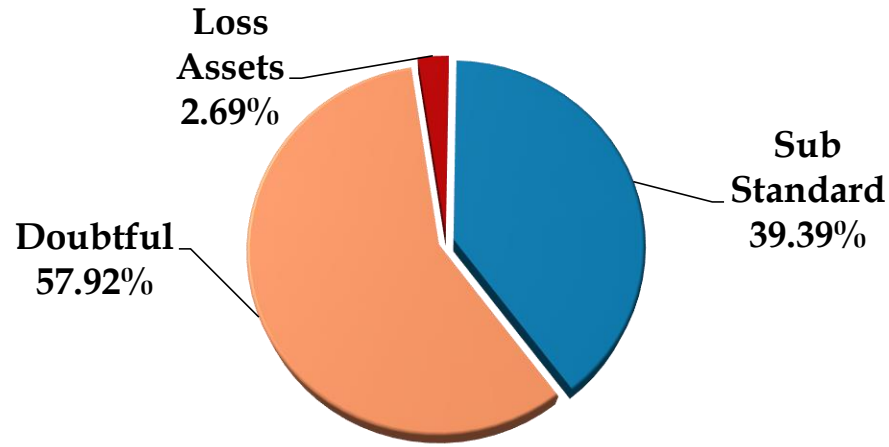
### Credit cost



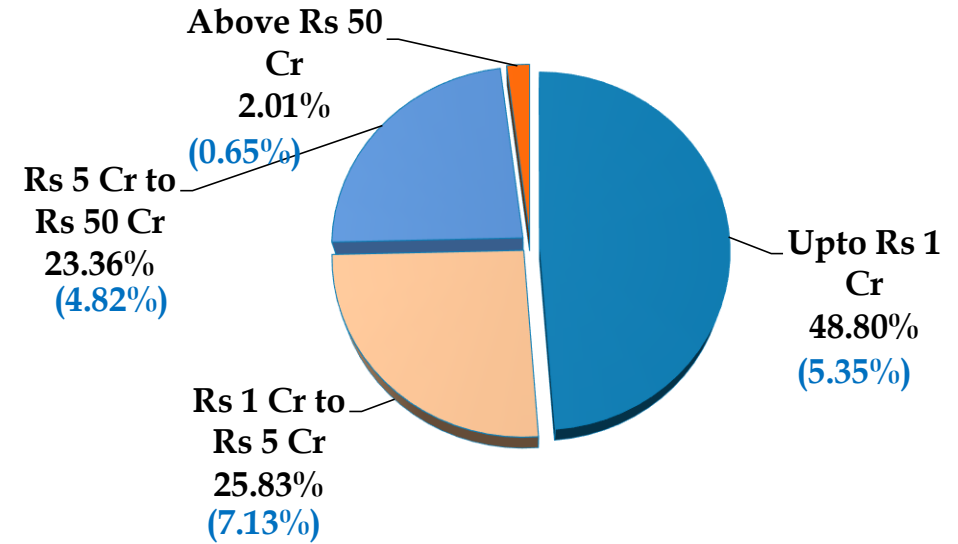
\* cumulative

# Asset Quality

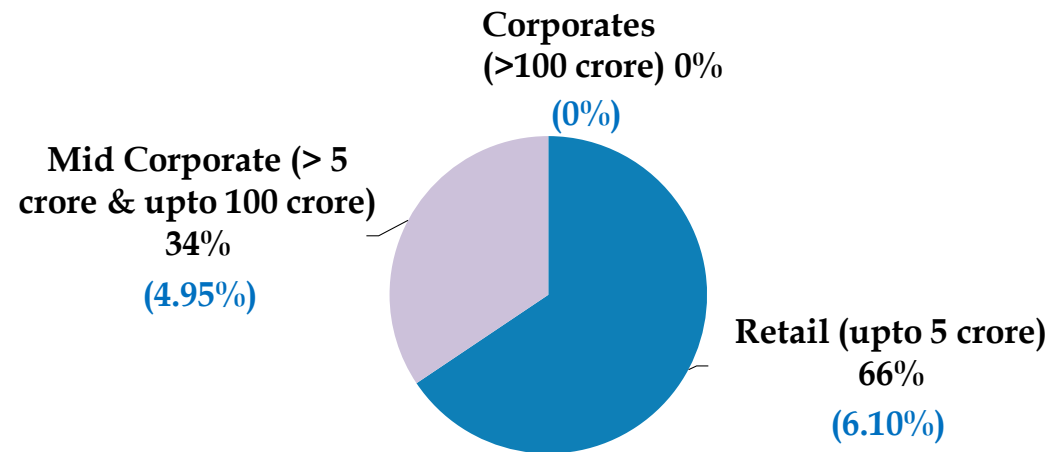
## Composition of NPA



## Size wise NPA



## Credit portfolio wise NPA



Figures in brackets represents % share of NPA in respective category



# Asset Quality

(₹ crs)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	FY21	Q1FY22
<b>Opening GNPA</b>	2456.38	2437.53	2594.27	2777.46	2456.38	2799.93	2557.64	2188.80	1706.57	2799.93	2588.41
<b>Addition</b>	526.02	530.95	637.54	304.07	1998.58	166.84	2.21	1.40	1175.92	1346.37	414.24
<b>Fresh slippages</b>	525.98	494.80	606.55	304.07	1931.40	155.65	1.49	0.27	1174.29	1331.70	409.67
<b>Slippages from existing NPA a/cs</b>	0.04	36.15	30.99	0.00	67.18	11.19	0.72	1.13	1.63	14.67	4.57
<b>Reduction</b>	544.87	374.21	454.35	281.60	1655.03	409.13	371.05	483.63	294.08	1557.89	453.59
<b>Recoveries</b>	102.39	74.99	70.74	74.77	322.87	33.89	137.46	85.14	94.29	350.78	182.07
<b>Upgradation</b>	51.97	70.69	56.29	62.37	241.32	12.40	18.57	5.76	16.98	53.71	88.32
<b>Write off</b>	390.51	228.53	327.32	144.46	1090.84	362.84	215.02	392.73	182.81	1153.40	183.20
<b>Closing GNPA</b>	<b>2437.53</b>	<b>2594.27</b>	<b>2777.46</b>	<b>2799.93</b>	<b>2799.93</b>	<b>2557.64</b>	<b>2188.80</b>	<b>1706.57</b>	<b>2588.41</b>	<b>2588.41</b>	<b>2549.06</b>
<b>Technical write off (cumm)</b>	1760.68	1971.10	2284.07	2172.34	2172.34	2526.83	2674.46	3033.87	2893.76	2893.76	3044.35
<b>Total GNPA (incl Technical write off)</b>	4198.21	4565.37	5061.53	4972.27	4972.27	5084.47	4863.26	4740.44	5482.17	5482.17	5593.41
<b>NPA Provision (cumm)</b>	648.36	711.28	687.62	1017.31	1017.31	896.39	960.51	740.10	901.95	901.95	949.24
<b>Total Provisions (incl Technical write off)</b>	2409.04	2682.38	2971.69	3189.65	3189.65	3423.22	3634.97	3773.97	3795.71	3795.71	3993.57
<b>Closing NNPA</b>	<b>1759.77</b>	<b>1863.11</b>	<b>2058.04</b>	<b>1755.01</b>	<b>1755.01</b>	<b>1630.65</b>	<b>1194.60</b>	<b>923.98</b>	<b>1642.10</b>	<b>1642.10</b>	<b>1552.95</b>
<b>PCR (%) incl Technical write off</b>	<b>58.08%</b>	59.19%	59.34%	64.70%	64.70%	<b>67.93%</b>	75.44%	* 75.09%	70.05%	70.05%	<b>72.24%</b>
<b>PCR (%) excl Technical write off</b>	27.80%	28.18%	25.90%	37.32%	37.32%	36.24%	45.42%	45.86%	36.56%	36.56%	39.08%
<b>GNPA %</b>	<b>4.55%</b>	<b>4.78%</b>	<b>4.99%</b>	<b>4.82%</b>	<b>4.82%</b>	<b>4.64%</b>	<b>3.97%</b>	<b>3.16%</b>	<b>4.91%</b>	<b>4.91%</b>	<b>4.82%</b>
<b>NNPA %</b>	<b>3.33%</b>	<b>3.48%</b>	<b>3.75%</b>	<b>3.08%</b>	<b>3.08%</b>	<b>3.01%</b>	<b>2.21%</b>	<b>1.74%</b>	<b>3.18%</b>	<b>3.18%</b>	<b>3.00%</b>

\* With proforma NPA.

# Asset Quality

## Top 25 NPA accounts & provisions held thereon (Jun '21)

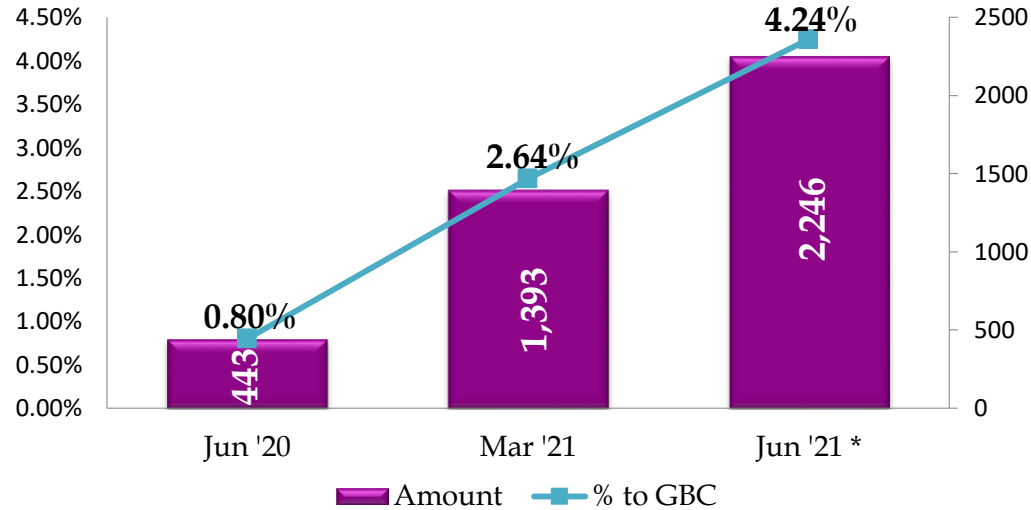
<b>NPA Classification</b>	<b>No. of Borrowers</b>	<b>Net Balance</b>	<b>Provision Held</b>	<b>Provision %</b>
SS	4 (9)	61.02 (525.24)	9.23 (87.69)	15.13 (16.70)
DS1	10 (11)	238.37 (410.04)	153.69(189.84)	64.48 (46.30)
DS2	10 (3)	238.21 (87.98)	153.08 (49.24)	64.26 (55.97)
DS3	0 (0)	0 (0)	0 (0)	0 (0)
LOSS	1 (2)	12.44 (132.80)	12.44 (132.80)	100 (100)
<b>Grand Total</b>	<b>25 (25)</b>	<b>550.04 (1,156.06)</b>	<b>328.44 (459.56)</b>	<b>59.71 (39.75)</b>

[ Figures in brackets – as of Jun '20]

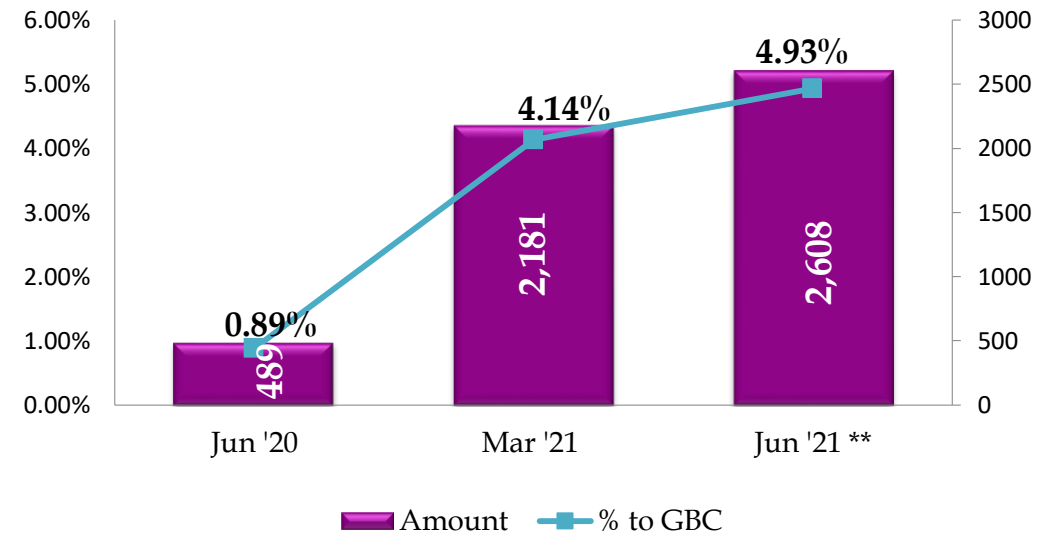
PS: Top 25 NPA borrowers contributed ₹ 1,156.06 crore to total NPA during the quarter ended Jun'20, whereas ₹ 550.04 crore during the current quarter.

# SMA accounts

### SMA2 (₹ crs)



### SMA1 (₹ crs)

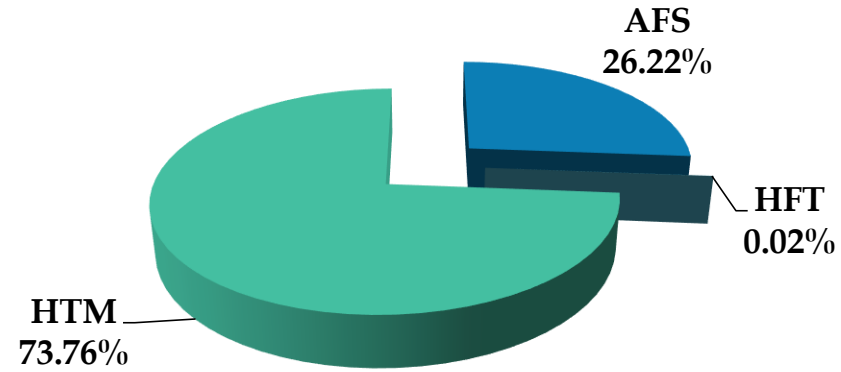
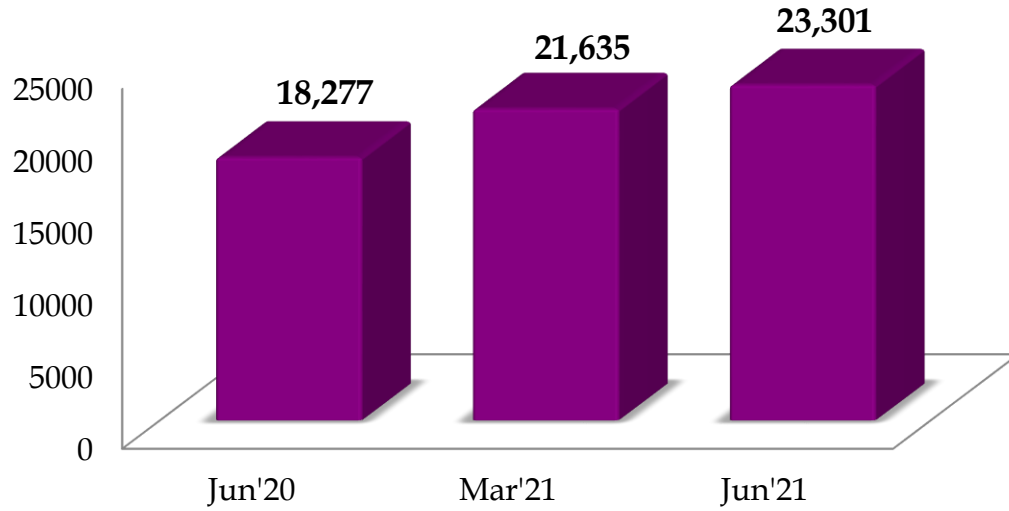


\* Of which, ₹ 5 crore & above as reported to CRILC platform is ₹ 449.56 crore (consisting of main accounts ₹ 398.10 crore and related accounts ₹ 51.46 crore). Regarding below ₹ 5 crore, it is at ₹ 1,796.19 crore (consisting of main account of ₹ 1,180.71 crore and related accounts of ₹ 615.48 crore).

\*\* Of which, ₹ 5 crore & above is ₹ 657.36 crore (consisting of main accounts ₹ 302.46 crore and related accounts ₹ 354.90 crore) and below ₹ 5 crore, it is at ₹ 1,950.76 crore (consisting of ₹ 1,286.96 crore under main accounts and ₹ 663.80 crore under related accounts).

# Investments

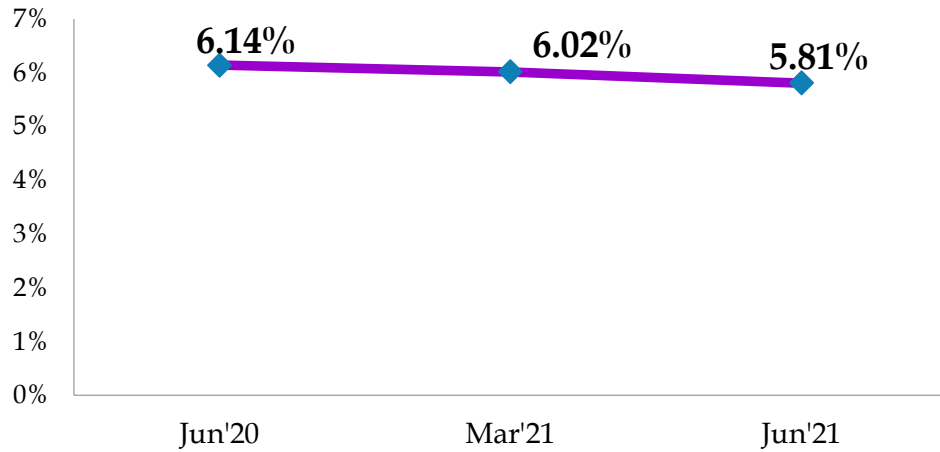
Investments [excl. RIDF] (₹ crs)



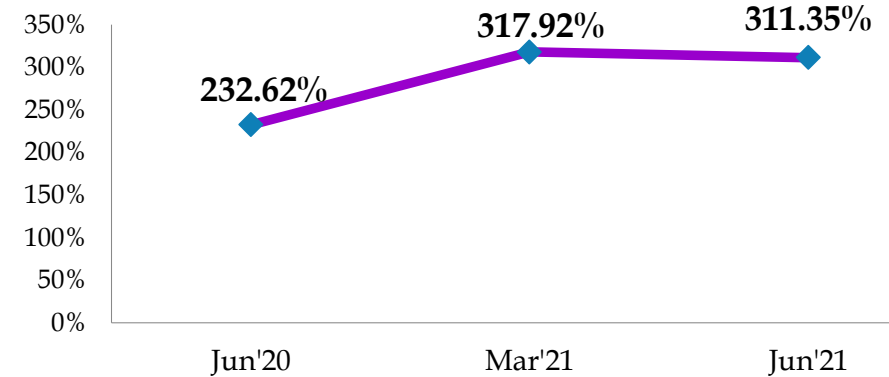
Duration

AFS	HFT	HTM	TOTAL
2.83	4.09	5.78	5.07



















Yield on Investments (%)

























Liquidity Coverage Ratio





























# Topline numbers

₹ crs	<u>Jun-21</u>	<u>Mar-21</u>	Q-o-Q variation	<u>Jun-20</u>	Y-o-Y variation
Total Deposits	76,215	75,655	 0.74%	71,854	 6.07%
CASA Deposits	23,490	23,823	 -1.40%	20,594	 14.06%
Retail Deposits	52,720	51,822	 1.73%	51,241	 2.89%
Wholesale Deposits	5	10	 -52.42%	19	 -75.42%
Total Advances	51,791	51,694	 0.19%	54,209	 -4.46%
Priority Sector Advances	28,693	28,617	 0.27%	25,453	 12.73%
Agri Advance	8,931	9,071	 -1.55%	8,580	 4.09%
MSME Advances	14,871	14,653	 1.49%	11,600	 18.17%
Advances to Weaker Section	3,922	3,758	 4.36%	2,531	 54.97%

# Headline numbers

₹ crs	<u>Jun-21</u> [3 months]	<u>Mar-21</u> [3 months]	Q-o-Q variation	<u>Jun-20</u> [3 months]	Y-o-Y variation
Interest Income	1,524	1,417	 7.48%	1,616	 -5.71%
Interest Expense	949	958	 -1.01%	1,081	 -12.20%
Net Interest Income	575	459	 25.19%	535	 7.41%
Fee Income	211	349	 -39.64%	164	 28.73%
Treasury Income	25	24	 3.72%	355	 -92.87%
Non-Interest Income	236	373	 -36.80%	519	 -54.54%
Total Income (Net of Interest Expense)	811	832	 -2.60%	1,054	 -23.09%
Operating Expenses	397	449	 -11.58%	377	 5.20%
Operating Profit	414	384	 7.93%	677	 -38.82%
Provision for loan losses in Adv. / losses in Invt. / Taxes / other	308	353	 12.54%	481	 -35.89%
Net Profit	106	31	 238.27%	196	 -45.98%

# Headline numbers

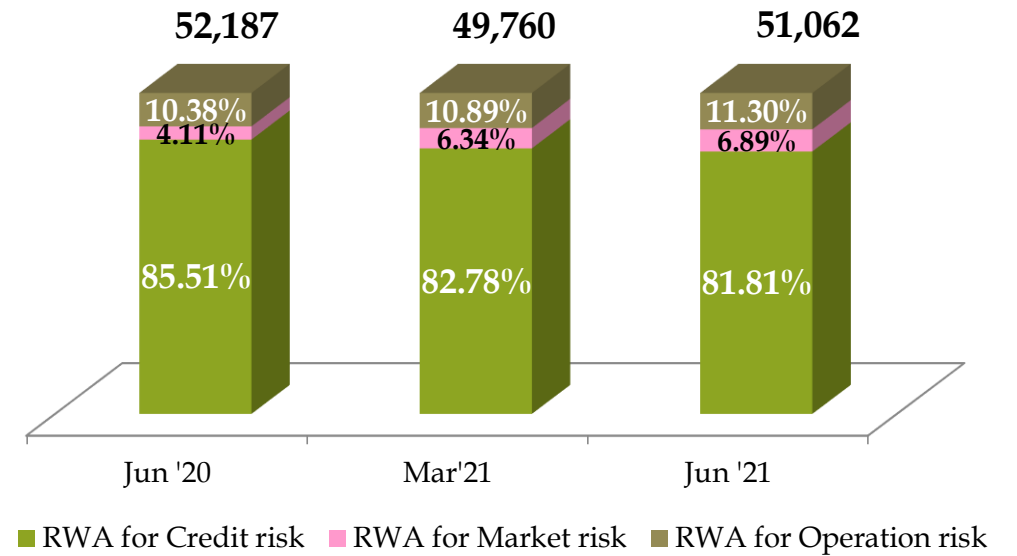
₹ crs	<b>Jun-21</b> [3 months]	<b>Mar-21</b> [3 months]	Q-o-Q variation (%)	<b>Jun-20</b> [3 months]	Y-o-Y variation (%)
<b><u>Interest Income</u></b>					
Interest Income	1,524	1,417	 7.48%	1,616	 -5.71%
Interest on Advances	1,161	1,073	 8.22%	1,299	 -10.58%
Interest on Investments	317	303	 4.56%	278	 14.00%
Other interest	46	41	 9.71%	39	 16.00%
Yield on Advances	8.93%	8.06%	 87 bps	9.33%	 -40 bps
Adjusted yield on Invts.	5.95%	5.84%	 11 bps	13.91%	 -796 bps
<b><u>Interest Expense</u></b>					
Interest Expense	949	958	 -1.01%	1,081	 -12.20%
Interest on Deposits	913	918	 -0.56%	1,020	 -10.54%
Other interest	36	40	 -11.08%	61	 -40.26%
Cost of Deposits	4.82%	4.94%	 -12 bps	5.70%	 -88 bps
<b><u>Net Interest Income</u></b>					
Net Interest Income	575	459	 25.19%	535	 7.41%
Interest Spread in Lending	4.11%	3.12%	 99 bps	3.63%	 48 bps
Net Interest Margin on average earning assets	2.98%	2.41%	 57 bps	2.89%	 9 bps

# Capital Adequacy

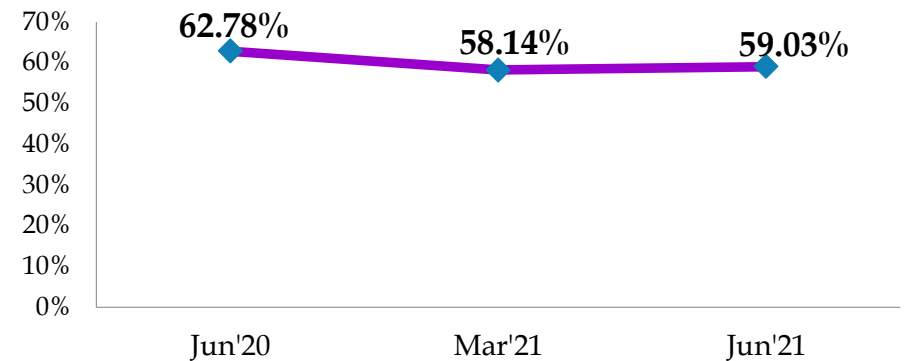
RS IN CRS	30.06.2021	31.03.2021	30.06.2020
<b>Risk Weighted Assets</b>	<b>51,061.91</b>	<b>49,759.61</b>	<b>52,186.81</b>
<b>Total Capital Fund (Basel III)</b>	<b>7,445.16</b>	<b>7,387.05</b>	<b>6,822.31</b>
<b>Total Tier I Capital</b>	<b>6,178.00</b>	<b>6,140.39</b>	<b>5,778.58</b>
Paid up Equity Capital	310.88	310.88	310.88
Reserves under Tier I Cap.	5,867.12	5,829.51	5,467.70
<b>Eligible Tier II Capital</b>	<b>1,267.16</b>	<b>1,246.65</b>	<b>1,273.11</b>
General Provisions & Reserves	522.16	501.65	467.11
Subordinated Debt Fund	745.00	745.00	770.00
<b>CRAR under Basel III</b>	<b>14.58%</b>	<b>14.85%</b>	<b>13.44% *</b>
CRAR Tier I Capital	12.10%	12.34%	11.07%
CRAR Tier II Capital	2.48%	2.51%	2.37% *

\* Recomputed by including full eligible Tier II Capital

## Risk Weighted Assets



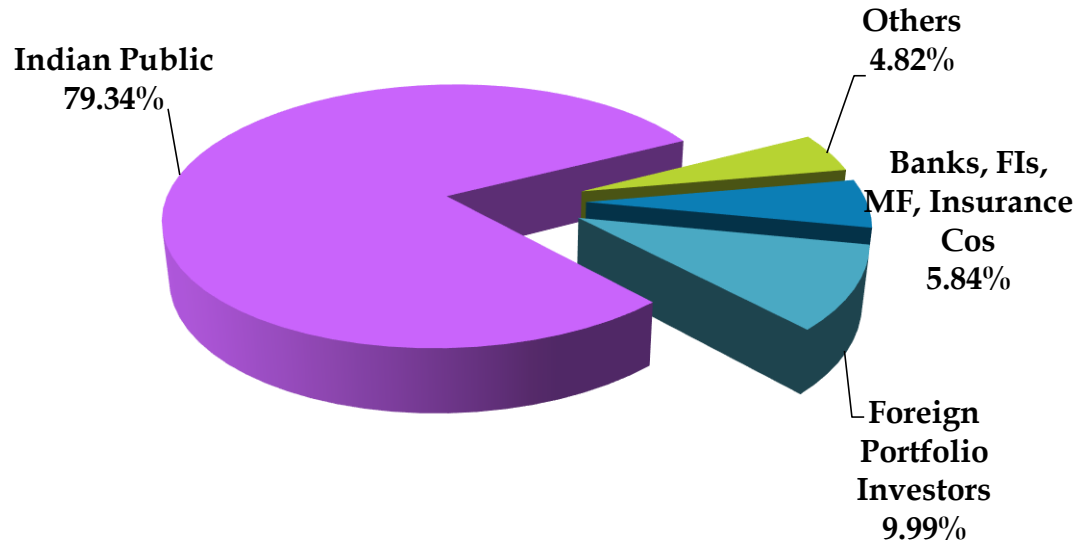
## RWA to Total Assets



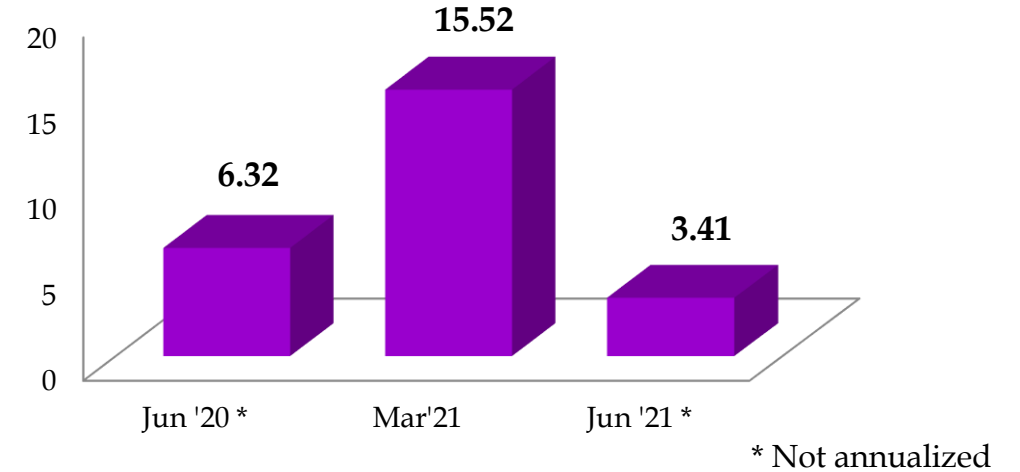


# Share holders' value

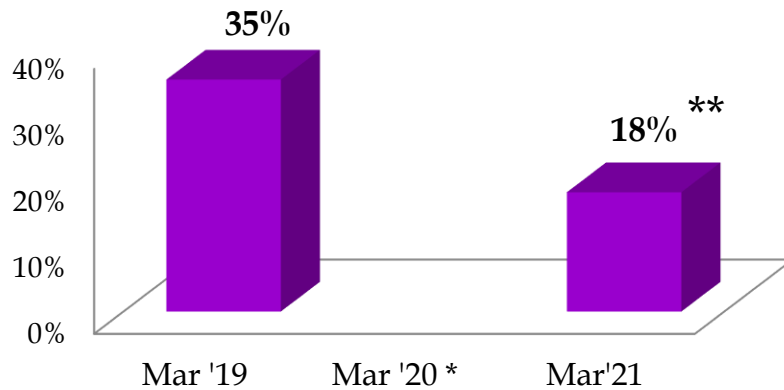
## Share holding pattern (Jun '21)



## Earning Per Share (₹)



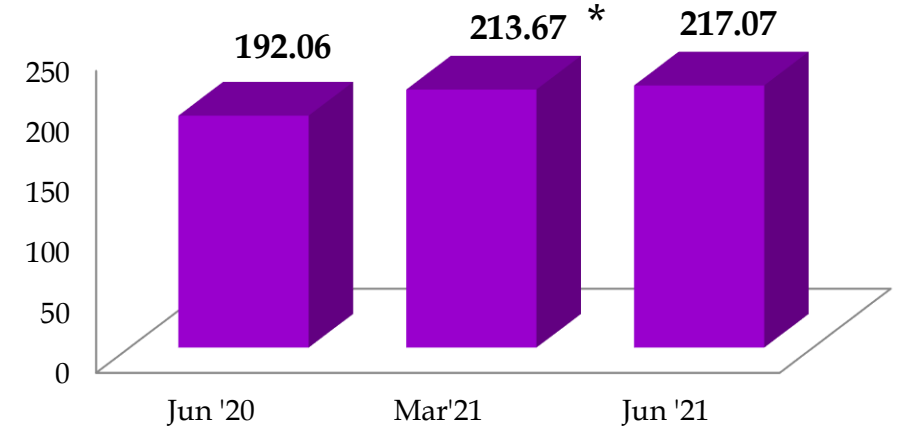
## Dividend



\* No dividend for the financial year 2019-20 due to RBI restriction on account of COVID-19 pandemic.

\*\* Recommended by the Board as per the extant guidelines of RBI.

## Book value (₹)

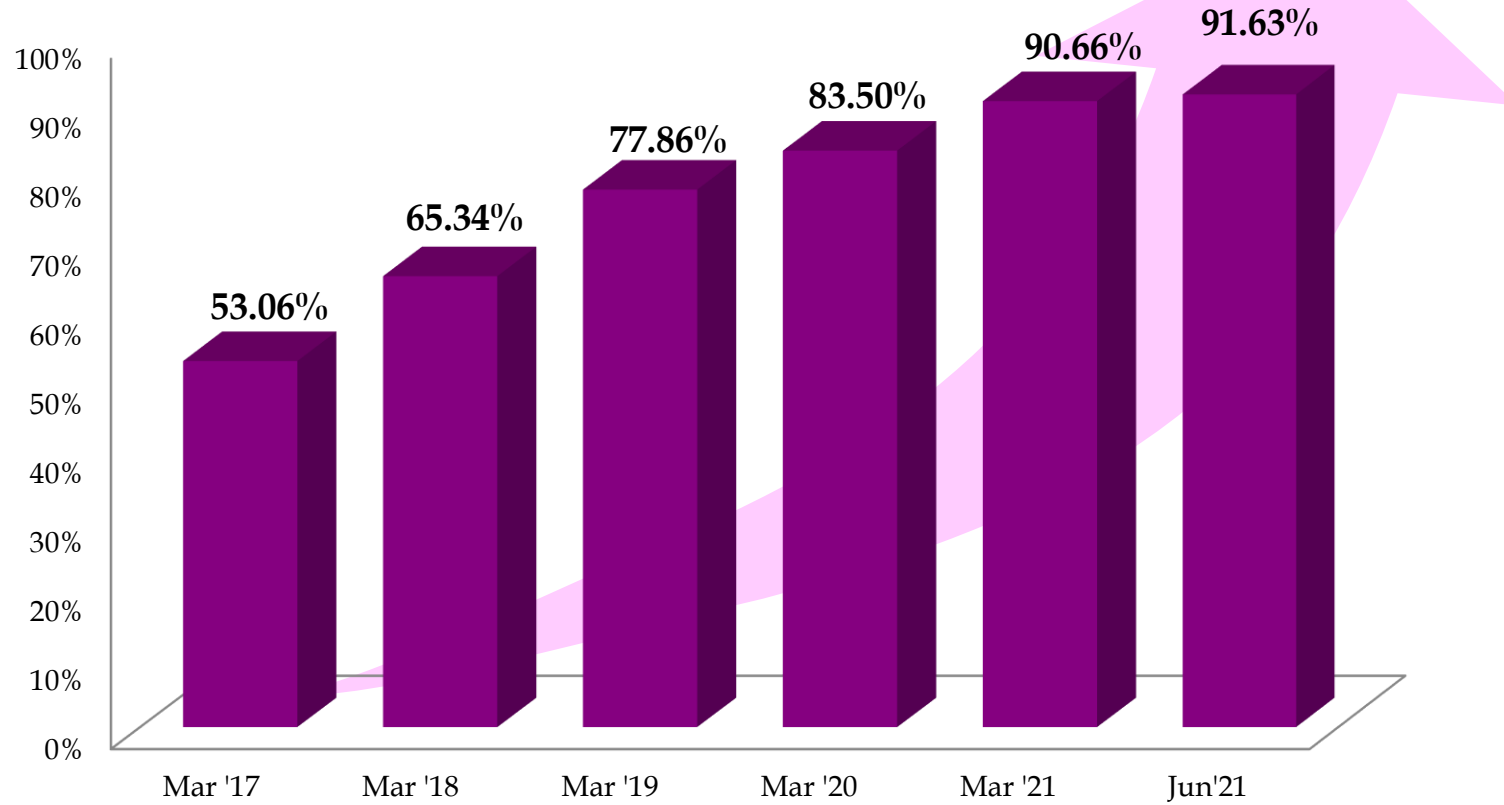


\* After considering the bonus shares issued during the FY ended 31.03.2020

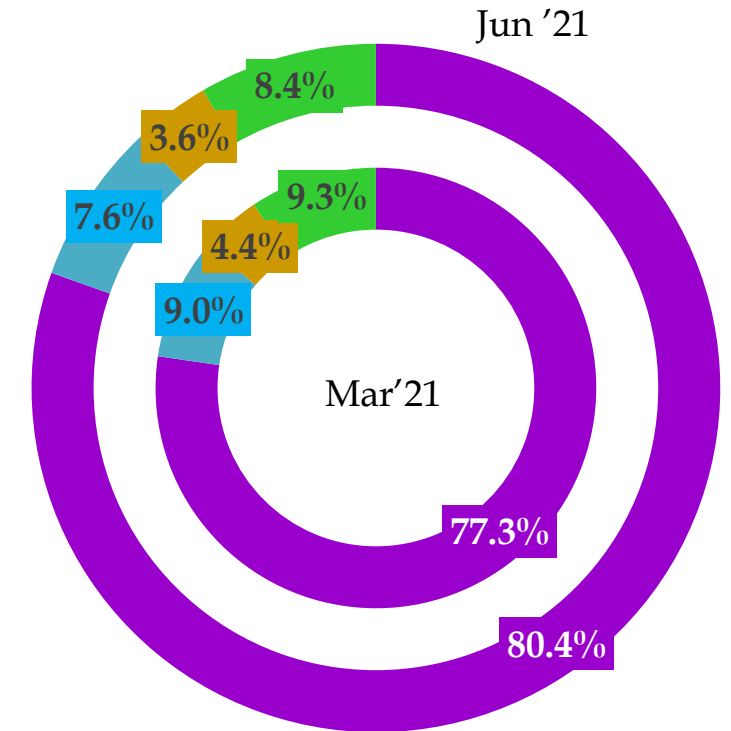
# Digital capabilities

## Migration to Digital Channel

[share of ADC transactions to total CBS transactions]



## Digital Adoption

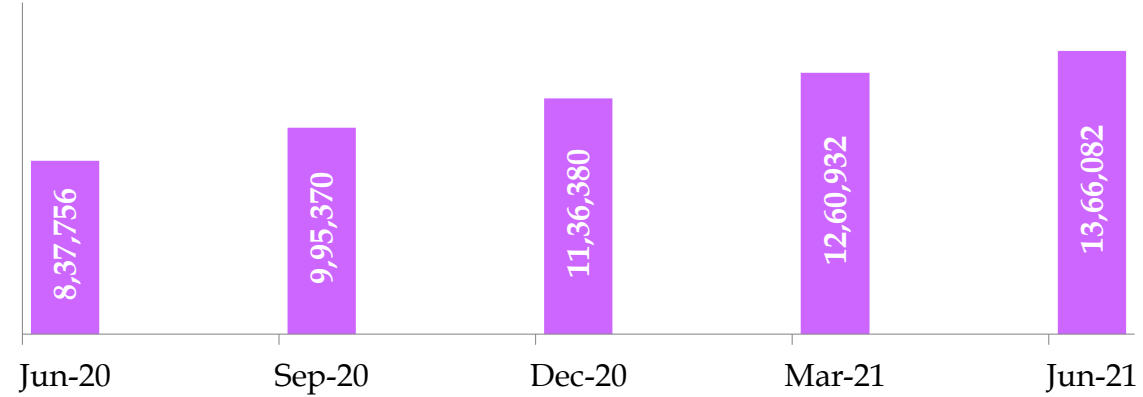


■ Digital \* ■ ATM/BNA ■ POS ■ Branch

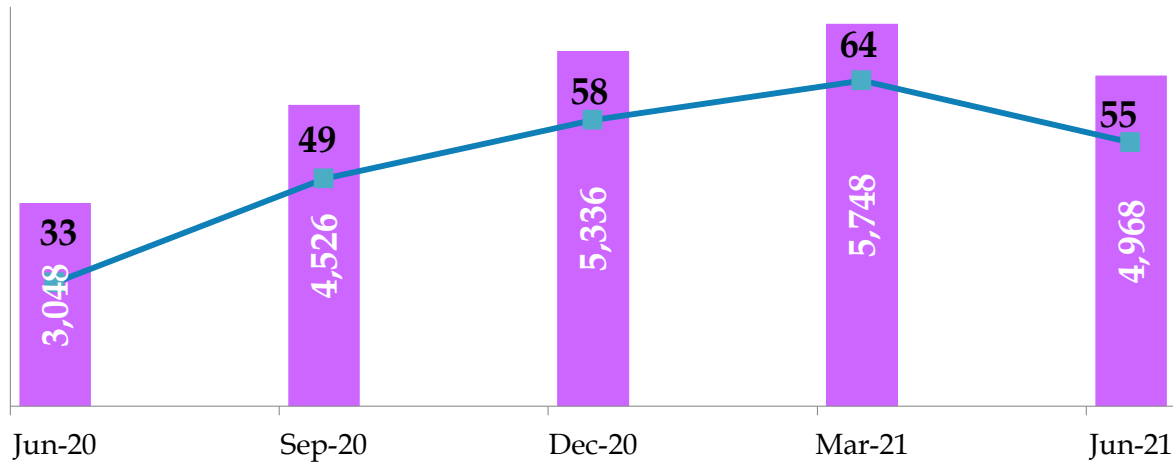
\* Internet Banking, Mobile Banking, IMPS, UPI transactions

# Mobile Banking

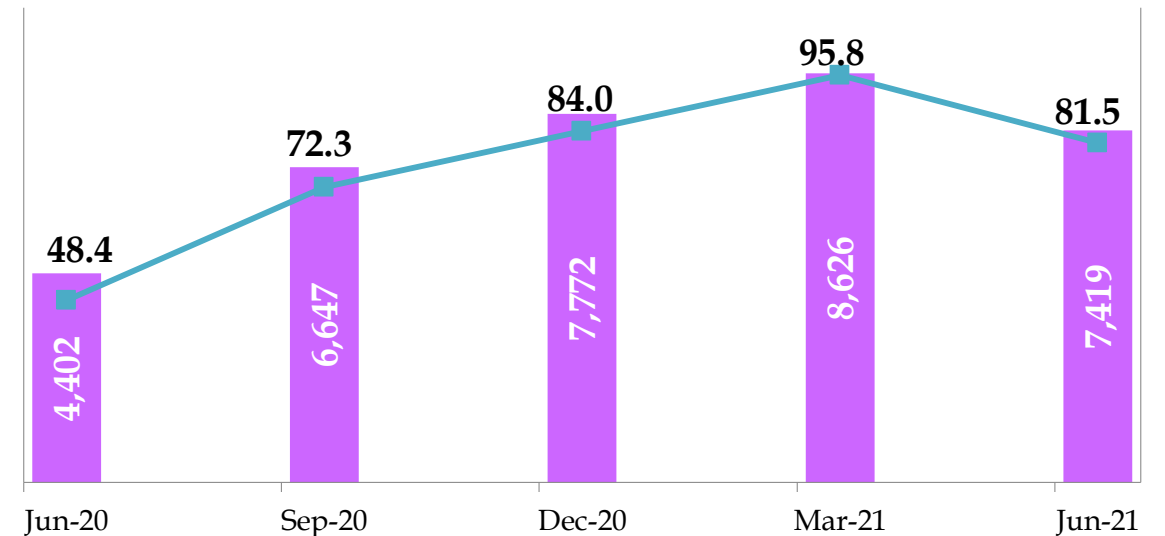
No. of Regd users (Actuals as at the end of the quarter)



No. of transactions during the quarter



Value of transactions during the quarter

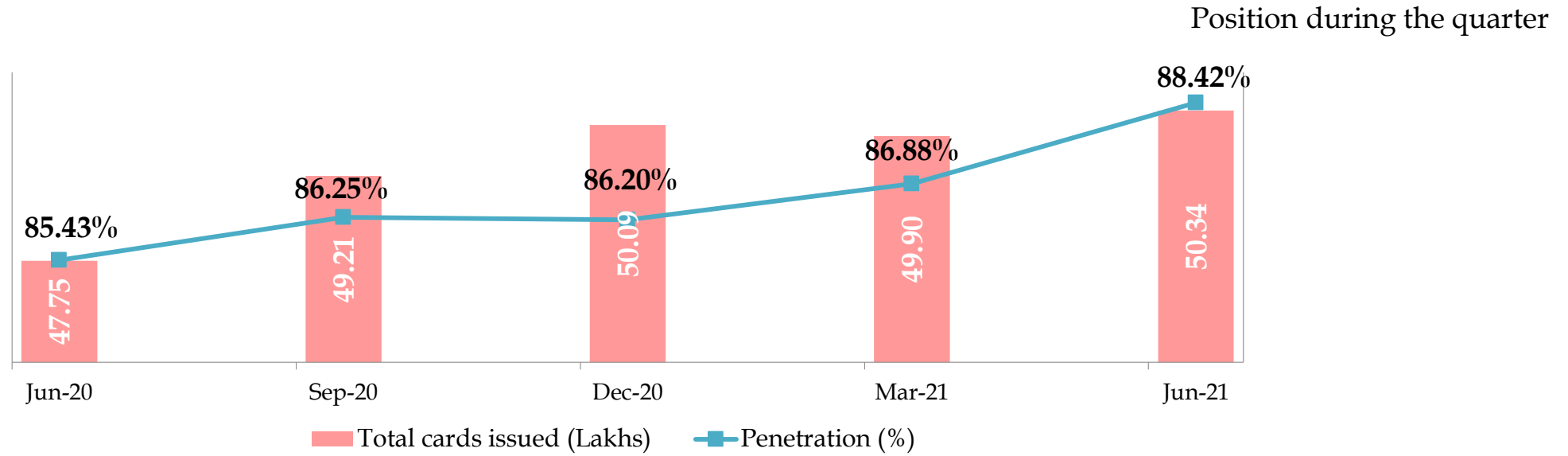


■ No. of Transactions (in 000's)    ■ Avg. Transactions per day (in 000's)

■ Value of Transactions (in Cr)    ■ Avg. value of Transactions per day (in Cr)

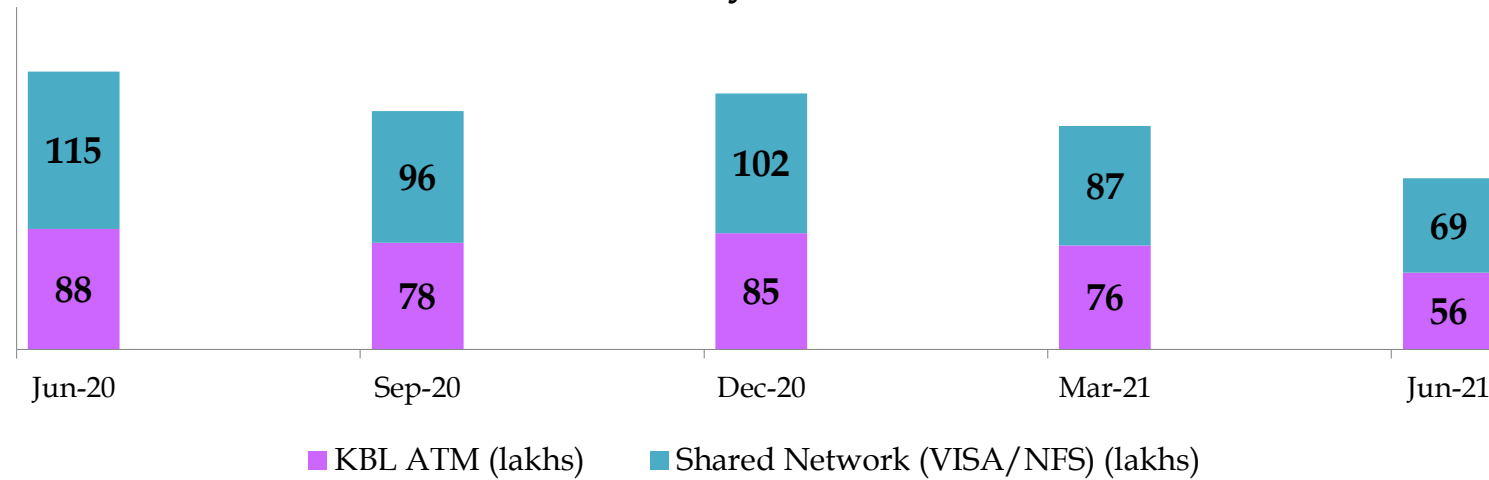
# Debit Cards

## Debit cards Penetration



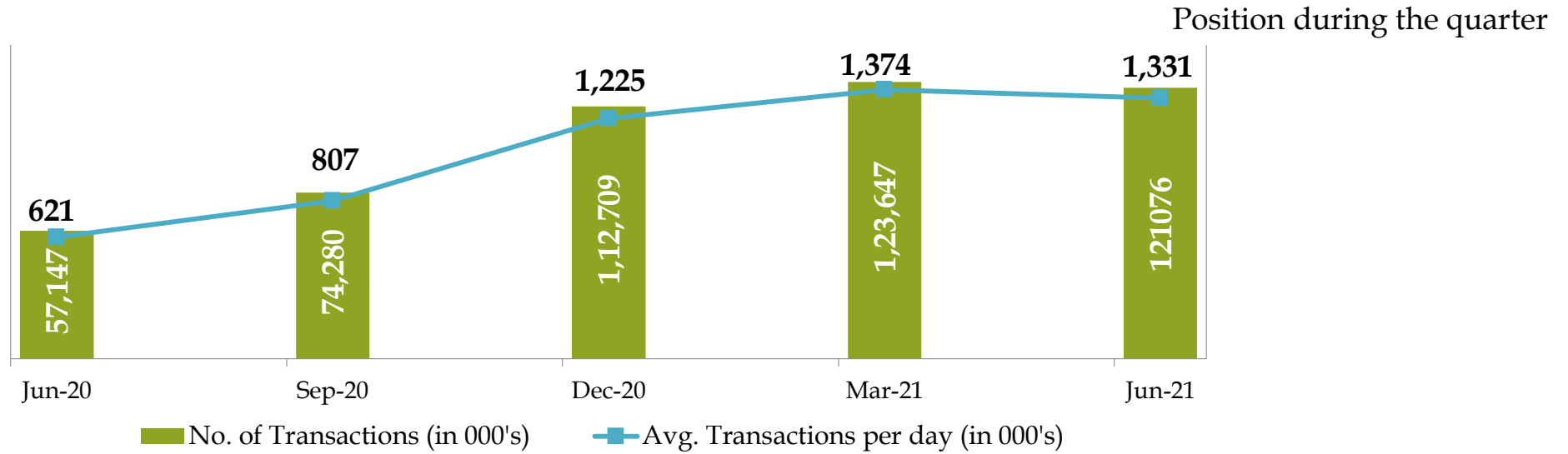
## Cards Usage

### Total ATM transactions by our Debit Card holders

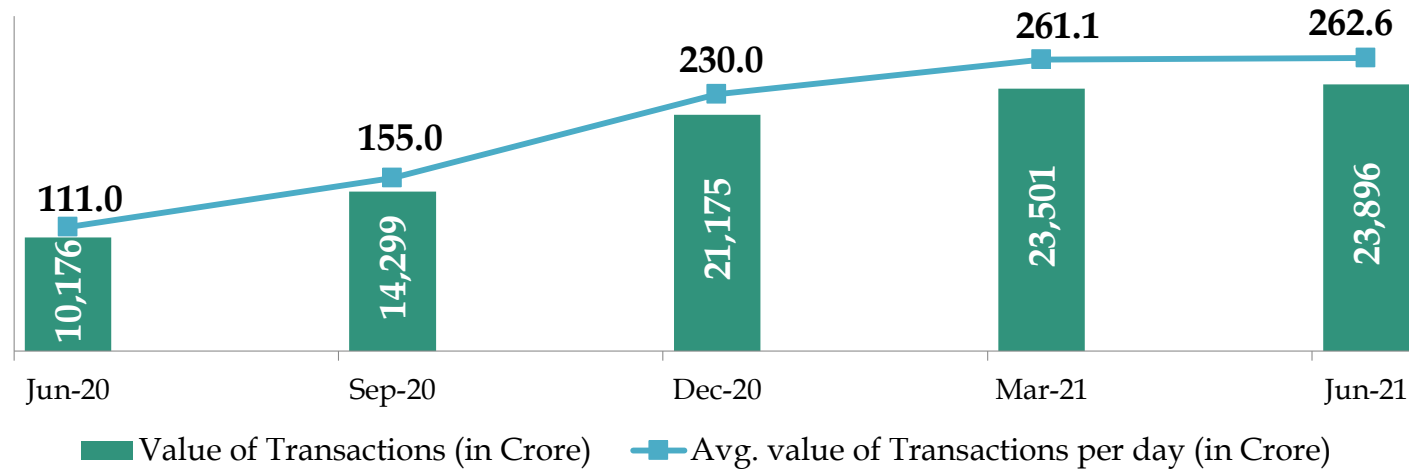


# UPI transactions

BHIM KBL UPI Txns count

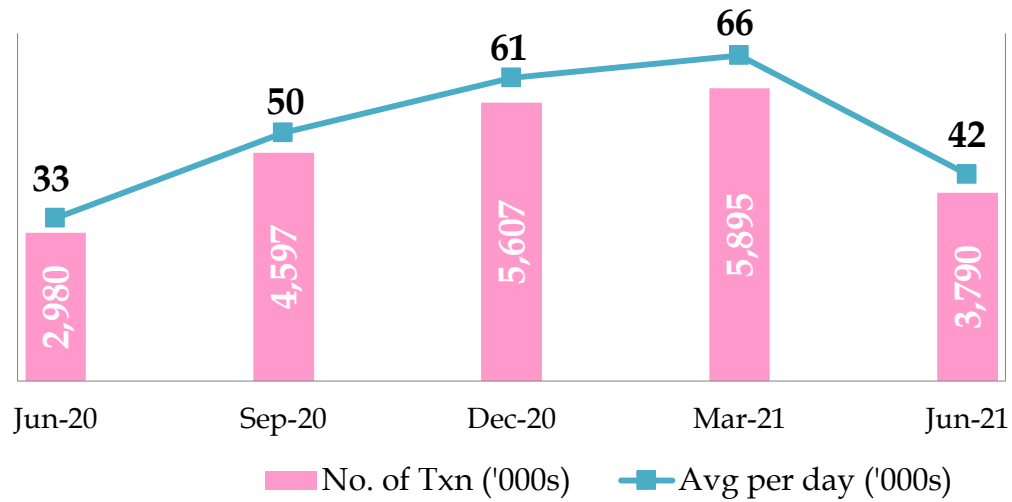


BHIM KBL UPI Txn Value

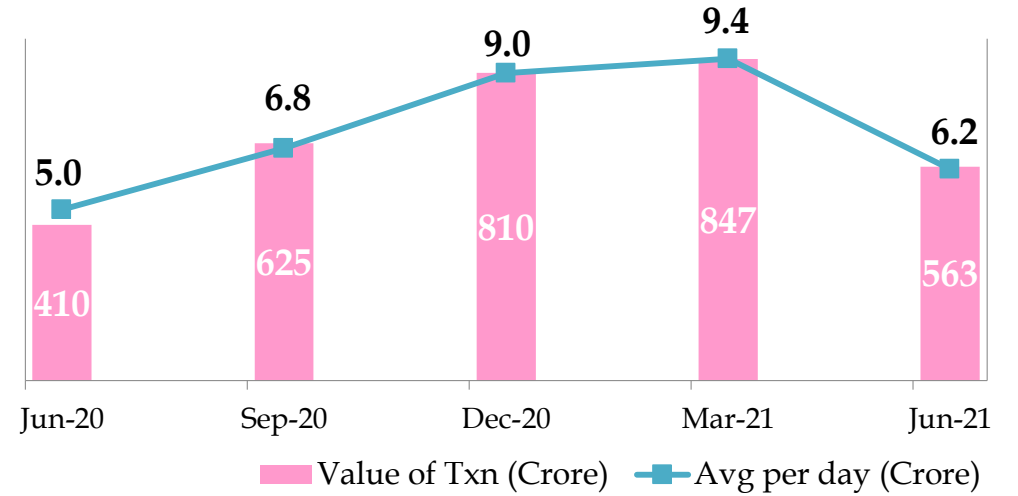


# POS & ECOM transactions

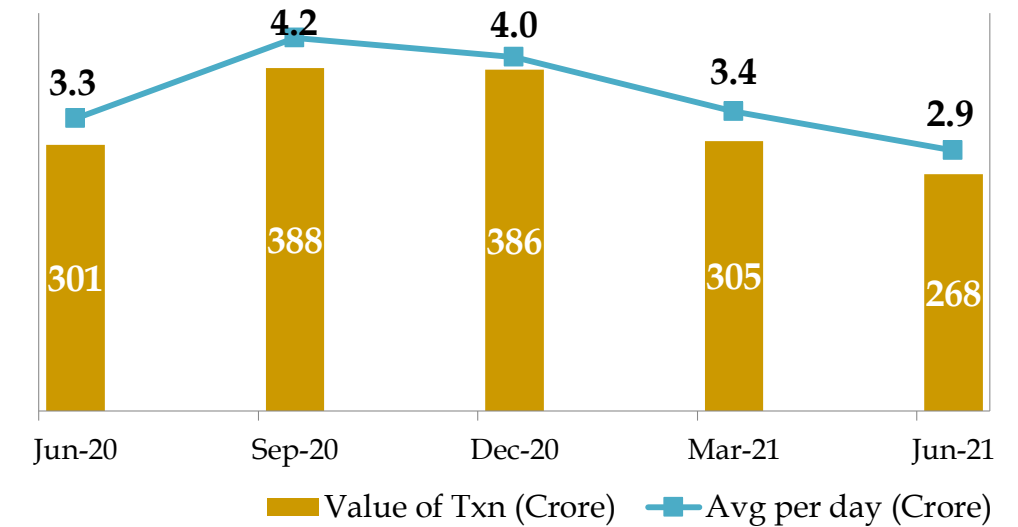
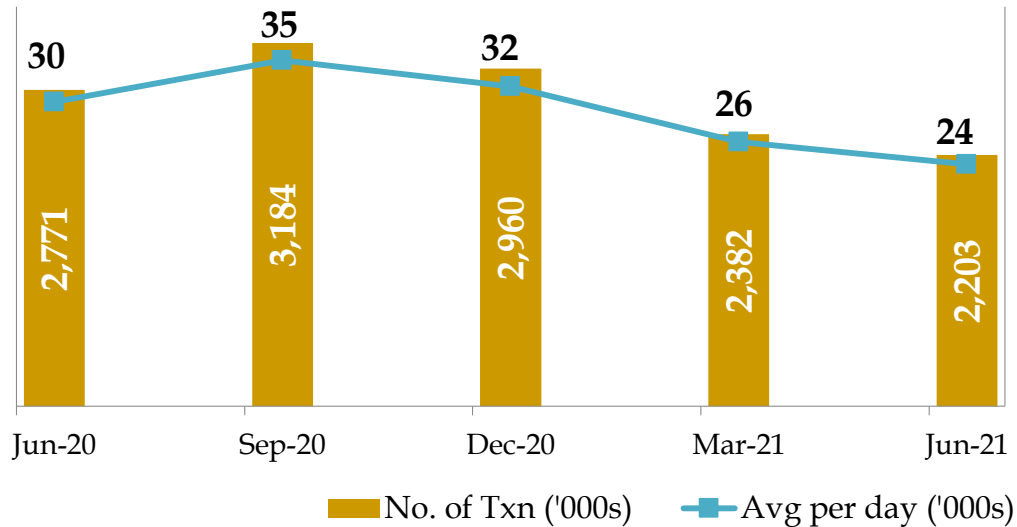
## POS Transactions



## Position during the quarter



## ECOM Transactions



# KBL-Vikaas - Bank's Transformation Journey

## DCoE : Accelerating Digital & Transformation Outcomes:



### New Digital Innovation:

- ✓ Focus on Customer Analytics & Lead generation at Branch nudge through ABCD & XPAWS.

### Adoption : Accelerating Digital Xpress Loan share:

- ✓ Home Loan : 74% of fresh sanctions, 47% more v/s Q1FY21 27%
- ✓ Car Loan : 62% of fresh sanctions, 23% more v/s Q1FY21 39%
- ✓ Cash Loan : Perfect 100. All fresh sanctions done digitally
- ✓ MSME Loan : 50% of fresh sanctions, 8% more v/s Q4FY21 42%.

### Risk Reduction: Improving Asset Quality (> Cibil V3 701 Score portfolio):

- ✓ > 75% New Digital Sanction (Low & Medium Risk) v/s 67% Manual Portfolio

### Comprehensive Digital Products :

- ✓ Xpress Retail : Home / Car / Cash
- ✓ Xpress MSME : OD / CV / TL / MM / BQL
- ✓ Customer Onboarding : Xpress SB Accounts
- ✓ DhIRA (Digi-human Interactive Relationship Assistant - AI Driven)
- ✓ ABCD (Annual Branch Customer Dashboard)
- ✓ XPAWS (Xpress Profile Analysis for Wallet Share)

# Strong foundation of digital capabilities and enablers

## Internet Banking



## Mobile Banking



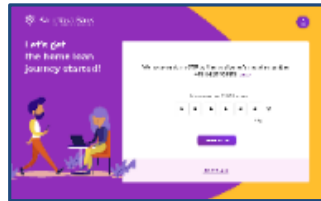
## KBL BHIM UPI



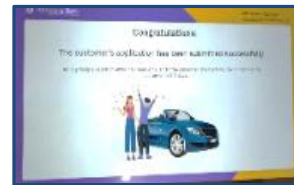
## KBL- mPassBook



## Xpress Home Loan



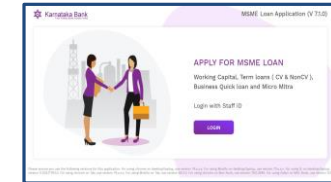
## Xpress Car Loan



## Xpress Cash Loan



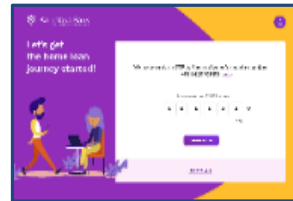
## Xpress MSME



## Term loan



## CV loan



## Xpress SB



## Digital MF



## DhIRA



## XeD



## Smart Trade



## ABCD



## X-PAWS





# Sustainability driven by Digital Tools

## Sales and Other management tools



Lead Management System



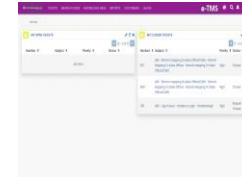
Collection activities



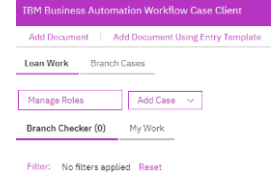
E-Connect Loan Payment Portal



NPA Management tool



e -Ticket Management System

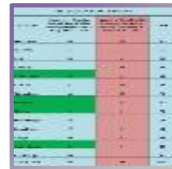


Document Management System

## Performance management and review tools



Allocation of roles and KRAs



Daily tracking of huddle



Digital calling tool  
Lead calling status tracking



Automated Business review tool

- 15 Business Dashboards are implemented.
- 5 Dashboards are in progress.

# Xpress Analytics

## Annual Branch Customer Dashboard (ABCD)



### Information on branch finger tips

- Customer Profile & Segment
- Products & Services Usage
- ADC Adoption
- Repayments
- Profitability



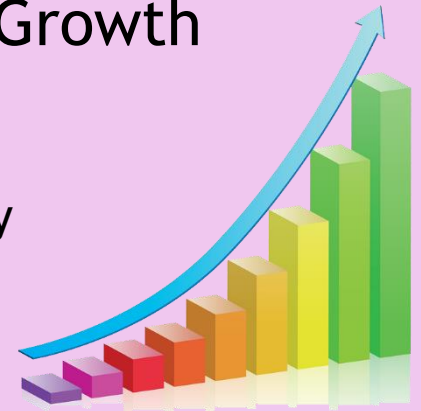
Analyzing Customer Relationship

## Xpress Profile for Wallet Share (XPAWS)



### Accelerating Quality Growth

- ADC Adoption & Usage
- Re-KYC and Contactability
- CASA Share
- Product Recommendation
- Quality of Business
- Customer Satisfaction
- Branch Productivity



Driving Quality & Wallet Share

# Business Strategy



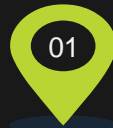
# Corporate Goal for 2021-22

**Business Turnover**

**₹ 1,42,500 crore**

**Road Ahead** →

Digital journey for many more retail loan products



Digital opening of CASA accounts in Web Portal



Customer onboarding through V-CIP



Construction of an iconic building 'KBL Centenary Tower'



On-boarding 2<sup>nd</sup> vendor for Contact Centre activities

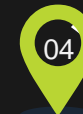


Setting up of ACoE (Analytical Centre of Excellence)



Implementation of Data Analytics

Enhancement of existing Mobile Banking & Internet Banking features



Risk Management Dept to be covered under 'QMSS-ISO 9001'



Further strengthening of sales verticals



# Roadmap - Upcoming Lanes

## **Xpress Journey**



- Retail/Mortgage Loan Digitisation of New Products ( Mortgage OD etc )
- End to End Digi Journey Enhancements ie Valuation, Legal & BIR Automation.
- KBL Xpress Current Account digital Journey

## **Digital Marketing**



- Customer Relationship Management (CRM ) & Campaign Automation
- Implementation tool for Market Research & Tracking of Brand Salience
- Website & MB Analytics acceleration through SEO & SEM

## **New Initiatives**



- ACoE (Analytical Centre of Excellence) incubation - Platform & Right Skills
- Fintech Acceleration - Agri Tech, Neo Bank, DSA-BSA, TPP Platform, Virtual Cards, BNPL
- DhIRA on-Xpress Journeys as Virtual Assistant for customer ease and better conversions
- Digital Contactability Enhancement Methods for better service delivery to customers
- Insta MB (Restricted Rights MB Registration for all new A/C) and InApp A/C's & Re-KYC

# Business Strategy

## CASA deposits

- ❑ Focusing on customer onboarding to increase CASA as well as cross selling
- ❑ RSE approach to CASA marketing.
- ❑ SB account opening through TAB banking, Web portal.

## Minimum space maximum business.

## Credit augmentation

- ❑ Focusing on MSME sector
- ❑ Focusing on mid-corporate & retail sectors
- ❑ Flow based lending and an exclusive personal loan product.

## NPA & Stressed Assets management

- ❑ Minimizing slippages and improving recovery management.
- ❑ A comprehensive collection mechanism.

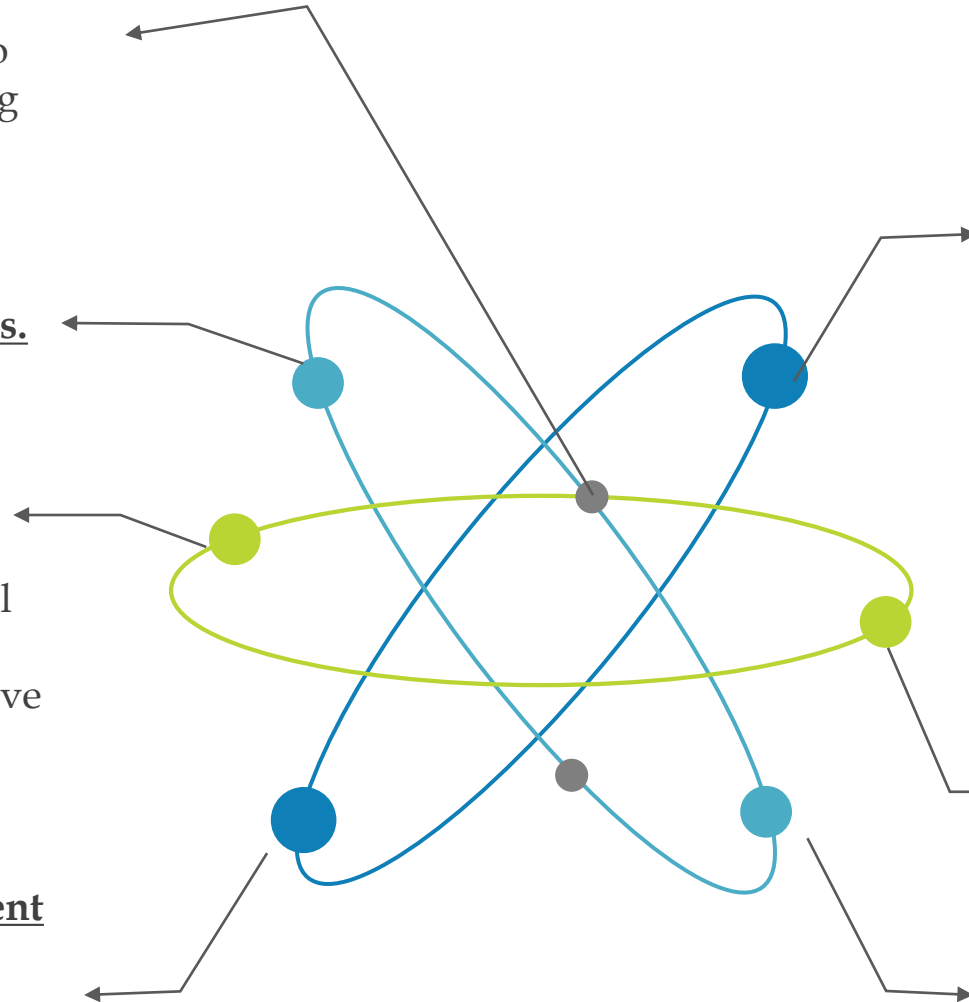
## Digital Banking initiatives

- ❑ Focusing on digital marketing of Bank's products & services
- ❑ Digital loan sanctions for HL, PL, Auto loans and other retail & MSME loans
- ❑ Value addition to Bank's existing Mobile Banking & Internet Banking channels
- ❑ Installation of self service kiosks
- ❑ Comprehensive IT and Digital Strategy - Making available critical applications and IT infrastructure
- ❑ Focusing on ABCD, a 360° review of customer data.

## Para banking activities

encompassing Insurance & Mutual Funds.

Partnered with efficient contact center for handling both in-bound & outbound calls.





# Corporate Social Responsibility



Solar roof-top photovoltaic system installed at the campus of Poornaprajna Institute of Scientific Research, Devanahalli, Bengaluru.



Ventilator donated to Tatwadarsha Hospital, Hubballi.

# Board of Directors



**P Jayarama Bhat**  
Non Executive Chairman



**Mahabaleshwara M S**  
Managing Director & CEO



**Rammohan Rao Belle**  
Bengaluru  
Former MD & CEO, SBI Gen.  
Insu. Co. Ltd



**Keshav Krishnarao Desai**  
Hubballi  
Businessman



**Mrs Mythily Ramesh,**  
Bengaluru  
IT Professional and Co-Founder &  
CEO of NextWealth



**B R Ashok**  
Chartered Accountant  
Partner in M/s. MSKC & Associates,  
Chartered Accountant, Chennai



**Justice A V Chandrashekar**  
Bengaluru  
Former Judge, High Court of Karnataka  
and former Judicial Member, Karnataka  
State Administrative Tribunal



**Pradeep Kumar Panja**  
Bengaluru  
Former MD (Corporate Banking),  
SBI



**Mrs Uma Shankar,**  
Bengaluru  
Former ED, RBI



**Mr D S Ravindran,**  
Bengaluru  
Former Principal Secretary to the  
Government Khajane-2, Finance Dept,  
Govt of Karnataka.



**Mr Balakrishna Alse,**  
Mangaluru  
Former ED, OBC





Thank You

WE EXPRESS OUR  
HEARTFELT GRATITUDE  
TO ALL OUR STAKE  
HOLDERS FOR THEIR  
TRUST & SUPPORT AND  
SOLICIT THEIR  
CONTINUED PATRONAGE,  
AS WE CONTINUE OUR  
JOURNEY WITH RENEWED  
DEDICATION &  
COMMITMENT TO MAKE  
OUR BELOVED  
KARNATAKA BANK  
"A DIGITAL BANK OF THE  
FUTURE".

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