

# Karnataka Bank Ltd.

Your Family Bank, Across India

Regd. & Head Office  
P. B. No.599, Mahaveera Circle  
Kankanady  
Mangaluru – 575 002

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Website : [www.karnatakabank.com](http://www.karnatakabank.com)  
CIN : L85110KA1924PLC001128

## SECRETARIAL DEPARTMENT

October 28, 2021  
HO/SEC/147/2021-22

To:

The Manager  
Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza,C-1, Block G  
Bandra-Kurla Complex, Bandra (E)  
MUMBAI-400051

The General Manager  
BSE Limited  
Corporate Relationship Dept.  
Phiroze Jeejeebhoy Towers  
Dalal Street  
MUMBAI-400001

**Scrip Code: KTKBANK**

**Scrip Code: 532652**

Dear Sir/Madam,

**Reg.: Presentation-'Analysis of Financial Results Q2FY22'.**

Pursuant to Regulation 30 read with Schedule III of SEBI (LODR) Regulations, 2015 and in continuation to the publication of unaudited results for the quarter ended September 30, 2021, we enclose herewith the '**Presentation on Analysis of Financial Results Q2FY22**' .

The above document has been hosted on our Bank's website also at [www.karnatakabank.com](http://www.karnatakabank.com) under Investor Portal Section.

Kindly take the above on record.

Thank You,  
Yours faithfully,

  
Prasanna Patil  
**COMPANY SECRETARY**



**Karnataka Bank**  
Your Family Bank Across India

**Analysis of Financial Results**  
**September 2021**

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# Highlights - Q2 FY22

3 Months

6 Months

KPAs	Q2 FY 22	Q2 FY 21	Y-o-Y	Q1 FY 22	H1 FY 22	H1 FY 21	Y-o-Y	(₹ crs)
Turnover	131389	127028	3.43%	128006	131389	127028	3.43%	
Asset size	89216	83389	6.99%	86506	89216	83389	6.99%	
Operating profit	389.44	447.17	-12.91%	384.65	774.09	1102.88	-29.81%	
Net profit	125.45	119.35	5.11%	105.91	231.36	315.73	-26.72%	
Return on Asset	0.57%	0.56%	+1 bps	0.49%	0.53%	0.75%	-22 bps	
Earning per Share (₹) (not annualized)	4.04	3.84	0.20₹	3.41	7.44	10.16	-2.72₹	
Return on Equity	7.41%	7.45%	-4 bps	6.34%	6.89%	10.15%	-326 bps	
Net Interest Income	637.10	574.87	10.83%	574.79	1211.89	1109.98	9.18%	
Net Interest Margin	3.31%	3.08%	23 bps	2.98%	3.15%	2.99%	16 bps	
Gross NPA - Amount	2,501.12	2,188.80	14.27%	2549.06	2,501.12	2188.80	14.27%	
- %	4.50%	3.97%	53 bps	4.82%	4.50%	3.97%	53 bps	
Net NPA - Amount	1,546.11	1,194.60	29.42%	1552.95	1,546.11	1194.60	29.42%	
- %	2.84%	2.21%	63 bps	3.00%	2.84%	2.21%	63 bps	
Cost to Income	51.79%	47.48%	9.07%	50.75%	51.28%	41.47%	23.65%	
PCR	71.75%	75.44%	-369 bps	72.24%	71.75%	75.44%	-369 bps	
CRAR (Basel III)	14.48%	13.41%	107 bps	14.58%	14.48%	13.41%	107 bps	

The above figures pertain to the Consolidated Financial results of the Group comprising the financial results of The Karnataka Bank Ltd and its wholly owned subsidiary KBL Services Ltd.

# KBL – VIKAAS: Impact on Key Parameters

Particulars	Sept '21	June '21	March '21	March '20	March '19	March '18
<b>PCR</b>	71.75%	72.24%	70.05%	64.70%	58.45%	54.56%
<b>PCR for NPAs of Rs 25 cr &amp; above</b>	95.88%	96.84%	93.78%	75.25%	70.30%	60.57%
<b>CRAR</b>	14.48%	14.58%	14.85%	12.88%	13.54%	12.04%
<b>Operating Profit</b> (in crore)	774.42	384.83	1736.72	1,656.77	1,449.81	1,473.17
<b>Turnover per Branch</b> (in crore)	153.31	149.19	148.42	151.83	147.46	137.65
<b>Turnover per Employee</b> (in crore)	15.52	15.40	15.12	15.14	14.90	13.46
<b>Operating Profit per Employee</b> (in lakh) * Not annualized	* 9.15	* 4.63	20.62	19.48	17.52	18.00
<b>GNPA – Amount</b> (in crore)	2501.12	2,549.06	2,588.41	2,799.93	2,456.38	2,376.07
- %	4.50%	4.82%	4.91%	4.82%	4.41%	4.92%
<b>NNPA – Amount</b> (in crore)	1546.11	1,552.95	1,642.10	1,755.01	1,616.71	1,400.51
- %	2.84%	3.00%	3.18%	3.08%	2.95%	2.96%
<b>NIM</b> * Quarterly	* 3.31%	2.98%	2.91%	2.84%	2.93%	3.18%
<b>ROA</b> * Quarterly	* 0.57%	0.49%	0.57%	0.53%	0.64%	0.49%
<b>ROE</b> * Quarterly # Not annualized	** 7.41%	# 6.34%	7.65%	7.35%	8.53%	6.17%

The above figures are based on Standalone financials of the Bank

# KBL - VIKAAS: Impact on Key Parameters

Particulars	Sept '21	June '21	March '21	March '20	March '19	March '18
<b>CASA</b>	30.88%	30.82%	31.49%	28.91%	28.06%	27.98%
<b>Digital transactions</b>	91.86%	91.63%	91.07%	83.50%	77.86%	65.34%
<b>Retail: Mid Corporate: Large Corporate (%)</b>	50: 33 : 17	52 : 34 : 14	53 : 34 : 13	45 : 29 : 26	43 : 27 : 30	45 : 28 : 27
<b>Digital underwriting:</b>						
<b>Home loans</b>	57%	72%	71%	32%	-	-
<b>Car loans</b>	53%	29%	71%	-	-	-
<b>MSME loans (OD+TL)</b>	30%	40%	26%	-	-	-
<b>MSME loans (Micromitra+BQL)</b>	63%	86%	73%	-	-	-
<b>Salary loans</b>	100%	100%	100%	-	-	-
<b>Book value of shares (Rs.)</b>	219.32	217.08	213.67	192.06	204.71	191.44
<b>Networth</b>	6818.10	6,748.44	6,642.36	5,970.45	5,785.18	5,410.15

The above figures are based on Standalone financials of the Bank  
Reduction in Digital underwriting is due to issues with Income Tax website

# 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 30.88%.
- 07 Powered by KBL - VIKAAS for Total Transformation.

# History

2017-21	<ul style="list-style-type: none"><li>❑ Laid Foundation Stone for Centenary Building of the Bank</li><li>❑ Digital Transformation- Kbl Nxt journey commenced</li><li>❑ Wholly owned non-financial subsidiary of the Bank, KBL Services Ltd, started its operation.</li><li>❑ Initiated Bank's transformation journey KBL-VIKAAS &amp; Digital journey for retail and MSME loan products</li><li>❑ Bonus issue in the ratio of 1:10</li><li>❑ Successful migration to Finacle10</li><li>❑ Business turnover crossed the historic milestone of ₹ 1,00,000 crore &amp; Customer base crossed the milestone of 1 crore.</li></ul>
2012-16	<ul style="list-style-type: none"><li>❑ Completed 1:2 rights issue to raise ₹ 658.96 crs.</li><li>❑ Unveiled KBL - VISION 2020 &amp; adopted Vision Statement.</li><li>❑ No. of branches crossed 500 &amp; No. of ATMs crossed 1,000.</li><li>❑ Secured ISO 27001 : 2005 Certificate from NQA.</li><li>❑ Launched ASBA facility</li></ul>
2007-11	<ul style="list-style-type: none"><li>❑ Right issue of ₹ 457.03 crore in the ratio of 2:5.</li><li>❑ Launched Online Trading facility.</li><li>❑ Maiden QIP aggregating ₹ 160.83 crs.</li><li>❑ Completion of 100% core banking</li></ul>
2002-06	<ul style="list-style-type: none"><li>❑ Floated general insurance JV along with Allahabad Bank, Indian Overseas Bank, Dabur Investments and Sampo Japan Insurance.</li><li>❑ Launched CDSL-DP services at select branches .</li><li>❑ Rights issue in the ratio of 2:1 to raise ₹ 160 crs.</li><li>❑ Right issue in the ratio of 1:2.</li><li>❑ Bancassurance tie-up with MetLife.</li><li>❑ Maiden bonus issue in the ratio of 1:1</li></ul>
1997-2002	<ul style="list-style-type: none"><li>❑ Implementation of "Finacle" CBS in 2000</li></ul>
1977-96	<ul style="list-style-type: none"><li>❑ Public issue of 45 lakh equity shares in October 1995</li><li>❑ Became an authorised dealer of foreign exchange in 1977</li></ul>
1960-66	<ul style="list-style-type: none"><li>❑ Took over Sringeri Sharada Bank Ltd, Chitaldurg Bank &amp; Bank of Karnataka, Hubli.</li></ul>
1924	<ul style="list-style-type: none"><li>❑ Incorporated on 18<sup>th</sup> February 1924 at Mangalore by Late B R Vyasarayachar &amp; other leading members of the South Kanara Region</li></ul>



# Evolution

First generation private sector Bank

Offers wide variety of Banking products

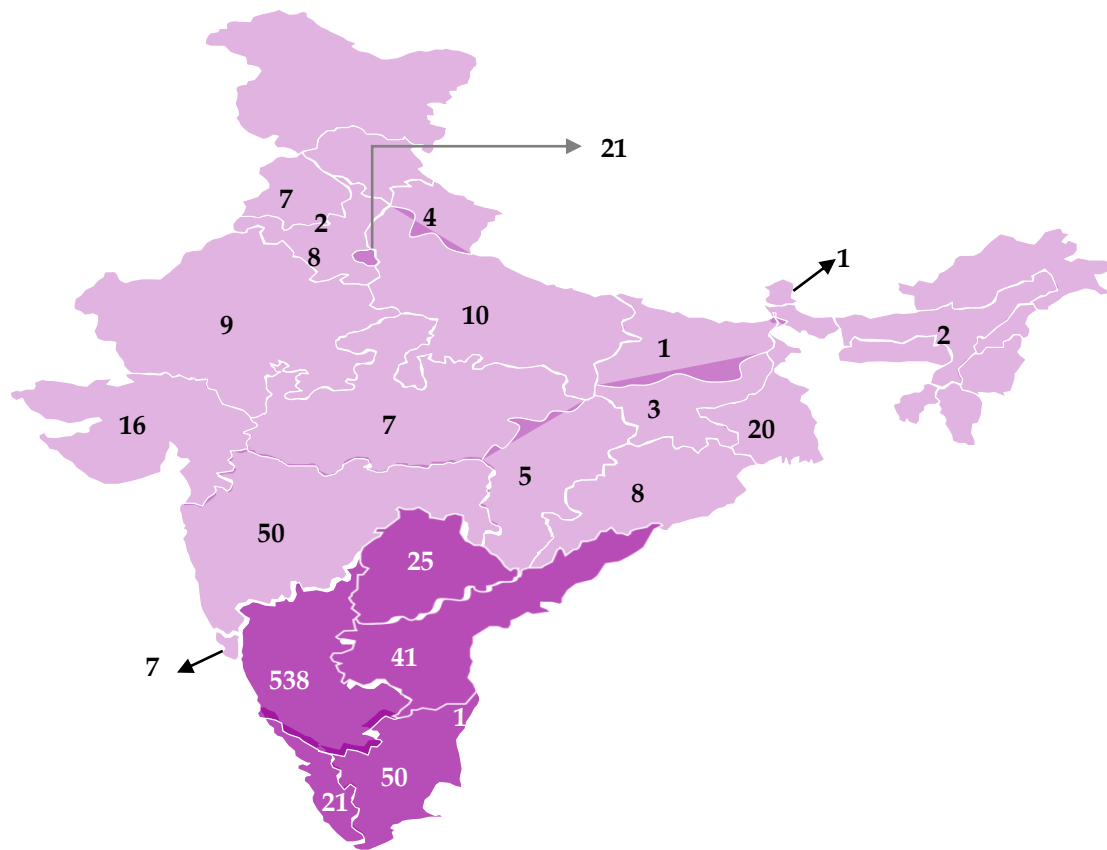
Digital loan initiatives & Tab Banking for SB a/c opening launched

2,288 Outlets all over India

₹ 1,31,390 Cr business turnover

- Business Turnover of ₹ 1,31,390 crore for the quarter ended 30.09.2021.
- 2,288 service outlets with 857 branches, one Extension Counter, 952 ATMs and 479 recyclers across India as on 30.09.2021. All 36 e-Lobbies & 428 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



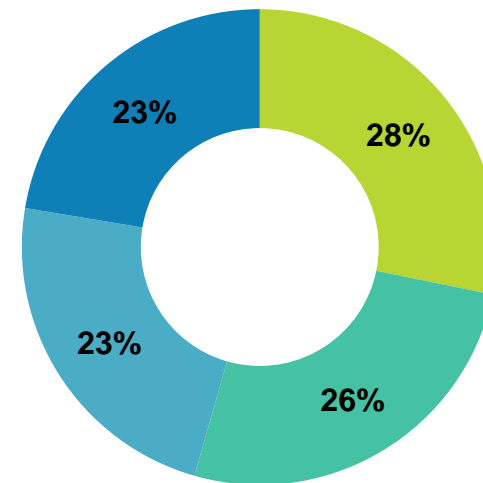
Has the strongest presence in South India with 676 branches

## Top 5 States:

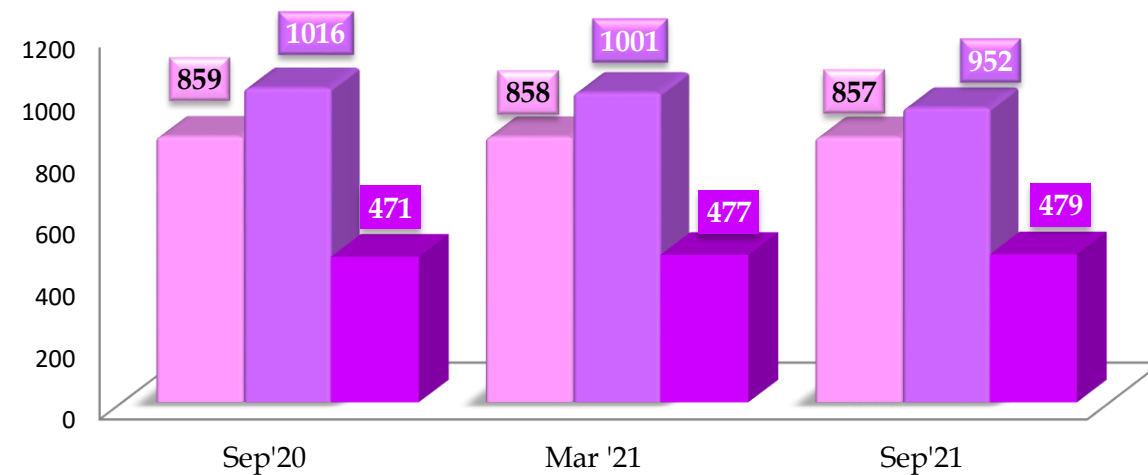
Karnataka (538), Maharashtra (50), Tamilnadu (50), Andhra Pradesh (41), Telangana (25)

## 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/ IT Cell, 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.

Launch of KBL Fastag  
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

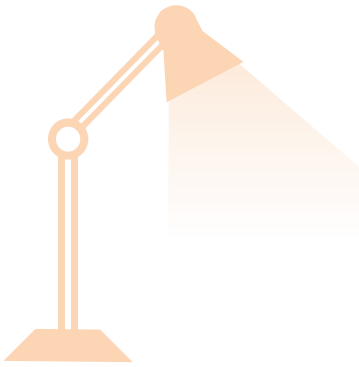
A : Adoption

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 ₹ 25 lakh are rated borrower-wise and credit facilities below ₹ 25 lakh & all schematic advances including agri-credit proposals are rated under 'Pool based approach'. Also, 'KBL96' rating model is developed 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

Setup a dedicated Market Intelligence Unit (MIU) for sourcing intelligence from Monitoring departments, audit reports and external sources on borrowers with exposure ₹100 Crores and above

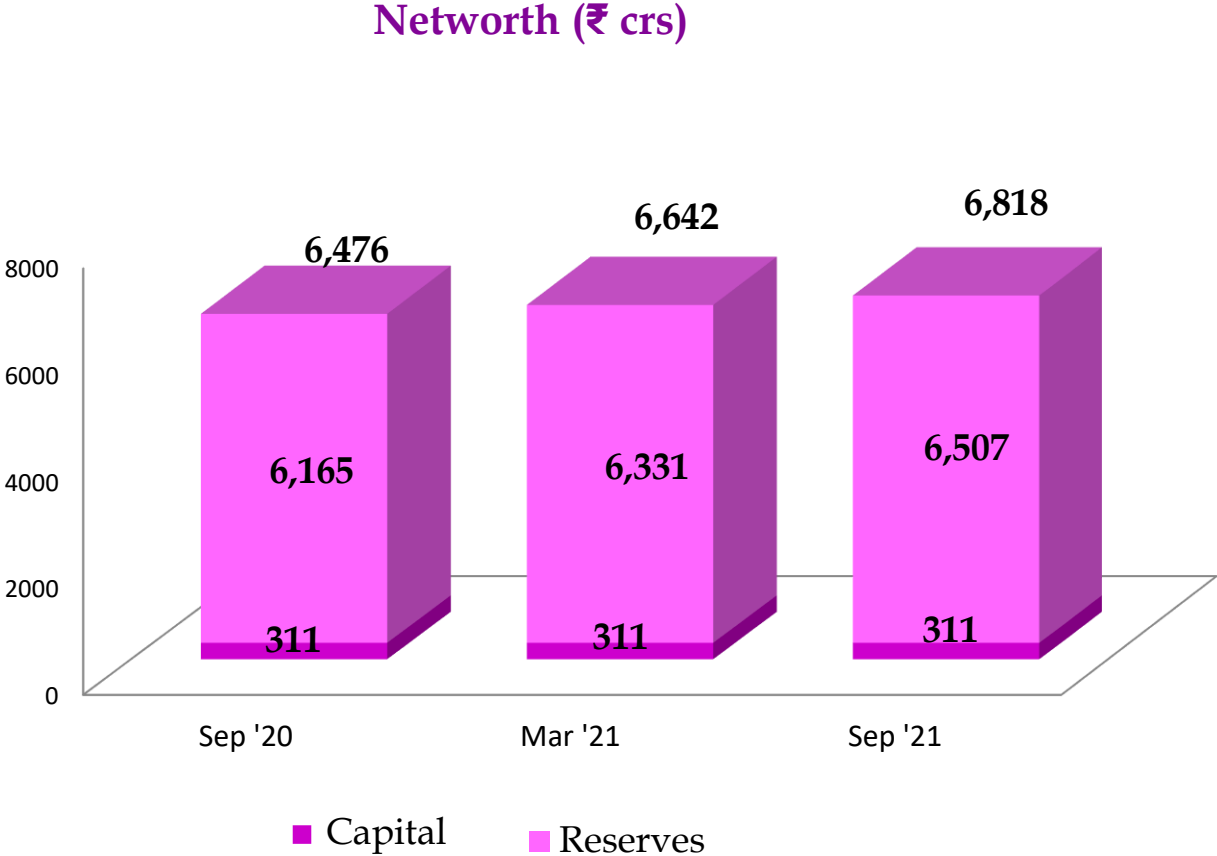
10

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

# Financial Performance

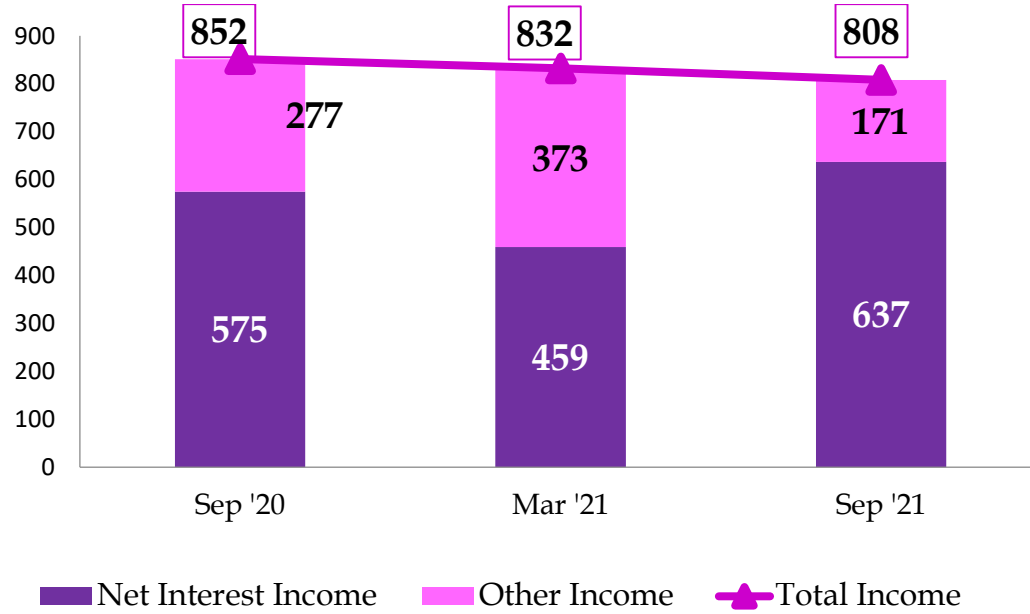


# Financial strength of the Bank

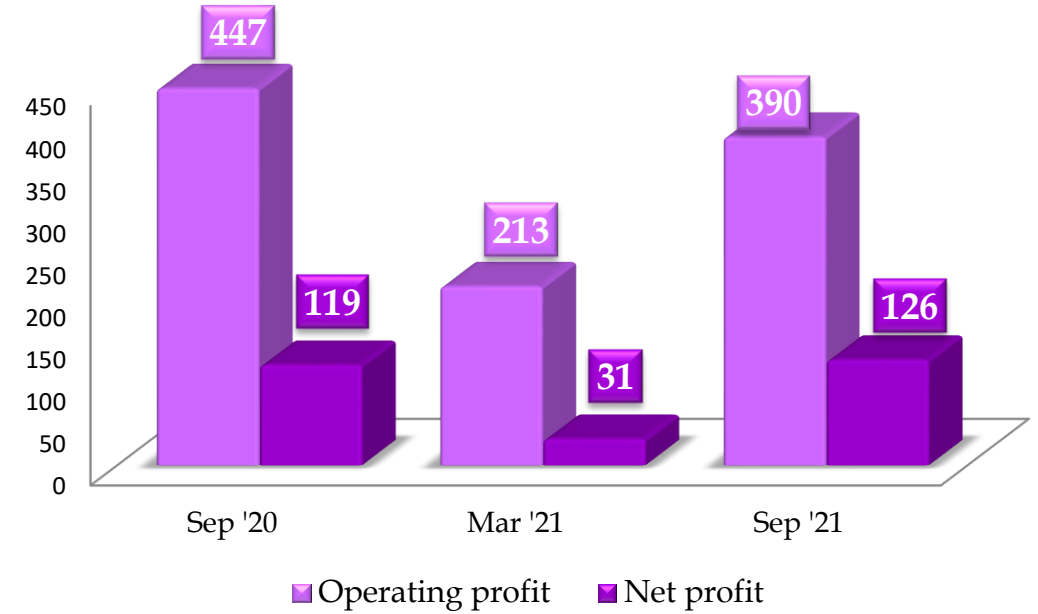


# Income & Profit - Quarterly

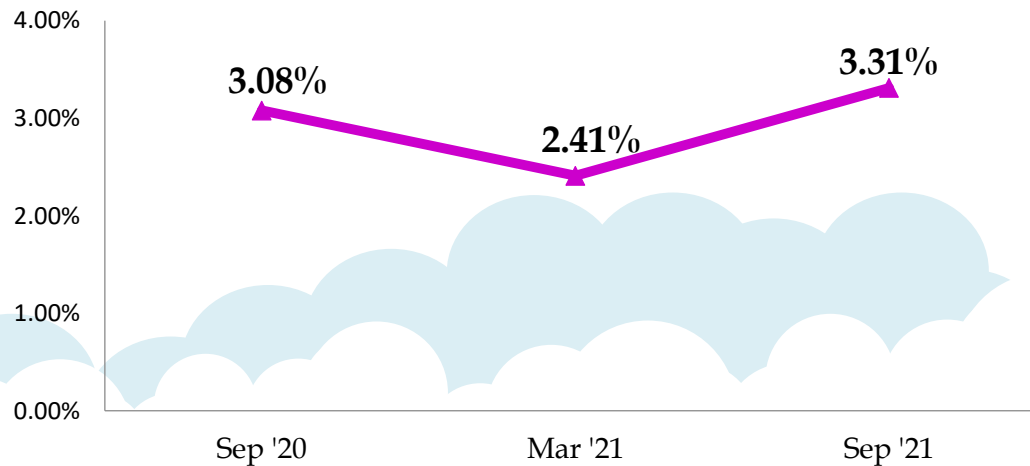
### Net Income (₹ crs)



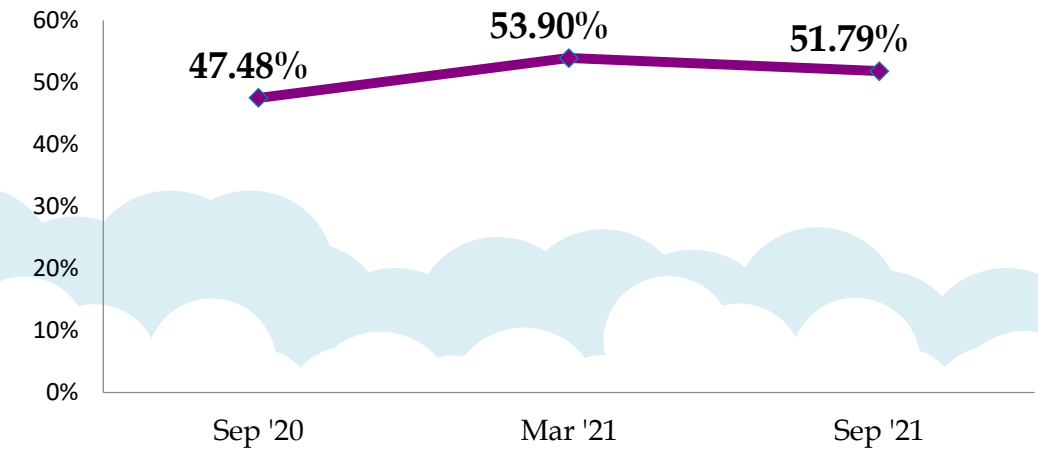
### Operating and Net Profit (₹ crs)



### Net Interest Margins (%)



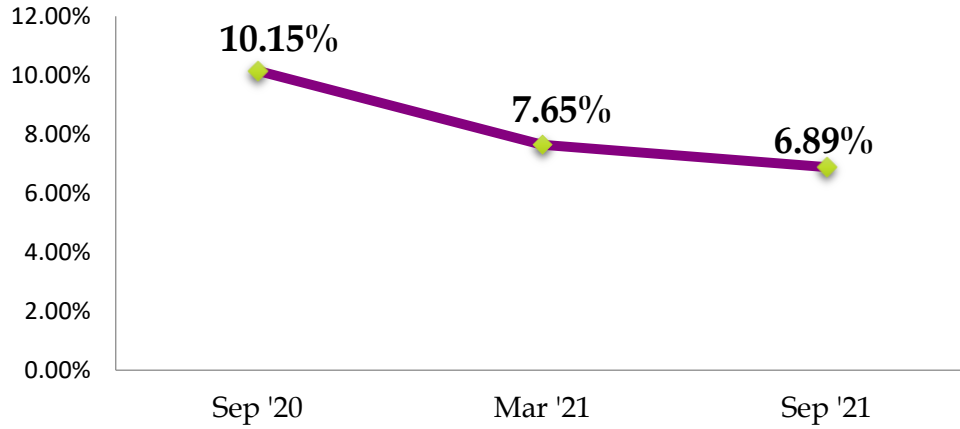
### Cost to Income Ratio (%)



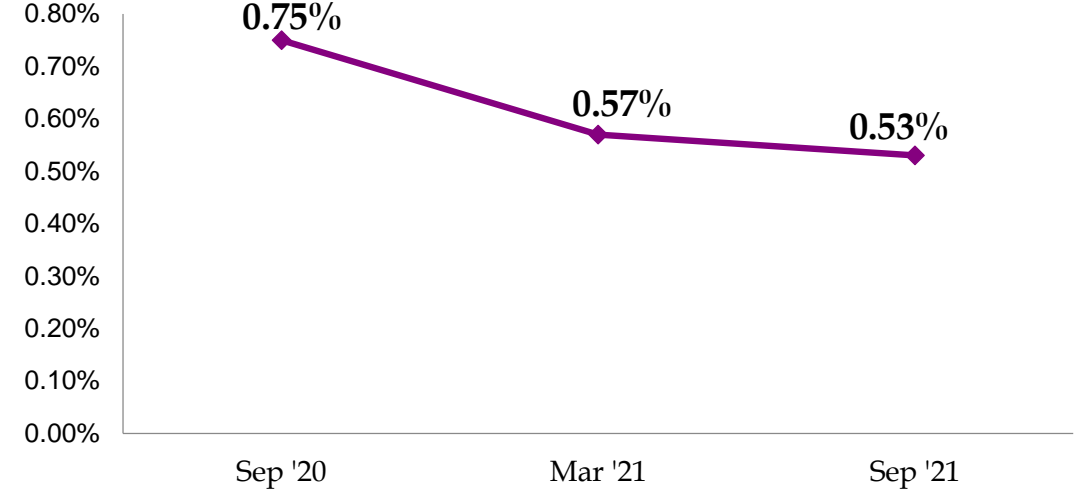


# Return and Capital Adequacy Ratios

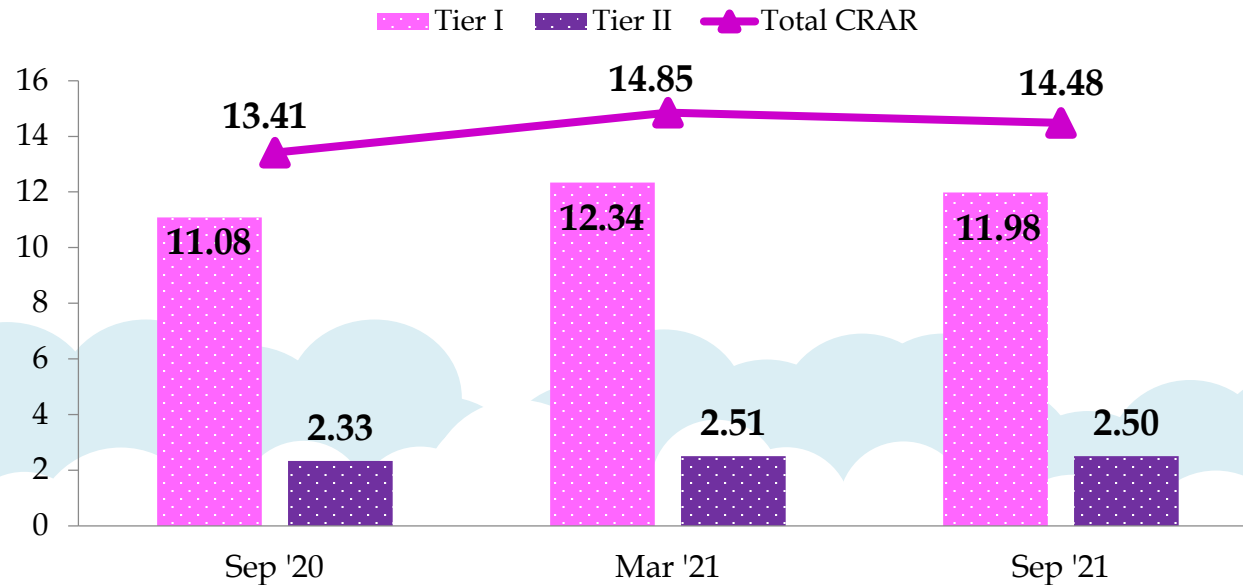
### Return on Equity (%) (after tax)



### Return on Assets (%) (after tax)



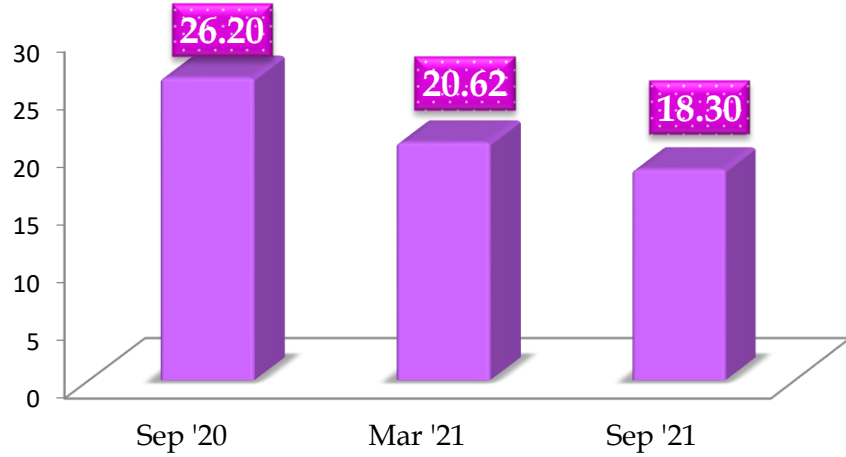
### Capital Adequacy (%) - Basel III



\* Recomputed by including full eligible Tier II Capital

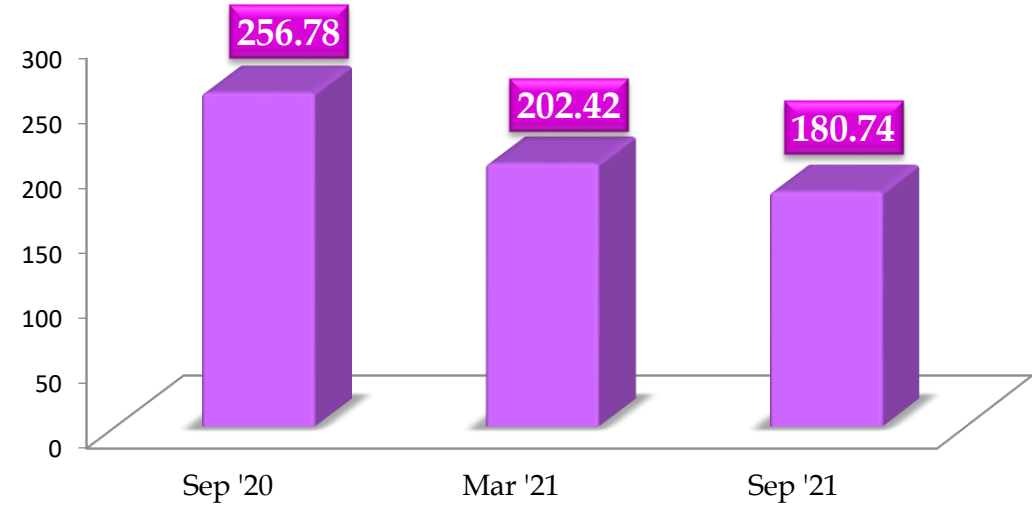
# Productivity ratios

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

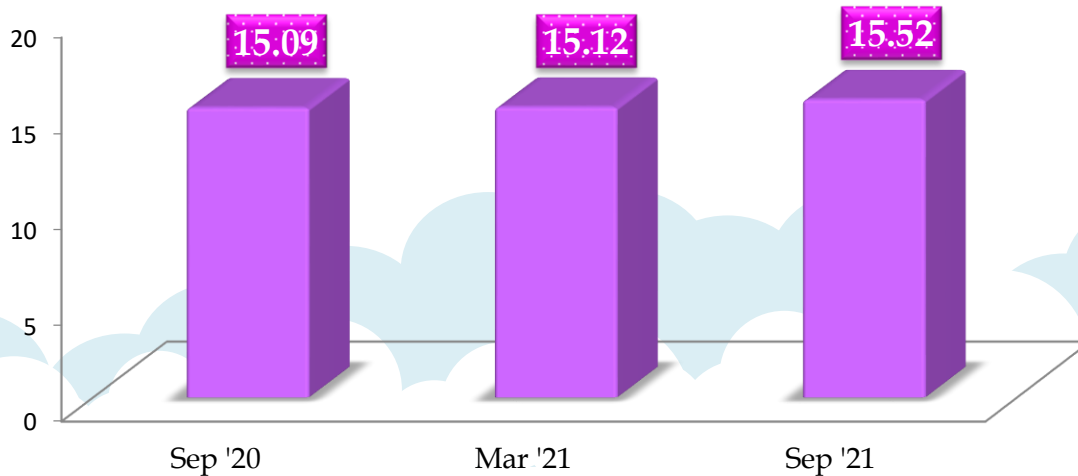


\* annualized

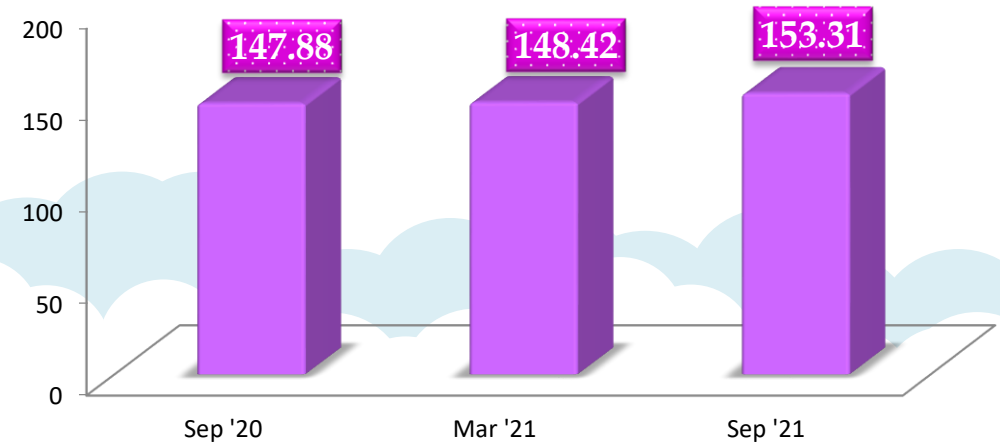
### Operating Profit per branch (₹ lakh) \*



### Business per employee (₹ crs)

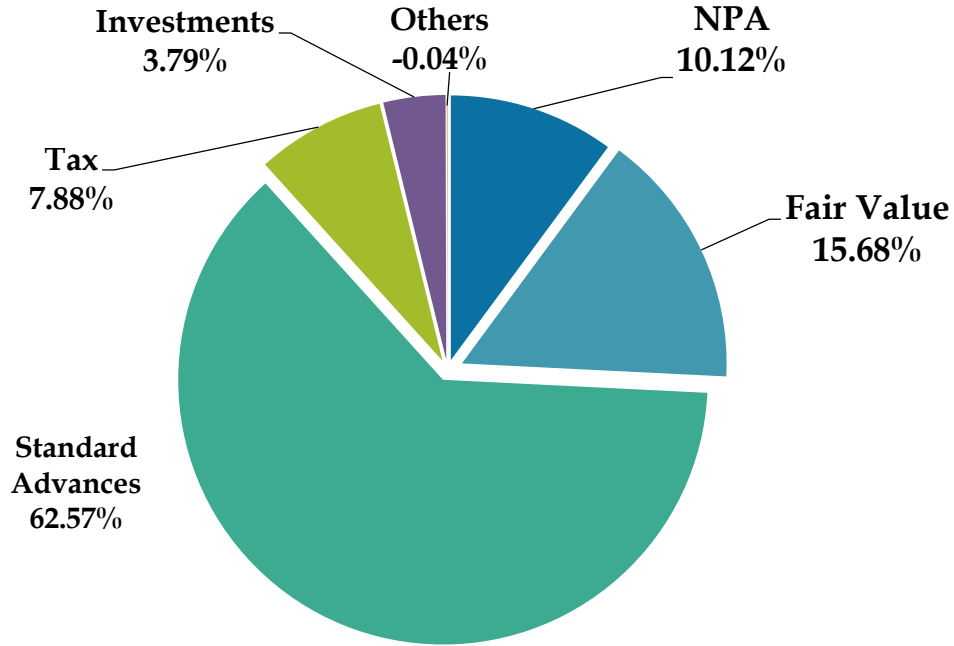


### Business per branch (₹ crs)

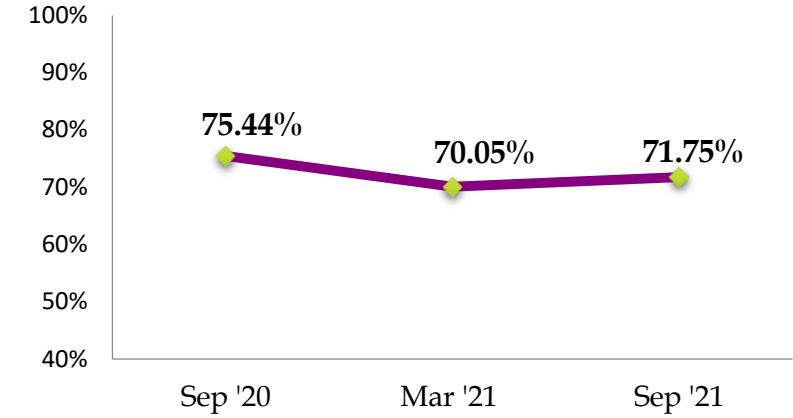


# Provisions

## Provisions & Contingencies during the quarter

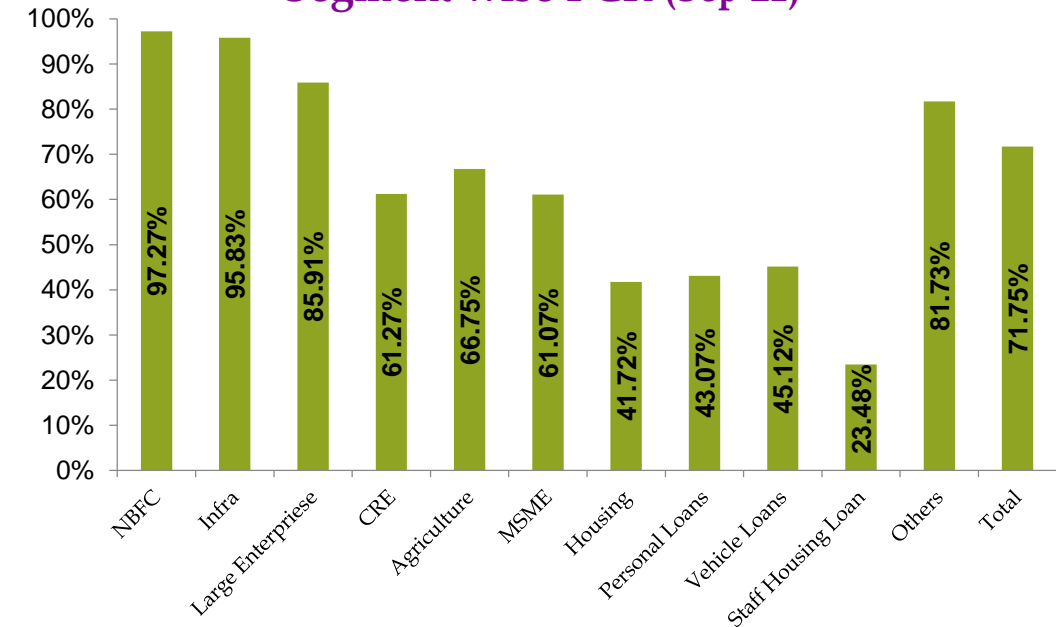


## Provision Coverage Ratio



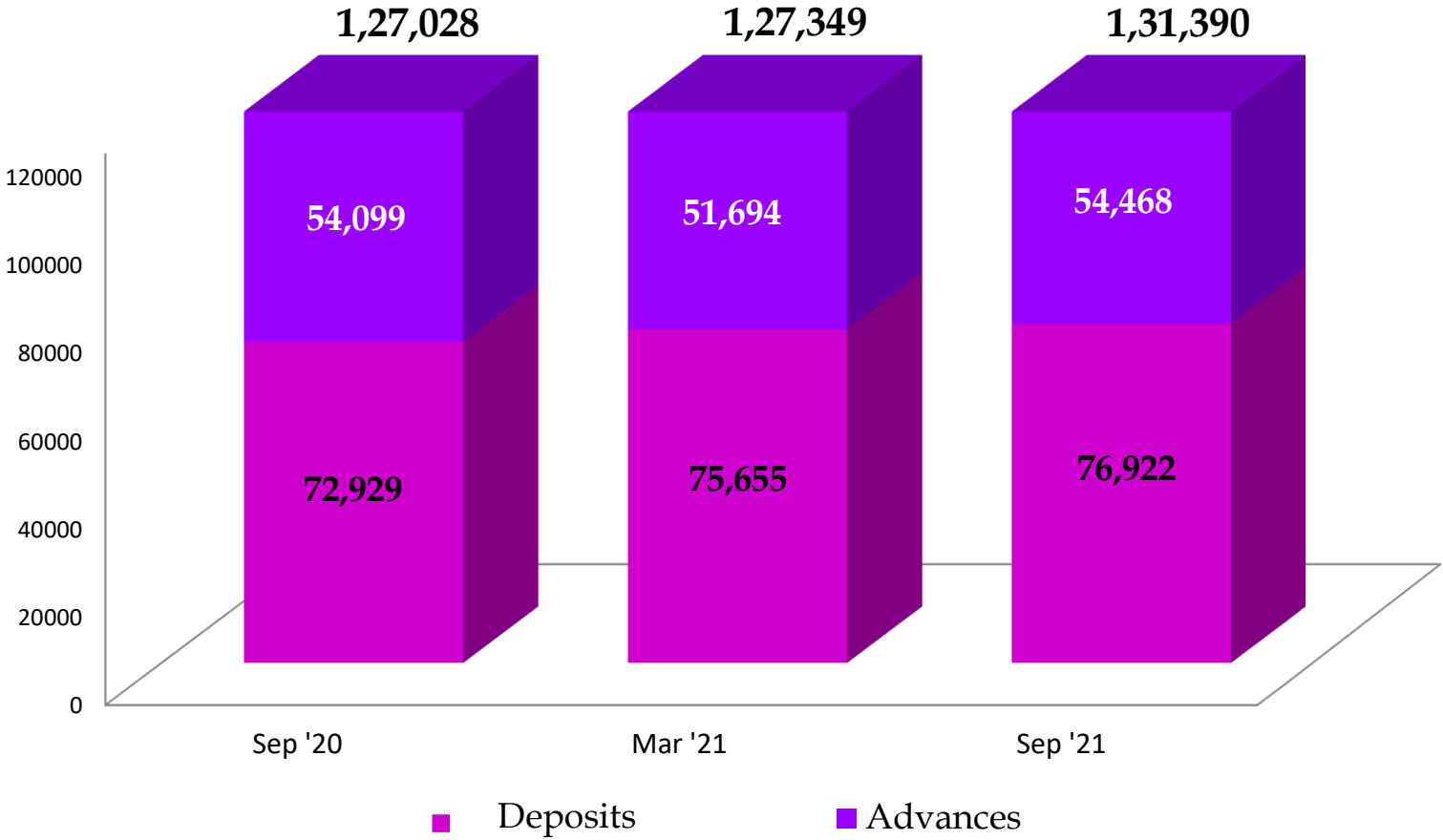
As on 30.09.2021	No. of cases	Amount (in crore)	Provision held (in crore)	% provision held
NCLT Referred cases	36	1300.07	1289.16	99.16%
SR Portfolio	-	390.92	189.04	48.35%

## Segment wise PCR (Sep'21)



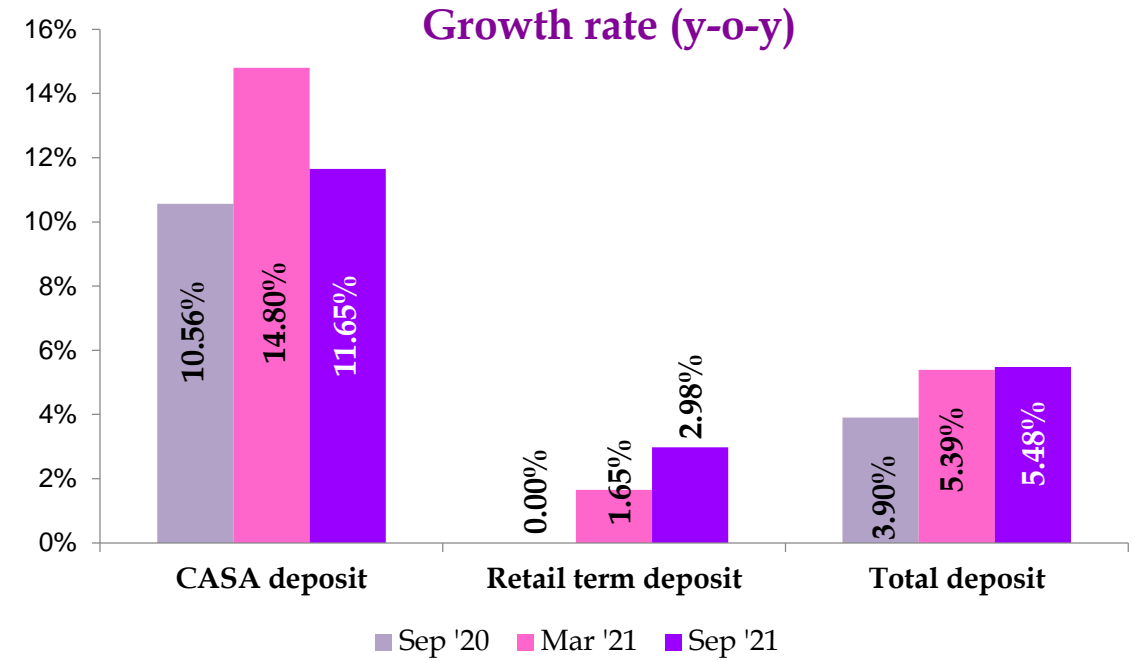
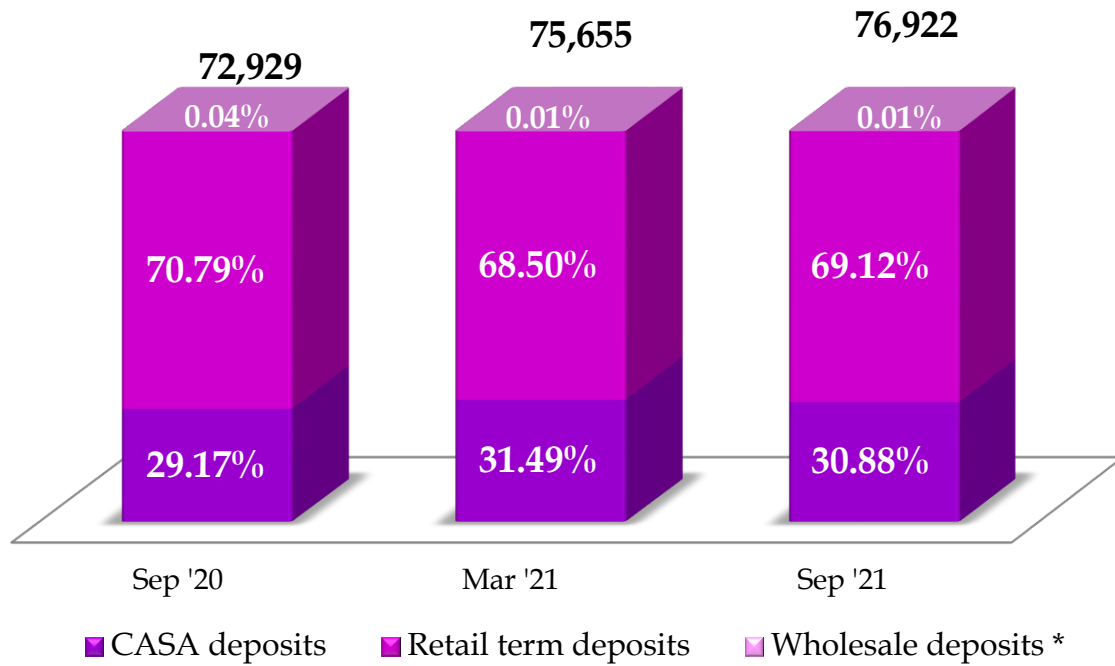
# Business size

Business Turnover (₹ crs)

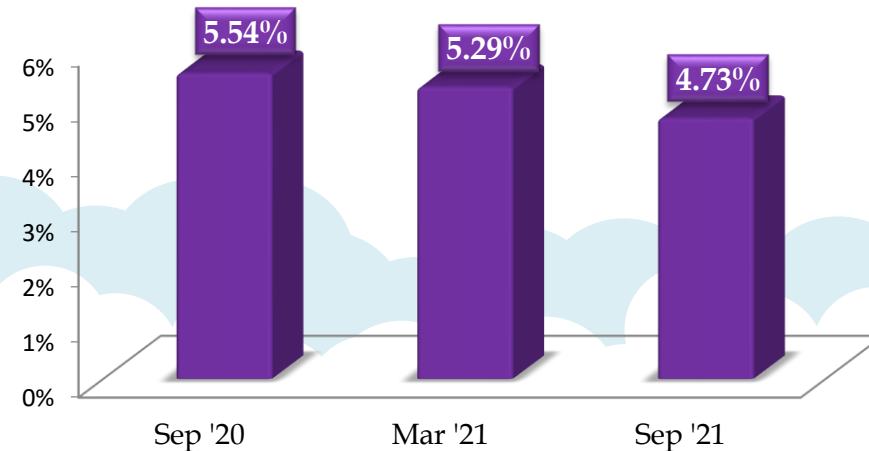


# Deposits

Deposits (₹ crs)

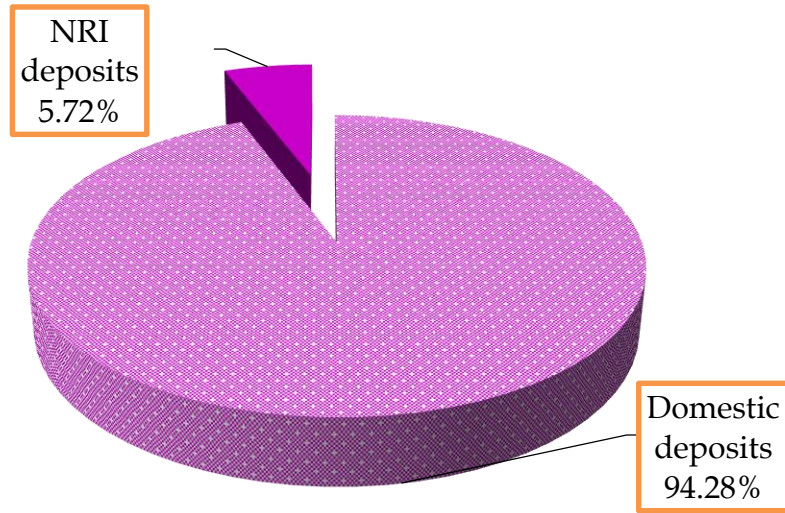


Cost of Deposits

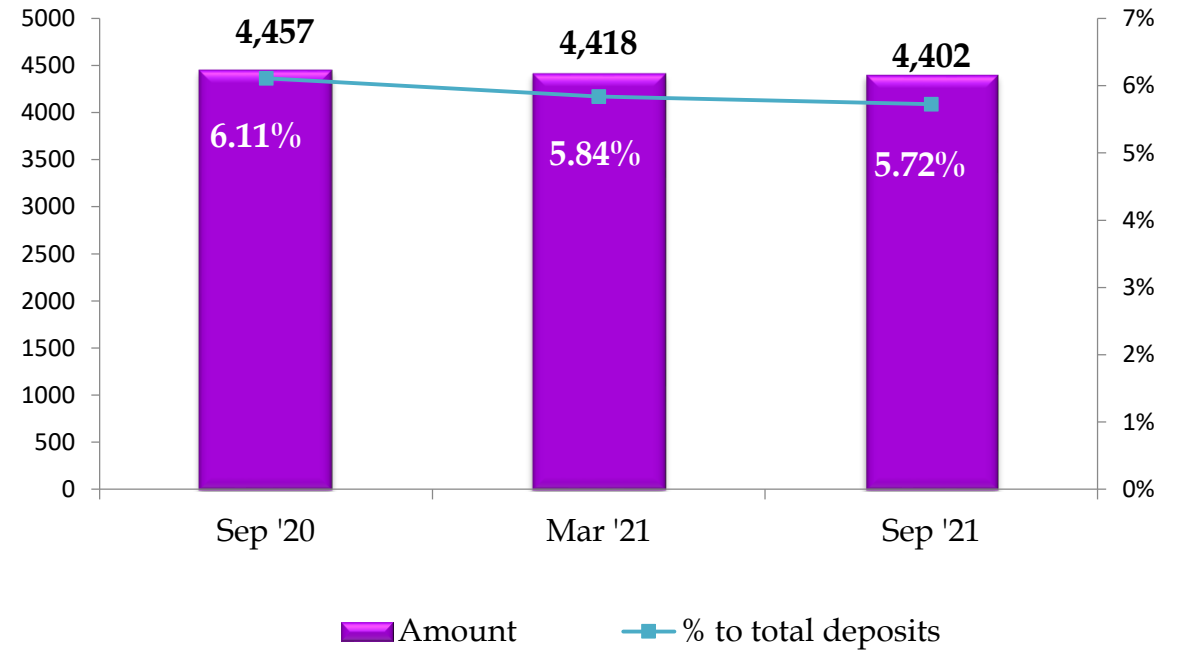


\* Wholesale deposits = Purchase liability + Certificates of deposit + Interbank deposits

# Deposits

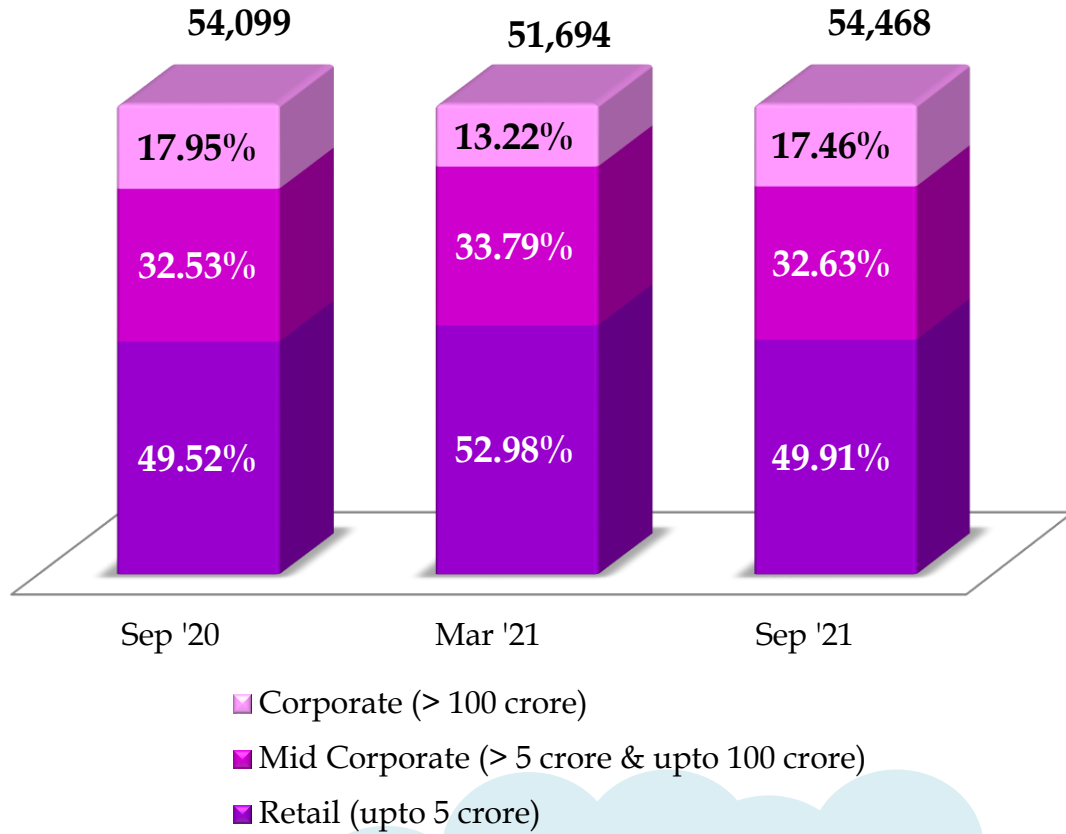


### NRI Deposits (₹ crs)

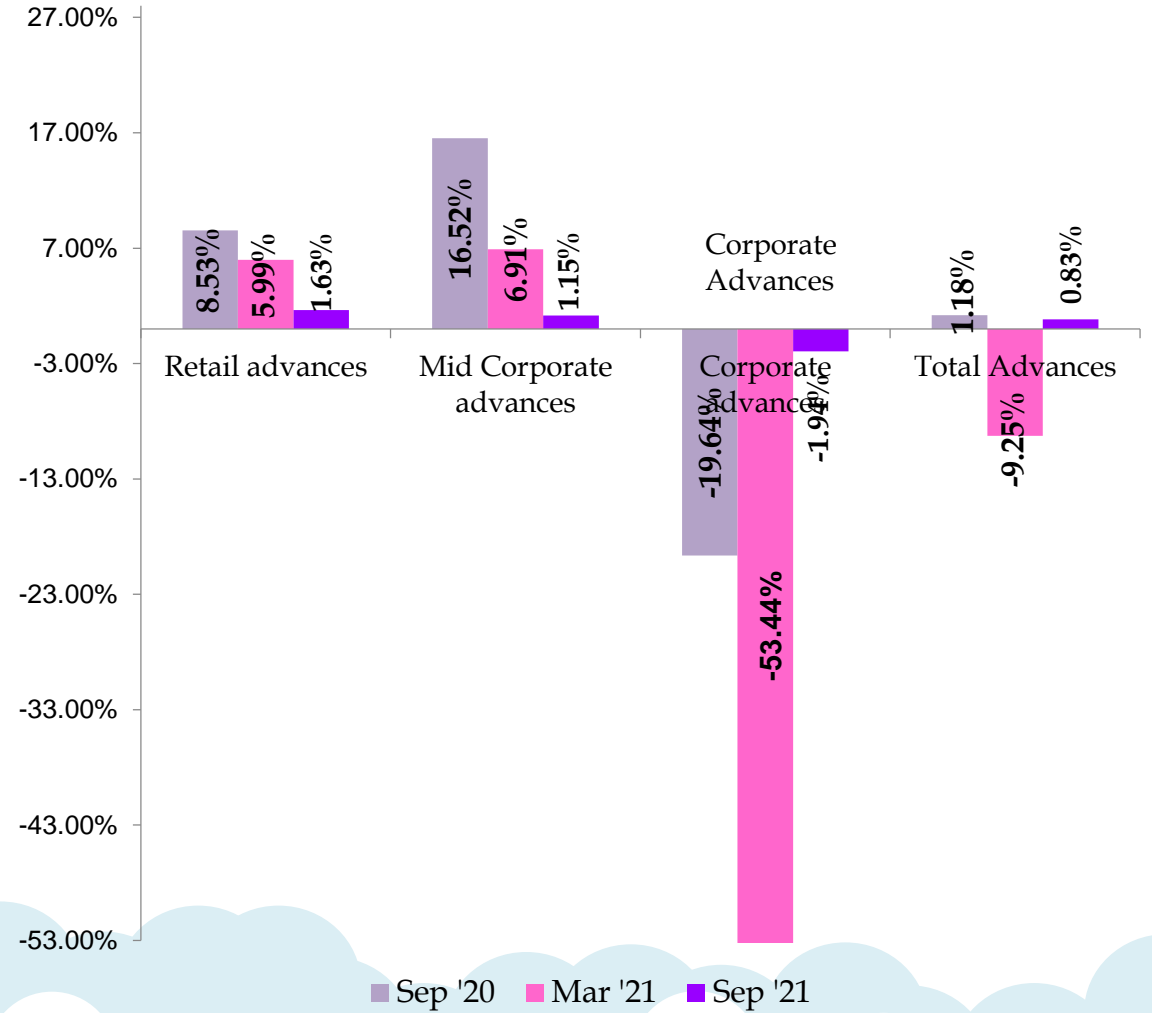


# Advances

Advances [Net] (₹ crs)



Growth rate (y-o-y)



# Top Credit Sectors

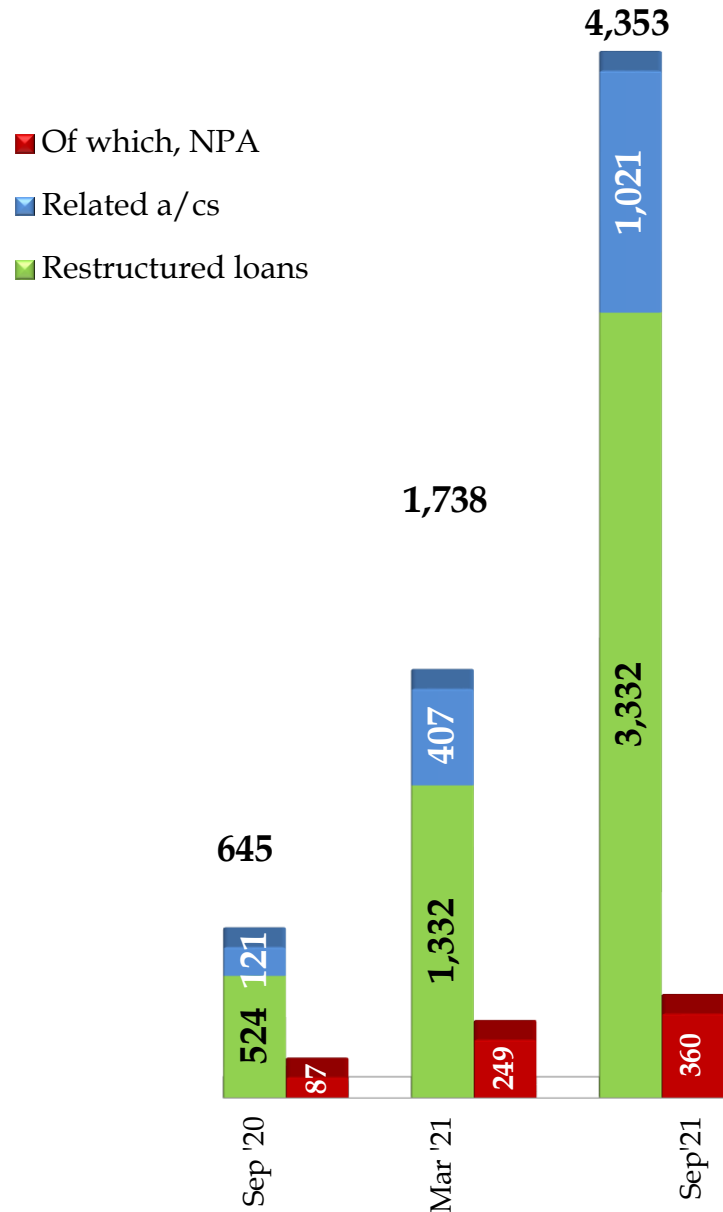
(₹ crs)

Particulars	Position as on 30.09.2021								
	Total balance o/s	% to GBC	NPA		SMA 2 #				
			Amount	% to sector	Total Amount	%	Due to financial reasons	Due to other reasons	
MSME	15239.51	27.41	1191.11	7.82	681.49	4.47	294.47	387.02	
Housing Loans (Residential Mortgage)	8656.37	15.57	265.56	3.07	224.69	2.60	160.60	64.09	
Agriculture	7374.16	13.26	523.17	7.09	218.60	2.96	100.86	117.74	
NBFC	5317.96	9.56	12.04	0.23	0.00	0.00	0.00	0.00	
Lease Rental Discounting	2134.2	3.84	38.90	1.82	89.61	4.20	72.55	17.06	
Gold Loans	759.46	1.37	5.60	0.74	19.62	2.58	14.41	5.21	
Others	16119.55	28.99	464.74	2.88	365.72	2.27	255.22	110.50	
<b>Total</b>	<b>55601.22</b>	<b>100.00</b>	<b>2501.12</b>	<b>4.50</b>	<b>1599.73</b>	<b>2.88</b>	<b>898.11</b>	<b>701.62</b>	
Banking Arrangement									
Consortium	1510.51	2.72	12.04	0.80	90.98	6.02	73.23	17.75	
Multiple banking	9525.19	17.13	85.71	0.90	12.09	0.13	2.77	9.32	

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



# Restructured loans & related accounts



## Movement in Restructured Portfolio

(₹ crs)

	Q2FY21	Q3FY21	Q4FY21	FY21	Q1FY22	Q2 FY22
<b>Opening balance</b>	601.28	644.57	689.80	536.49	1,738.41	2617.24
<b>Addition</b>	77.59	86.22	1100.54	1366.50	968.16	1814.02
<b>Reduction</b>	34.30	40.99	51.93	164.58	89.33	77.77
<b>Closing balance</b>	<b>644.57</b>	<b>689.80</b>	<b>1,738.41</b>	<b>1,738.41</b>	<b>2,617.24</b>	<b>4353.49</b>
<b>% to Gross Adv</b>	1.17%	1.28%	3.30%	3.30%	4.95%	7.82%
<b>NPA</b>	87.40	80.02	248.64	248.64	271.67	360.49
<b>NPA %</b>	<b>13.56%</b>	<b>11.60%</b>	<b>14.30%</b>	<b>14.30%</b>	<b>10.38%</b>	<b>8.28%</b>
<b>Provision held</b>	96.86	112.73	291.56	291.56	432.38	694.61
<b>Provision %</b>	<b>15.03%</b>	<b>16.34%</b>	<b>16.77%</b>	<b>16.77%</b>	<b>16.52%</b>	<b>15.96%</b>

# Restructured loans & Stress position

(₹ crs)

Particulars	Total Restructured		Out of which SMA-1		Out of which SMA-2		Out of which NPA	
	No of Accounts	Amount	No of Accounts	Amount	No of Accounts	Amount	No of Accounts	Amount
RF-1	2316	1348.65	115	27.03	273	194.56	190	56.66
RF-2	7718	2390.02	452	119.92	457	146.02	186	73.29
Others**	997	614.82	84	20.84	145	60.85	280	230.54
<b>Grand Total</b>	<b>11031</b>	<b>4353.49</b>	<b>651</b>	<b>167.79</b>	<b>875</b>	<b>401.43</b>	<b>656</b>	<b>360.49</b>

RF- Resolution Framework

\*\*including OTR/Natural Calamities/MSME etc.

# External rating wise Advances

External rating wise Credit Portfolio as of Sep'21 [ Figures in brackets – as of Sep'20]

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	15 (19)	4,291 (4,467)	7.72 (8.10)	-	-	-	-	-	-	-
AA	40 (29)	2,874 (2,859)	5.17 (5.19)	-	-	-	-	-	-	-
A	51 (42)	1,776 (1,572)	3.19 (2.85)	-	-	-	-	-	-	-
BBB	84 (78)	2,663 (2,198)	4.79 (3.99)	-	-	-	-	1	93	3.49
<b>Sub total</b>	<b>190 (168)</b>	<b>11,604 (11,096)</b>	<b>20.87 (20.13)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>93</b>	<b>0.80</b>
BB	30 (50)	806 (1,005)	1.45 (1.82)	-	-	* 1	* 16	3	51	6.33
B	8 (13)	58 (428)	0.11 (0.78)	-	-	-	-	-	-	-
C	1 (1)	161 (6)	0.29 (0.01)	-	-	-	-	-	-	-
D	9 (9)	625 (586)	1.13 (1.06)	2 (4)	30 (371)	# 1	# 75	1	316	53.11
<b>Sub total</b>	<b>48 (73)</b>	<b>1,650 (2025)</b>	<b>2.98 (3.66)</b>	<b>2 (4)</b>	<b>30 (371)</b>	<b>2</b>	<b>91</b>	<b>4</b>	<b>367</b>	<b>22.65</b>
<b>Grand Total</b>	<b>238 (241)</b>	<b>13,254 (13,121)</b>	<b>23.85 (23.79)</b>	<b>2 (4)</b>	<b>30 (371)</b>	<b>2</b>	<b>91</b>	<b>5</b>	<b>460</b>	<b>3.48</b>

Gross Bank Credit: ₹ 55,601 crore (PY Sep'20: ₹ 55,142 crore).

\* Arrears in the account recovered and accounts are now regular. #Borrower has currently moved to SMA-1

@ Under respective rating category

# NBFC portfolio

## NBFC Portfolio as of Sep '21

[ Figures in brackets - as of Sep '20]

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	14 (14)	3,791 (2881)	6.82 (5.22)	-	-	-	-	-	-	-
AA	23 (17)	1,900 (2113)	3.42 (3.83)	-	-	-	-	-	-	-
A	22 (14)	699 (343)	1.26 (0.62)	-	-	-	-	-	-	-
BBB	1 (3)	9 (30)	0.02 (0.05)	-	-	-	-	-	-	-
Sub total	60 (48)	6,399 (5,367)	11.52 (9.72)	-	-	-	-	-	-	-
BB	- (1)	- (14)	- (0.02)	-	-	-	-	-	-	-
B	-	-	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-
D	1 (2)	12 (149)	0.02 (0.27)	1 (2)	12 (149)	-	-	-	-	-
Sub total	1 (3)	12 (163)	0.02 (0.29)	1 (2)	12 (149)	-	-	-	-	-
Without External rating	5 (3)	11 (27)	0.02 (0.05)	- (1)	- (23)	-	-	-	-	-
Grand Total	66 (54)	6,422 (5,557)	11.55 (10.06)	1 (3)	12 (172)	-	-	-	-	-

Gross Bank Credit: ₹ 55,601 crore (PY Sep'20: ₹ 55,142 crore).

\* Under respective rating category

# Top 50 borrowers

Top 50 borrowers as of Sep '21

[ Figures in brackets – as of Sep'20]

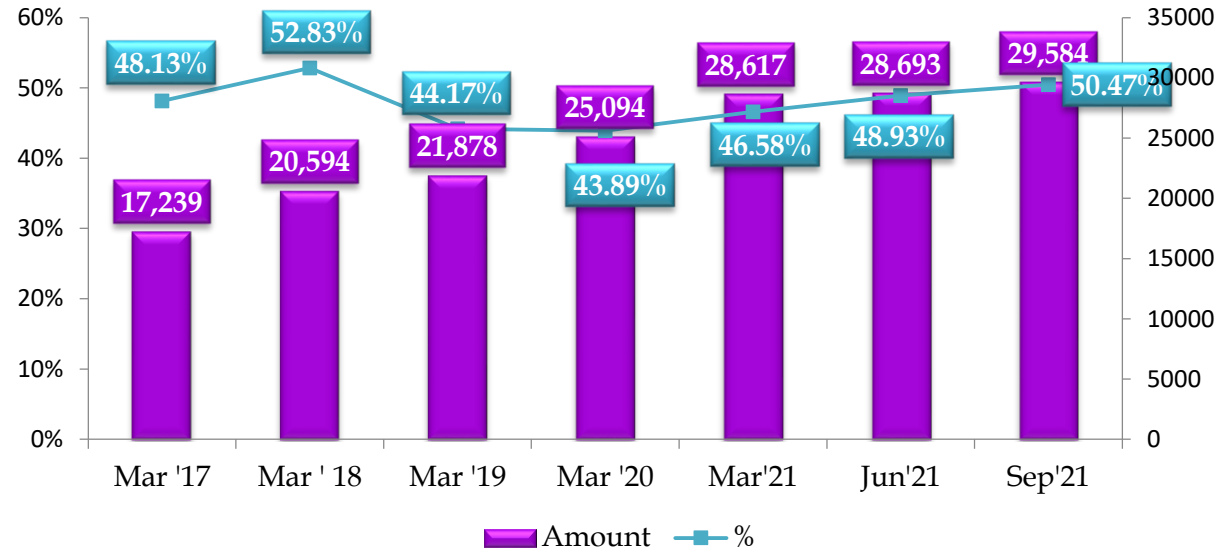
Rating	No of Borrowers	Balance O/s (in cr)	% to GBC	Of which, NPA		SMA2		Restructured book		
				no. of borrowers	Bal o/s (cr)	no. of borrowers	Bal o/s (cr)	no. of borrowers	Bal o/s (cr)	% share to Std. Adv. *
AAA	7 (13)	2,386 (4188)	4.29 (7.60)	-	-	-	-	-	-	-
AA	6 (9)	967 (2030)	1.74 (3.68)	-	-	-	-	-	-	-
A	5 (6)	387 (583)	0.70 (1.06)	-	-	-	-	-(1)	-(85)	-
BBB	13 (8)	873 (832)	1.57 (1.51)	-	-	-	-	-(1)	-(36)	-
<b>Sub total</b>	<b>31 (36)</b>	<b>4,613 (7,633)</b>	<b>8.30 (13.85)</b>	-	-	-	-	<b>-(2)</b>	<b>-(121)</b>	-
BB	1 (2)	179 (116)	0.22 (0.21)	-	-	-	-	-	-	-
B	1 (1)	17 (303)	0.03 (0.55)	-	-	-	-	-	-	-
C	1 (-)	153 (-)	0.28 (0.00)	-	-	-	-	-	-	-
D	2 (2)	432 (250)	0.78 (0.45)	- (2)	- (250)	-	-	1(-)	316(-)	73.15
<b>Sub total</b>	<b>5 (5)</b>	<b>781 (669)</b>	<b>1.40 (1.21)</b>	<b>- (2)</b>	<b>- (250)</b>	-	-	<b>1(-)</b>	<b>316(-)</b>	<b>40.46</b>
Without External rating	14 (9)	2,171 (1,116)	3.90 (2.02)	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>50 (50)</b>	<b>7,565 (9,418)</b>	<b>13.61 (17.08)</b>	<b>- (2)</b>	<b>- (250)</b>	-	-	<b>1(2)</b>	<b>316 (121)</b>	<b>4.18</b>

All the top 50 borrowers are in Standard category as of Sep'21.  
Gross Bank Credit: ₹ 55,601 crore (PY Sep'20: ₹ 55,142 crore).

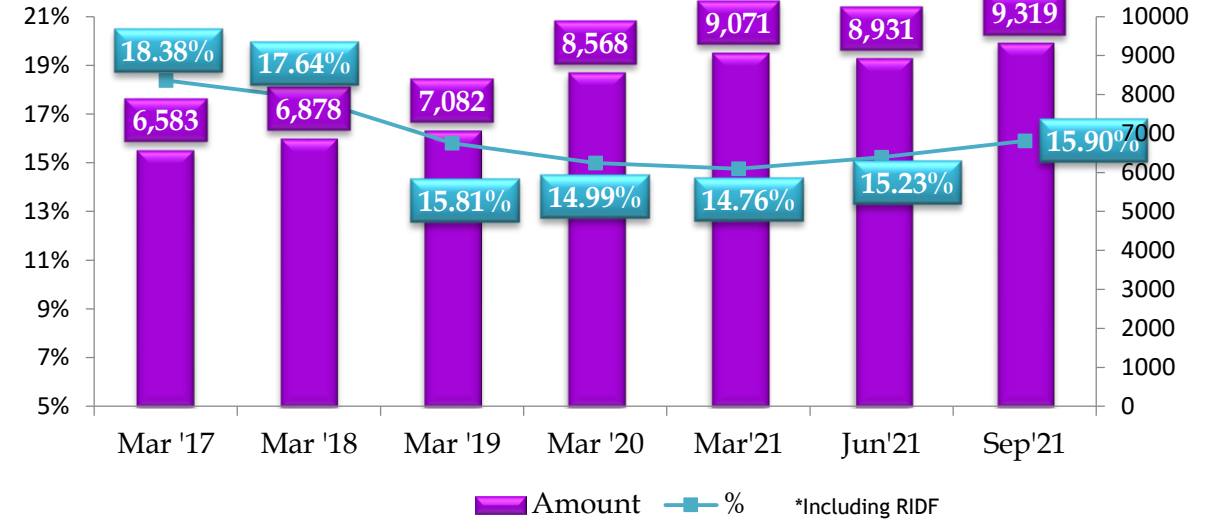
\* Under respective rating category

# Advances to Priority sectors

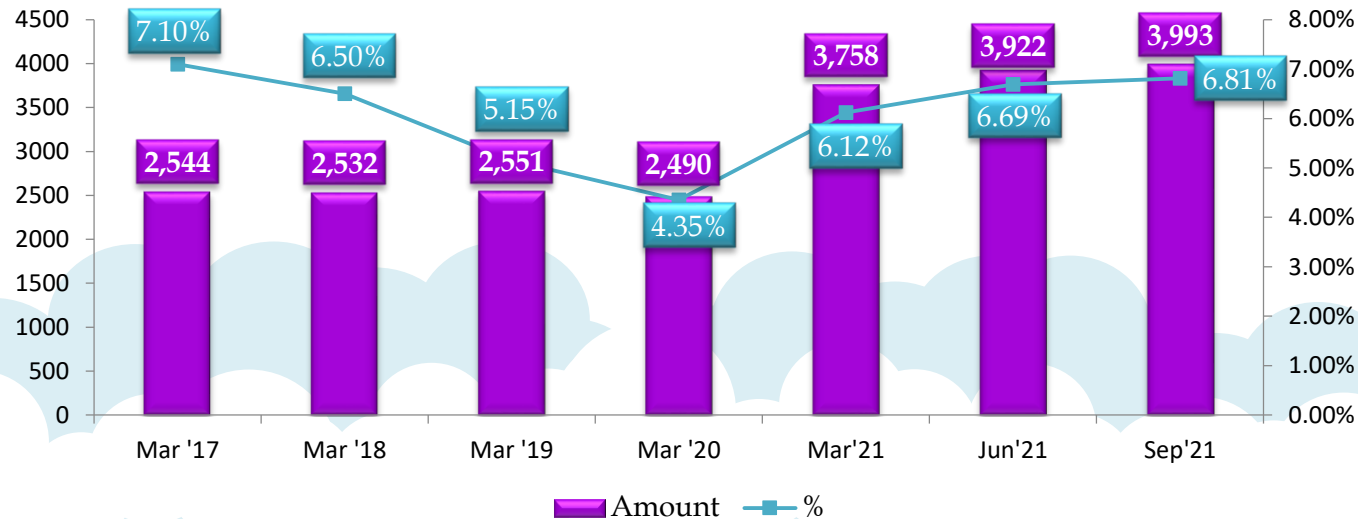
## Priority Sector Advances (₹ crs)



## Agriculture Advances\* (₹ crs)

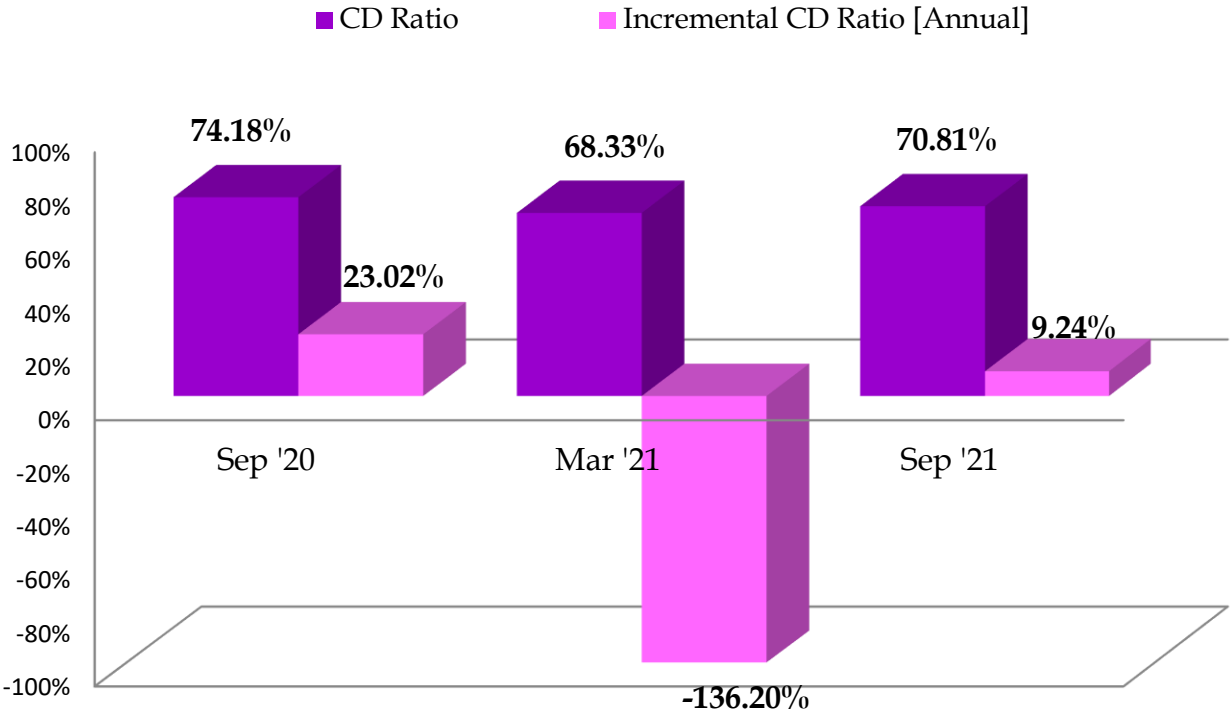


## Advances to Weaker Section (₹ crs)

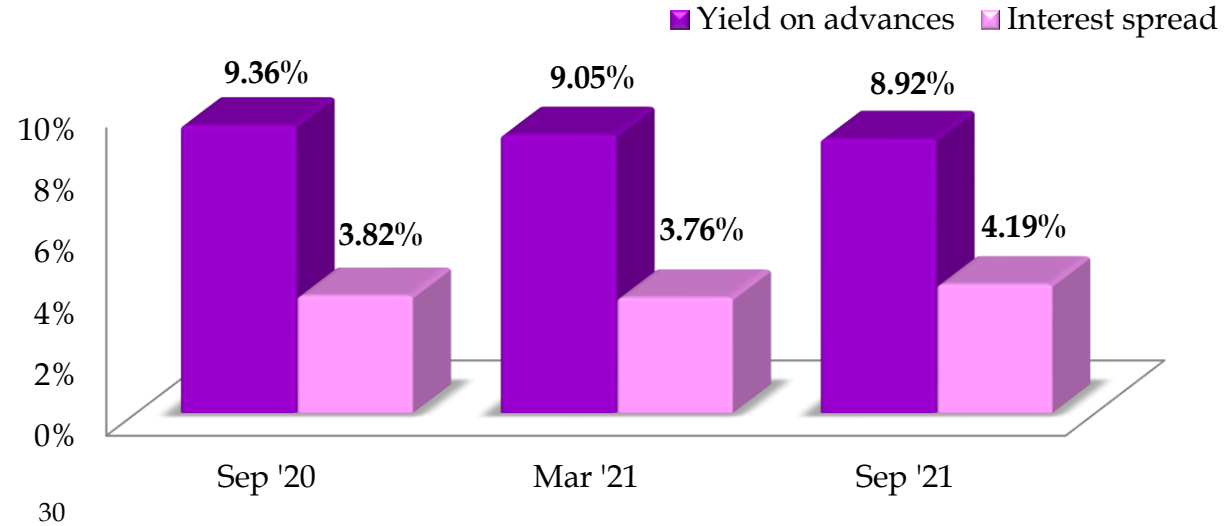


# CD Ratio & Yield on Advances

## Credit Deposit ratio (%)

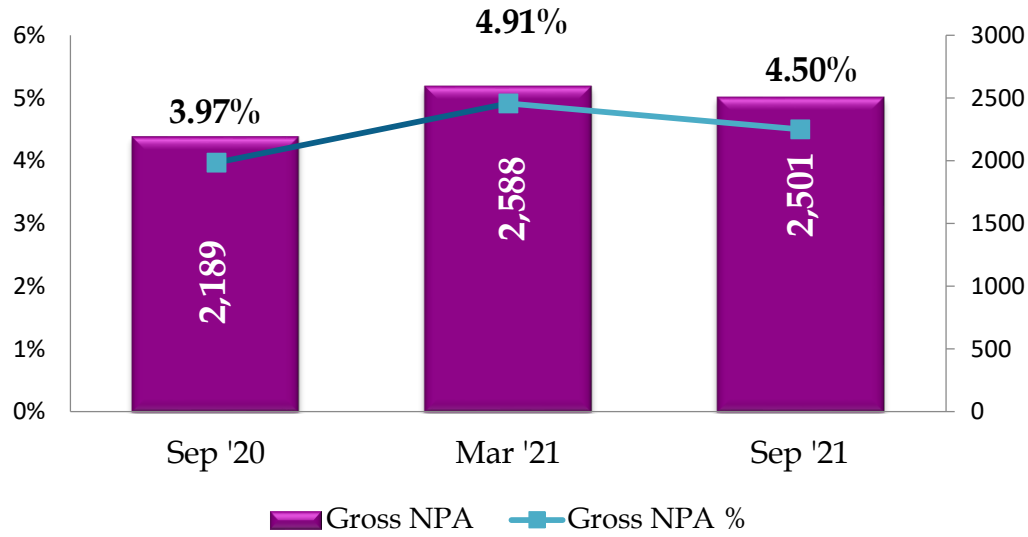


## Yield on Advances & Interest Spread (%)

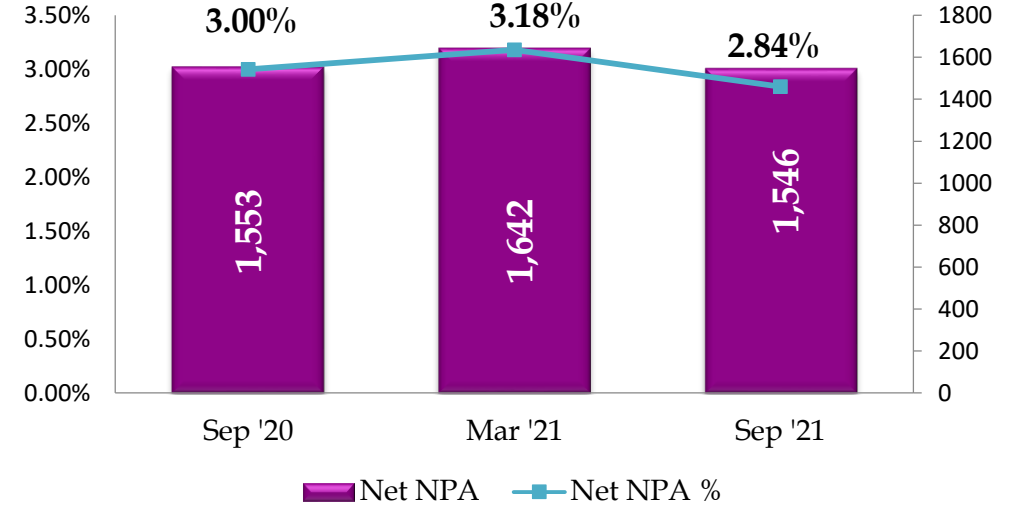


# Asset Quality

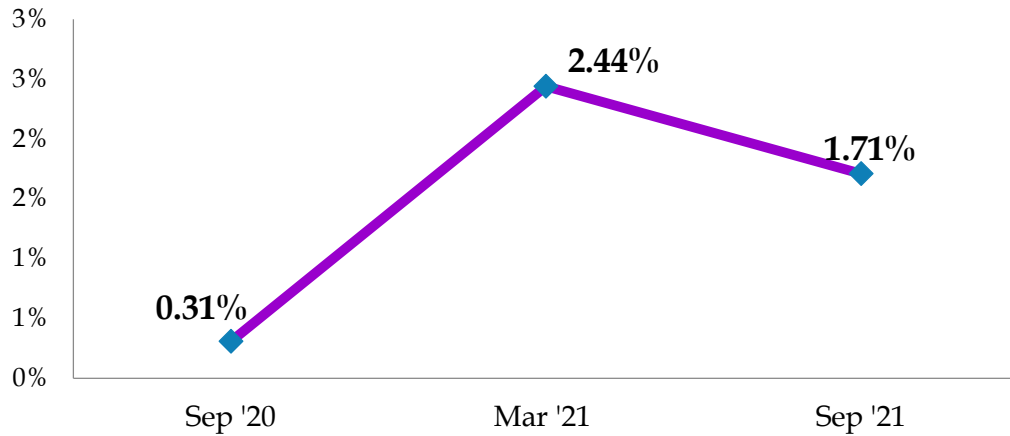
### Gross NPAs (₹ crs)



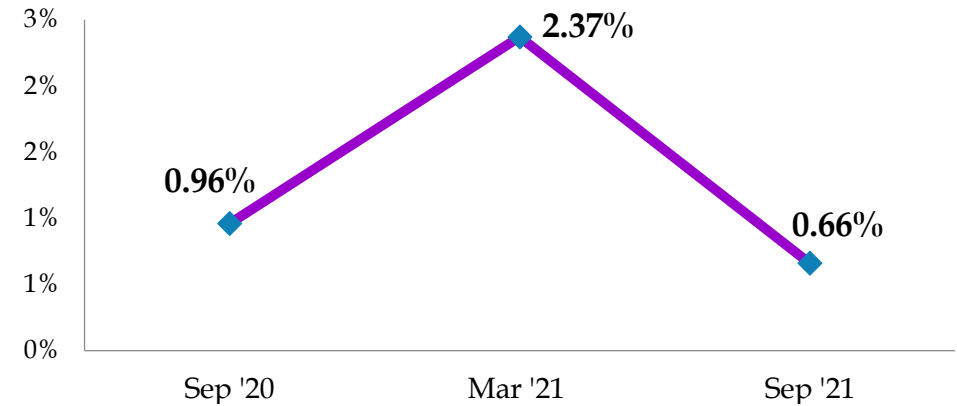
### Net NPAs (₹ crs)



### Slippage ratio



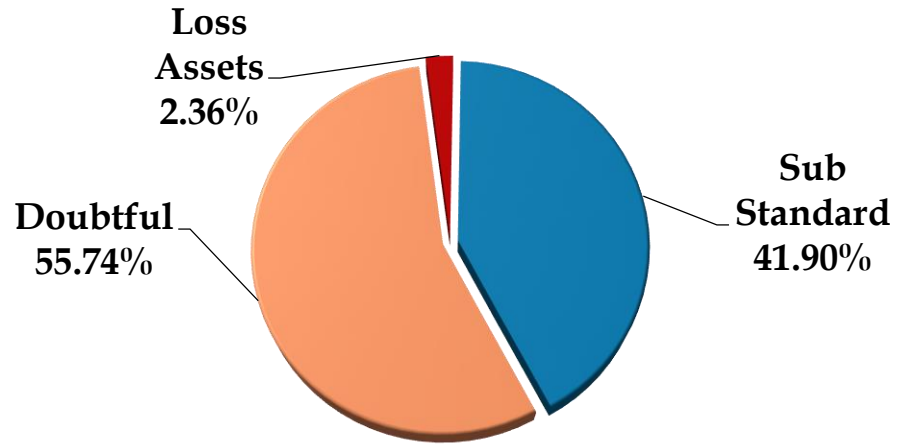
### Credit cost



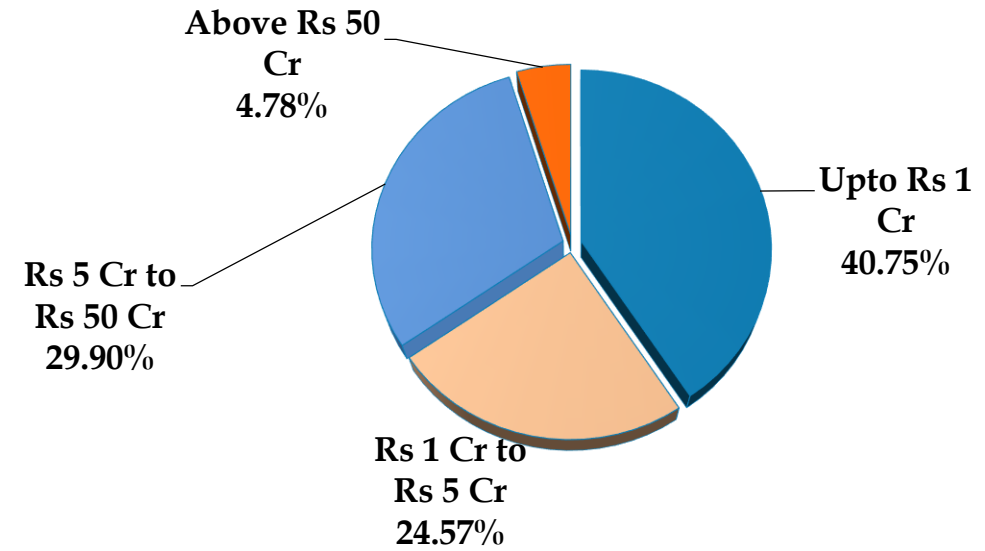


# Asset Quality

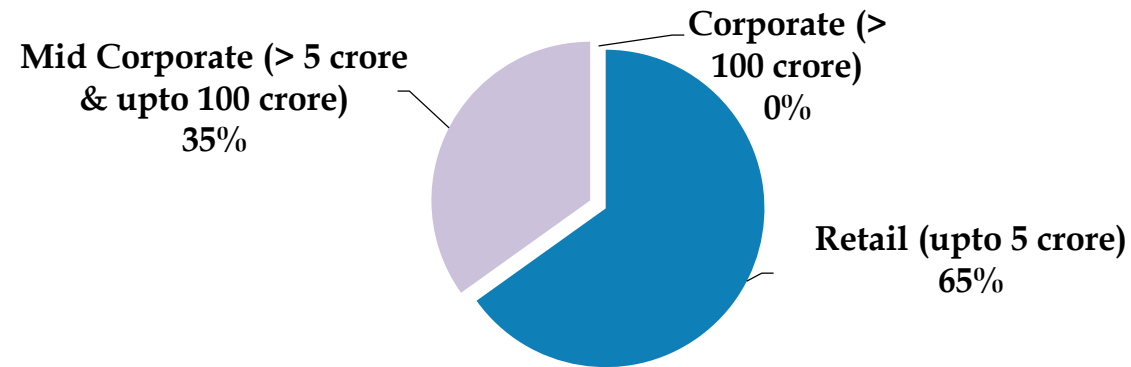
## Composition of NPA



## Size wise NPA



## Credit portfolio wise NPA



# Asset Quality

(₹ crs)	Q2FY20	Q3FY20	Q4FY20	FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	FY21	Q1FY22	Q2 FY22
<b>Opening GNPA</b>	2437.53	2594.27	2777.46	2456.38	2799.93	2557.64	2188.80	1706.57	2799.93	2588.41	2549.06
<b>Addition</b>	530.95	637.54	304.07	1998.58	166.84	2.21	1.40	1175.92	1346.37	414.24	445.36
<b>Fresh slippages</b>	494.80	606.55	304.07	1931.40	155.65	1.49	0.27	1174.29	1331.70	409.67	442.00
<b>Slippages from existing NPA a/cs</b>	36.15	30.99	0.00	67.18	11.19	0.72	1.13	1.63	14.67	4.57	3.36
<b>Reduction</b>	374.21	454.35	281.60	1655.03	409.13	371.05	483.63	294.08	1557.89	453.59	493.30
<b>Recoveries</b>	74.99	70.74	74.77	322.87	33.89	137.46	85.14	94.29	350.78	182.07	106.19
<b>Upgradation</b>	70.69	56.29	62.37	241.32	12.40	18.57	5.76	16.98	53.71	88.32	208.34
<b>Write off</b>	228.53	327.32	144.46	1090.84	362.84	215.02	392.73	182.81	1153.40	183.20	178.77
<b>Closing GNPA</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>2501.12</b>
<b>Technical write off (cumulative)</b>	1971.10	2284.07	2172.34	2172.34	2526.83	2674.46	3033.87	2893.76	2893.76	3044.35	2972.17
<b>Total GNPA (incl Technical write off)</b>	4565.37	5061.53	4972.27	4972.27	5084.47	4863.26	4740.44	5482.17	5482.17	5593.41	5473.29
<b>NPA Provision (cumulative)</b>	711.28	687.62	1017.31	1017.31	896.39	960.51	740.10	901.95	901.95	949.24	895.62
<b>Total Provisions (incl Technical write off)</b>	2682.38	2971.69	3189.65	3189.65	3423.22	3634.97	3773.97	3795.71	3795.71	3993.57	3867.79
<b>Closing NNPA</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>1546.11</b>
<b>PCR (%) incl Technical write off</b>	<b>59.19%</b>	<b>59.34%</b>	<b>64.70%</b>	<b>64.70%</b>	<b>67.93%</b>	<b>75.44%</b>	<b>* 75.09%</b>	<b>70.05%</b>	<b>70.05%</b>	<b>72.24%</b>	<b>71.75%</b>
<b>PCR (%) excl Technical write off</b>	<b>28.18%</b>	<b>25.90%</b>	<b>37.32%</b>	<b>37.32%</b>	<b>36.24%</b>	<b>45.42%</b>	<b>45.86%</b>	<b>36.56%</b>	<b>36.56%</b>	<b>39.08%</b>	<b>38.18%</b>
<b>GNPA %</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>4.50%</b>
<b>NNPA %</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>	<b>2.84%</b>

# Asset Quality

## Top 25 NPA accounts & provisions held thereon -Sep '21

₹ crs)

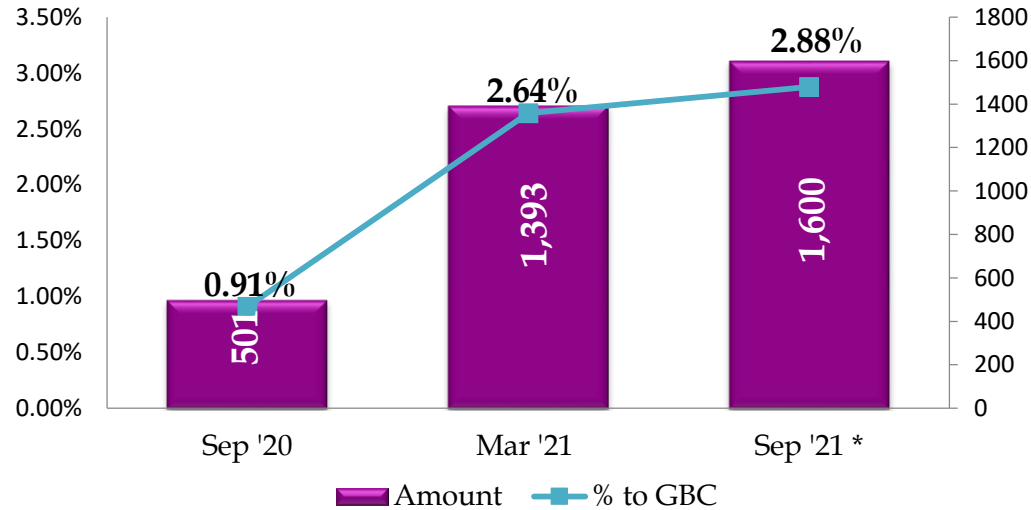
NPA Classification	No. of Borrowers	Net Balance	Provision held	Provision %
SS	5 (6)	97.06 (323.60)	14.56 (48.56)	15.00 (15.01)
DS 1	9 (7)	156.37 (168.74)	70.47 (76.29)	45.07 (45.21)
DS 2	10 (8)	250.67 (251.50)	165.43 (164.71)	66.00 (65.49)
DS 3	1 (0)	14.49 (0)	14.49 (0)	100 (0)
LOSS	0 (4)	0 (192.63)	0 (192.63)	0 (100)
<b>Total</b>	<b>25 (25)</b>	<b>518.59 (936.47)</b>	<b>264.95 (482.19)</b>	<b>51.09 (51.49)</b>
<b>Total Gross NPA Amount</b>		<b>2501.12 ( 2188.80)</b>	<b>Gross NPA % 4.50 ( 3.97)</b>	

[ Figures in brackets - as of Sep '20]

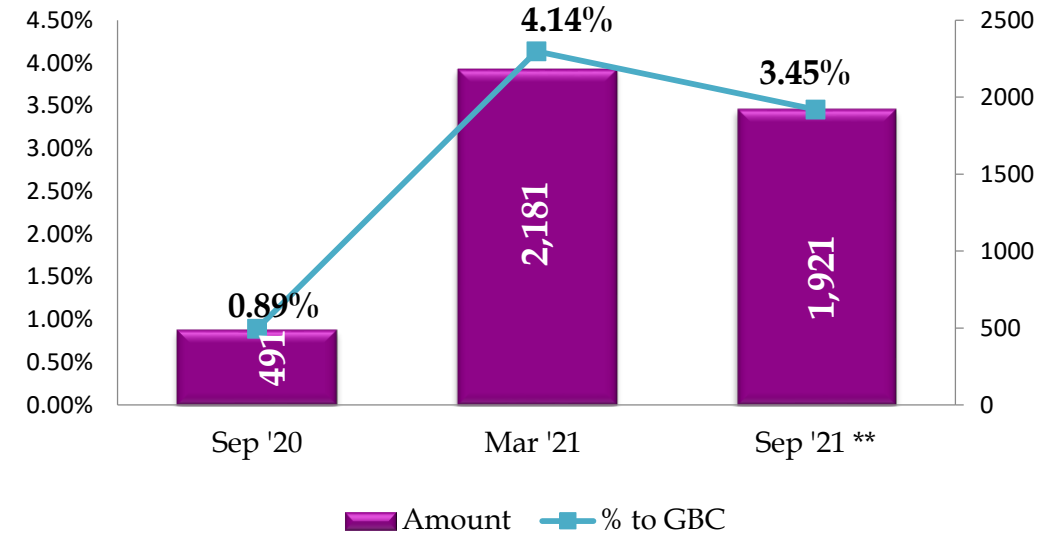
Top 25 NPA Accounts constitute 20.73% of Gross NPA as of Sep'21 ( 42.78% as of Sep'20)

# SMA accounts

### SMA 2 (₹ crs)



### SMA 1 (₹ crs)

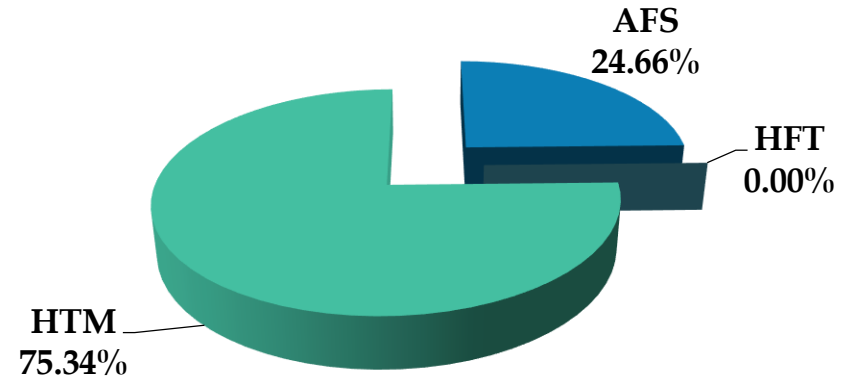
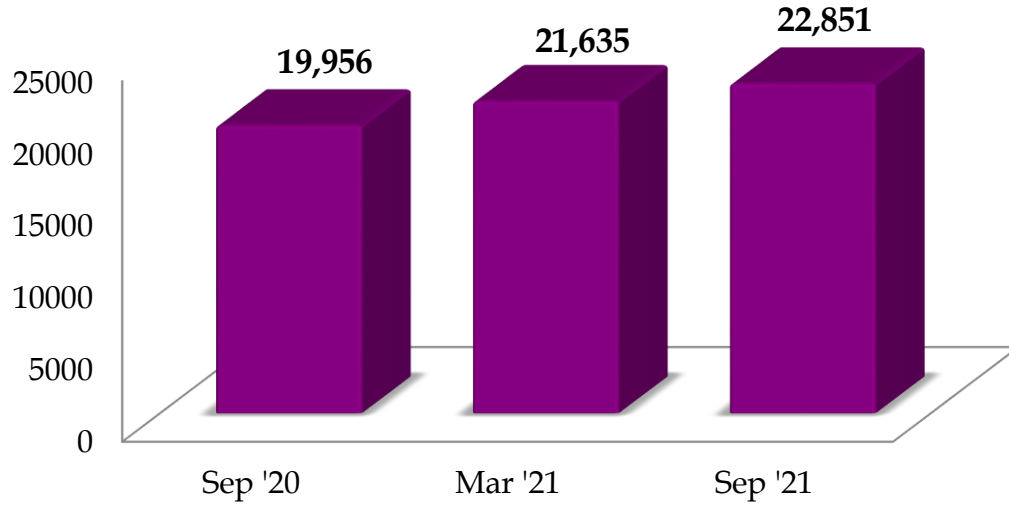


\* Of which, ₹ 5 crore & above is ₹ 606.11 crore (consisting of main accounts ₹ 379.23 crore and related accounts ₹226.88 crore). Below ₹ 5 crore, is ₹ 993.62 crore (consisting of main accounts ₹ 707.67 crore and related accounts of ₹285.95 crore).

\*\*Of which, ₹ 5 crore & above is ₹ 755.99 crore (consisting of main accounts ₹ 334.78 crore and related accounts ₹421.21 crore). Below ₹ 5 crore, is ₹ 1165.00 crore (consisting of main accounts ₹ 807.64 crore and related accounts of ₹357.36 crore).

# Investments

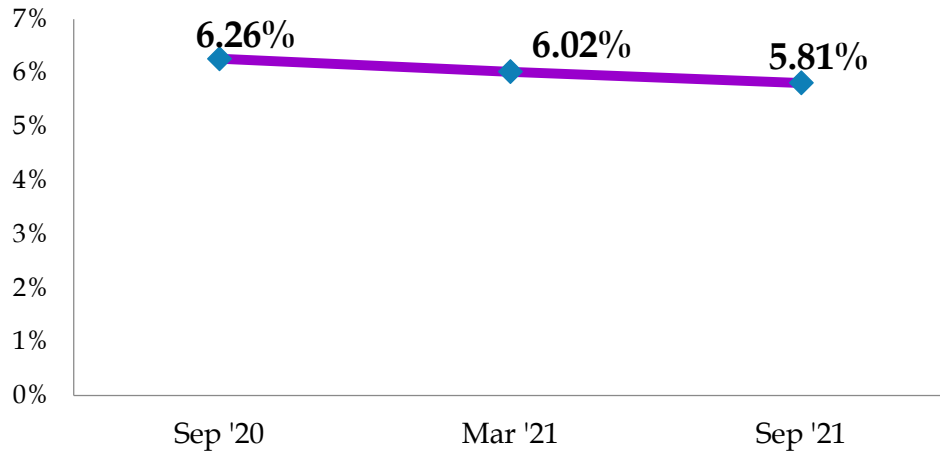
Investments [excl. RIDF] (₹ crs)



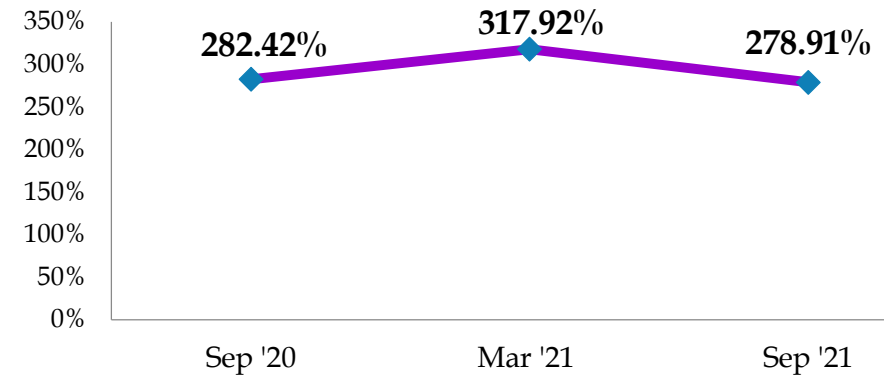
Duration

AFS	HFT	HTM	TOTAL
3.43	0.00	5.69	5.15

Yield on Investments (%)



Liquidity Coverage Ratio



# Topline numbers

₹ crs	Sep-21	Jun-21	Q-o-Q variation	Sep-20	Y-o-Y variation
Total Deposits	76,922	76,215	↑ 0.93%	72,929	↑ 5.48%
CASA Deposits	23,752	23,490	↑ 1.12%	21,275	↑ 11.65%
Retail Deposits	53,165	52,720	↑ 0.84%	51,629	↑ 2.98%
Wholesale Deposits	5	5	↓ -	25	↓ -80.00%
Total Advances	54,468	51,791	↑ 5.17%	54,099	↑ 0.68%
Priority Sector Advances	29,584	28,693	↑ 3.11%	26,970	↑ 9.69%
- Agri Advance	9,319	8,931	↑ 4.34%	8,916	↑ 4.52%
- Advances to Weaker Section	3,993	3,922	↑ 0.03%	2,531	↑ 45.04%
Non-priority sector Advances	24,884	23,098	↑ 7.73%	27,129	↓ -8.28%

# Headline numbers

3 Months

6 Months

₹ crs	Q2 FY 22	Q2 FY 21	Y-o-Y %	Q1 FY 22	H1 FY 22	H1 FY 21	Y-o-Y %
Interest Income	1554.28	1603.71	-3.08 ↓	1523.50	3077.78	3219.41	-4.40 ↓
Interest Expense	917.18	1028.84	-10.85 ↑	948.71	1865.89	2109.43	-11.55 ↑
Net Interest Income	637.10	574.87	10.83 ↑	574.79	1211.89	1109.98	9.18 ↑
Fee Income	164.37	121.46	35.33 ↑	181.18	345.55	263.60	31.09 ↑
Treasury Income	6.50	155.18	-95.81 ↓	25.34	31.84	510.55	-93.76 ↓
Non-Interest Income	170.87	276.64	-38.23 ↓	206.52	377.39	774.15	-51.25 ↓
Total Income (Net of Interest Expense)	807.97	851.51	-5.11 ↓	781.31	1589.28	1884.13	-15.65 ↓
Operating Expenses	418.38	404.25	3.50 ↑	396.48	814.86	781.25	4.30 ↑
Operating Profit	389.59	447.26	-12.89 ↓	384.83	774.42	1102.88	-29.78 ↓
Provision for loan losses in Adv. / losses in Invt. / Taxes / other	263.98	327.82	-19.47 ↑	278.75	542.73	787.06	-35.89% ↑
Net Profit	125.61	119.44	5.17 ↑	106.08	231.69	315.82	-26.64 ↓

# Headline numbers

3 Months

6 Months

₹ crs	Q2 FY 22	Q2 FY 21	Y-o-Y %	Q1 FY 22	H1 FY 22	H1 FY 21	Y-o-Y %
<b><u>Interest Income</u></b>							
Interest Income	1554.28	1603.71	-3.08	1523.50	3077.78	3219.41	-4.40
Interest on Advances	1169.77	1294.01	-9.60	1161.29	2331.06	2592.66	-10.09
Interest on Investments	334.15	273.35	22.24	316.68	650.83	551.15	18.09
Other interest	50.36	36.35	38.54	45.53	95.89	75.61	26.82
Yield on Advances	8.91%	9.40%	-49 bps	8.93%	8.92%	9.36%	-44 bps
Adjusted yield on Investments	5.97%	8.59%	-262 bps	5.95%	5.94%	11.04%	-510 bps
<b><u>Interest Expense</u></b>							
Interest Expense	917.18	1028.84	-10.85	948.71	1865.89	2109.43	-11.55
Interest on Deposits	881.93	972.96	-9.36	912.58	1795.51	1993.07	-9.91
Other interest	35.25	55.88	-36.92	36	70.38	116.36	-39.52
Cost of Deposits	4.64%	5.38%	-74 bps	4.82%	4.73%	5.54%	-81 bps
<b><u>Net Interest Income</u></b>							
Net Interest Income	637.10	574.87	10.83	574.79	1211.89	1109.98	9.18
Interest Spread in Lending	4.27%	4.02%	25 bps	4.11%	4.19%	3.82%	37 bps
Net Interest Margin %	3.31%	3.08%	23 bps	2.98%	3.15%	2.99%	16 bps



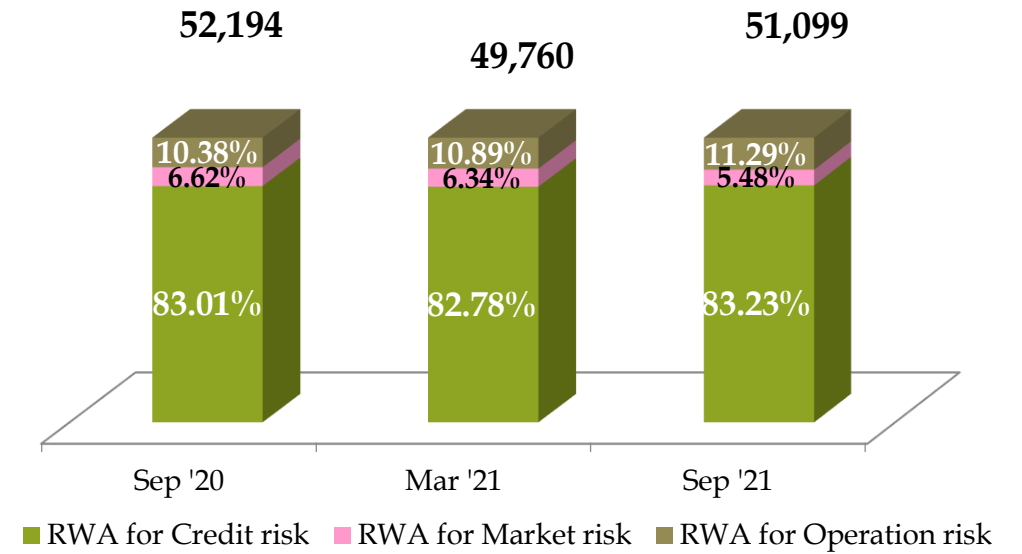
# Capital Adequacy

(₹ crs)

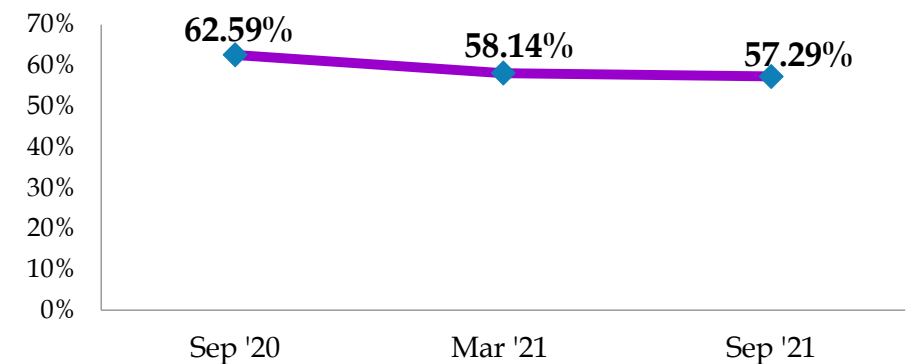
Particulars	30.09.2021	30.06.2021	31.03.2021	30.09.2020
Risk Weighted Assets	51099.27	51,061.91	49,759.61	52194.16
Total Capital Fund (Basel III)	7400.67	7,445.16	7,387.05	6824.81
Total Tier I Capital	6124.05	6,178.00	6,140.39	5780.92
Paid up Equity Capital	310.88	310.88	310.88	310.88
Reserves under Tier I Cap.	5813.17	5,867.12	5,829.51	5470.04
Eligible Tier II Capital	1276.61	1,267.16	1,246.65	1043.89
General Provisions & Reserves	531.61	522.16	501.65	273.89
Subordinated Debts	745.00	745.00	745.00	770.00
CRAR under Basel III	14.48%	14.58%	14.85%	13.41% *
CRAR Tier I Capital	11.98%	12.10%	12.34%	11.08%
CRAR Tier II Capital	2.50%	2.48%	2.51%	2.33% *

\* Recomputed by including full eligible Tier II Capital

## Risk Weighted Assets

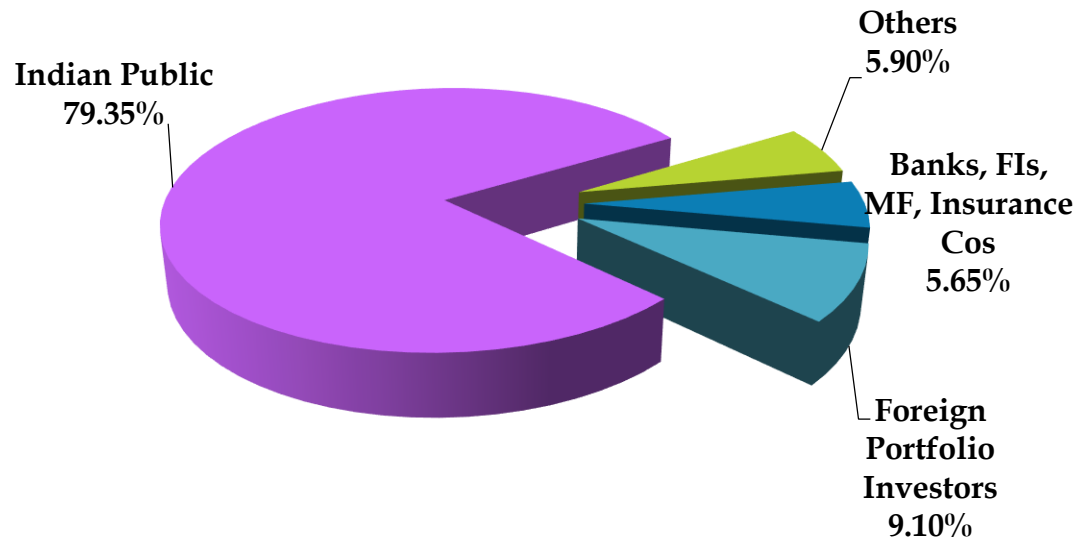


## RWA to Total Assets

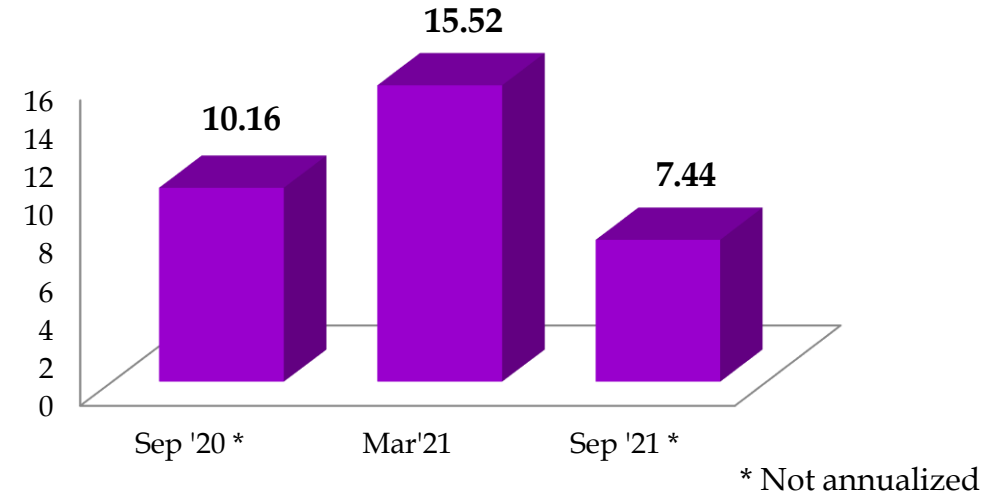


# Share holders' value

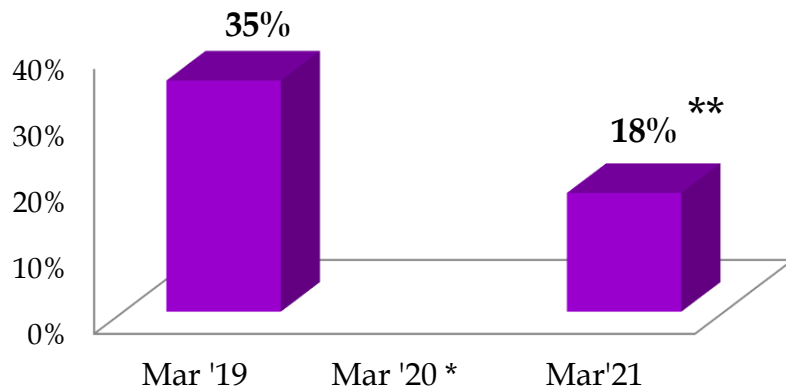
Share holding pattern (Sep '21)



Earning Per Share (₹)



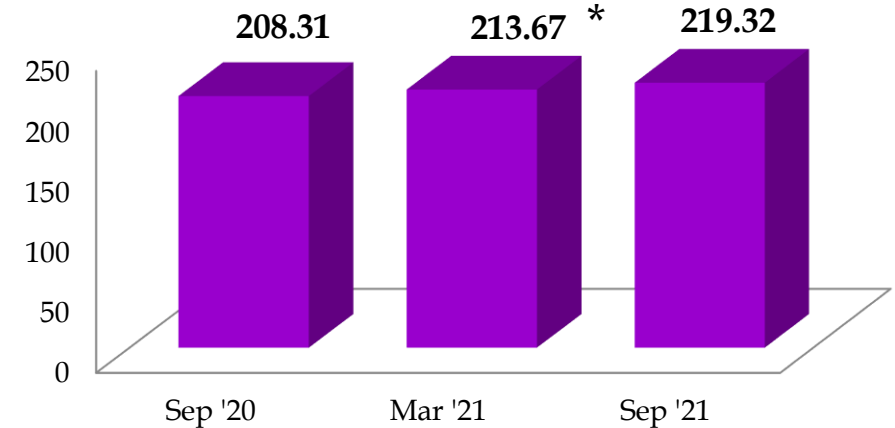
Dividend



\* 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 (₹ in Cr)

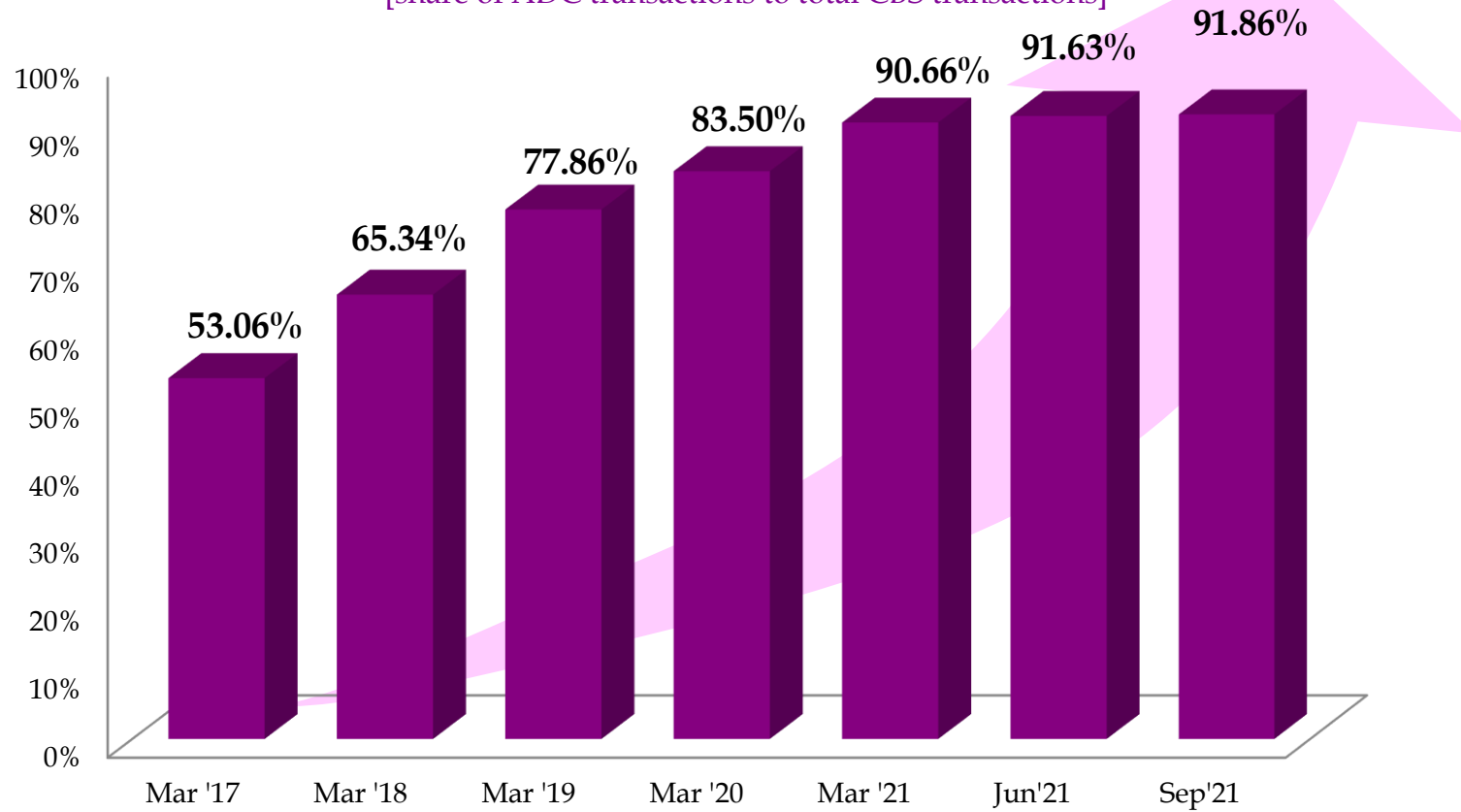


\* After considering the bonus shares issued during the FY ended 31.03.2020

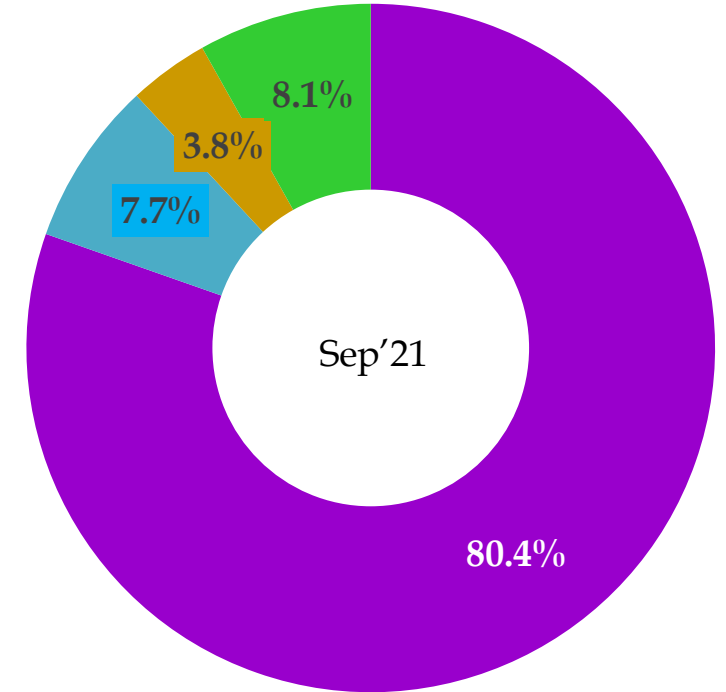
# Digital capabilities

## Migration to Digital Channel

[share of ADC transactions to total CBS transactions]



## Digital Adoption

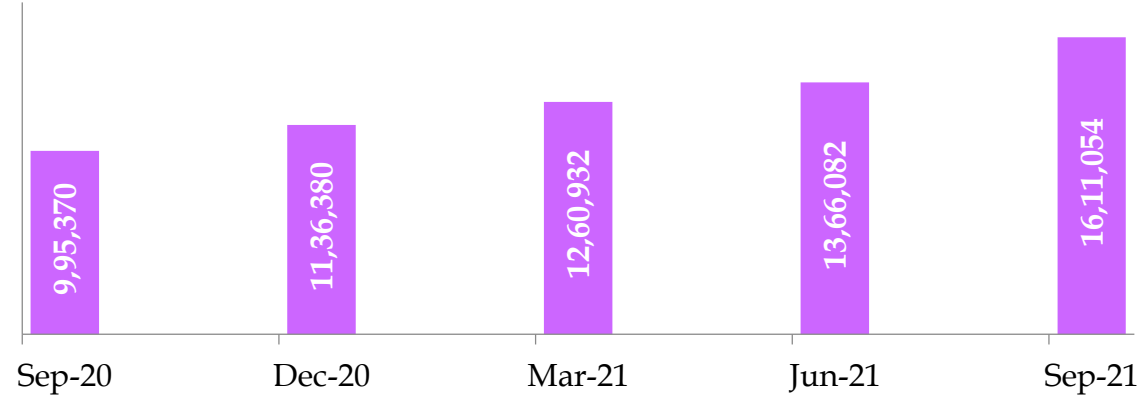


■ Digital \* ■ ATM/BNA ■ POS ■ Branch

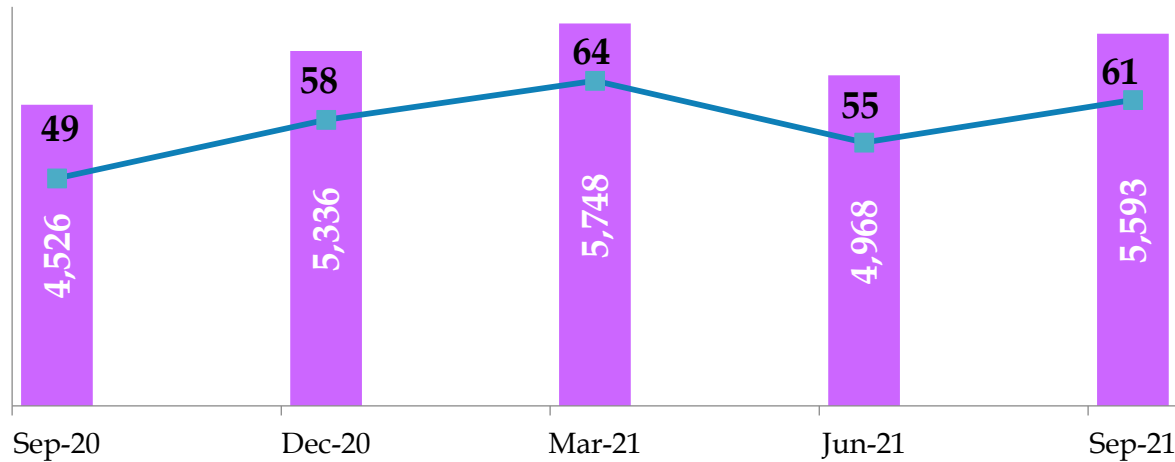
\* Internet Banking, Mobile Banking, IMPS, UPI transactions

# Mobile Banking

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

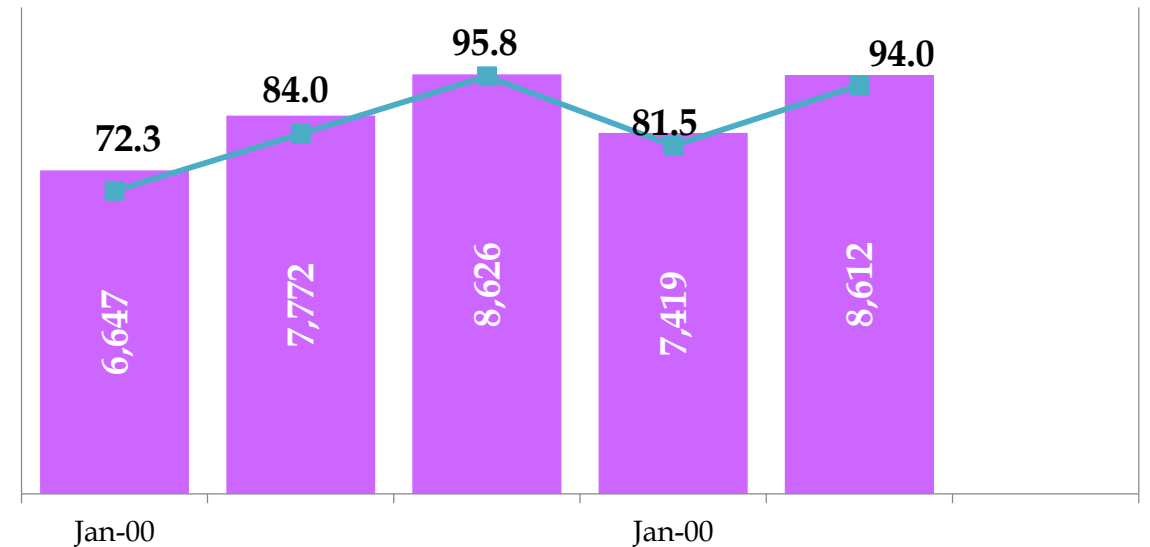


No. of transactions during the quarter



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

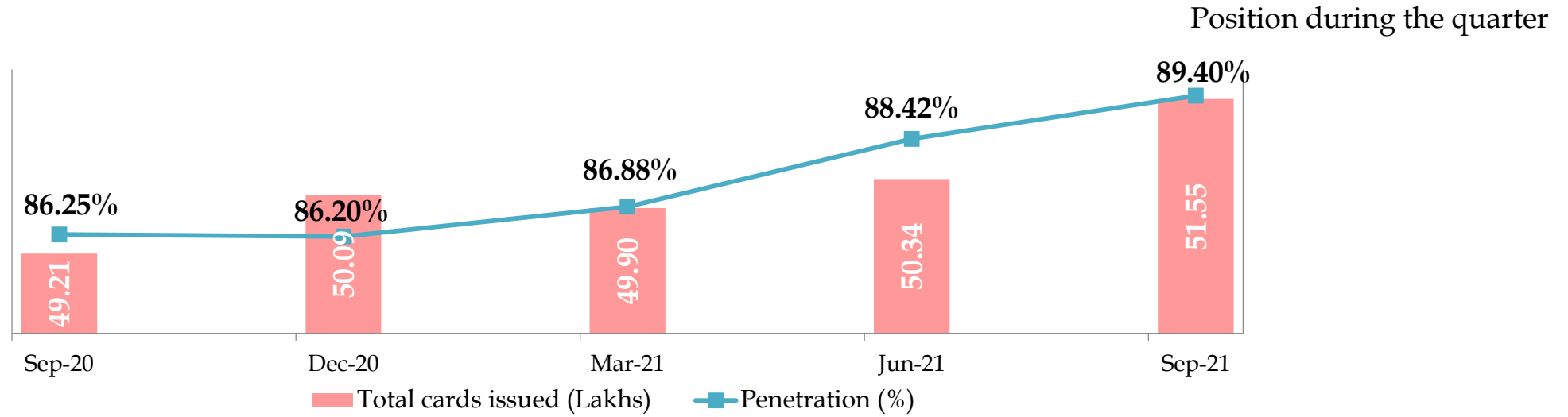
Value of transactions during the quarter



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

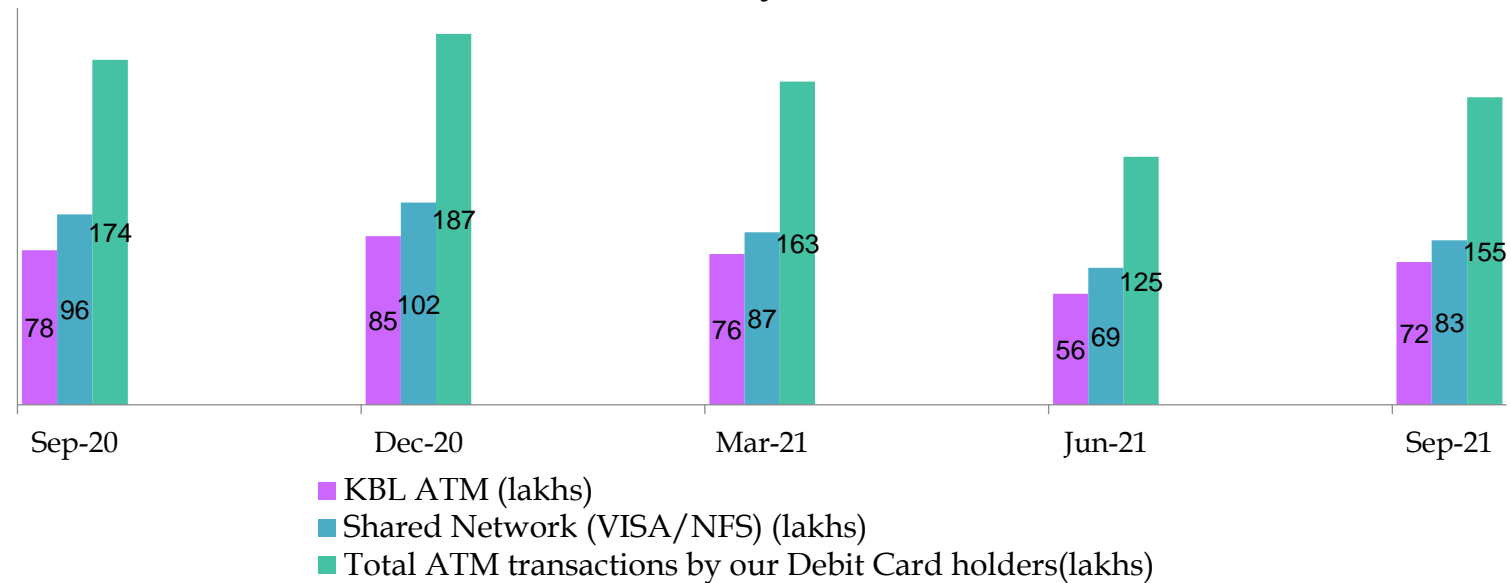
# Debit Cards

## Debit cards Penetration



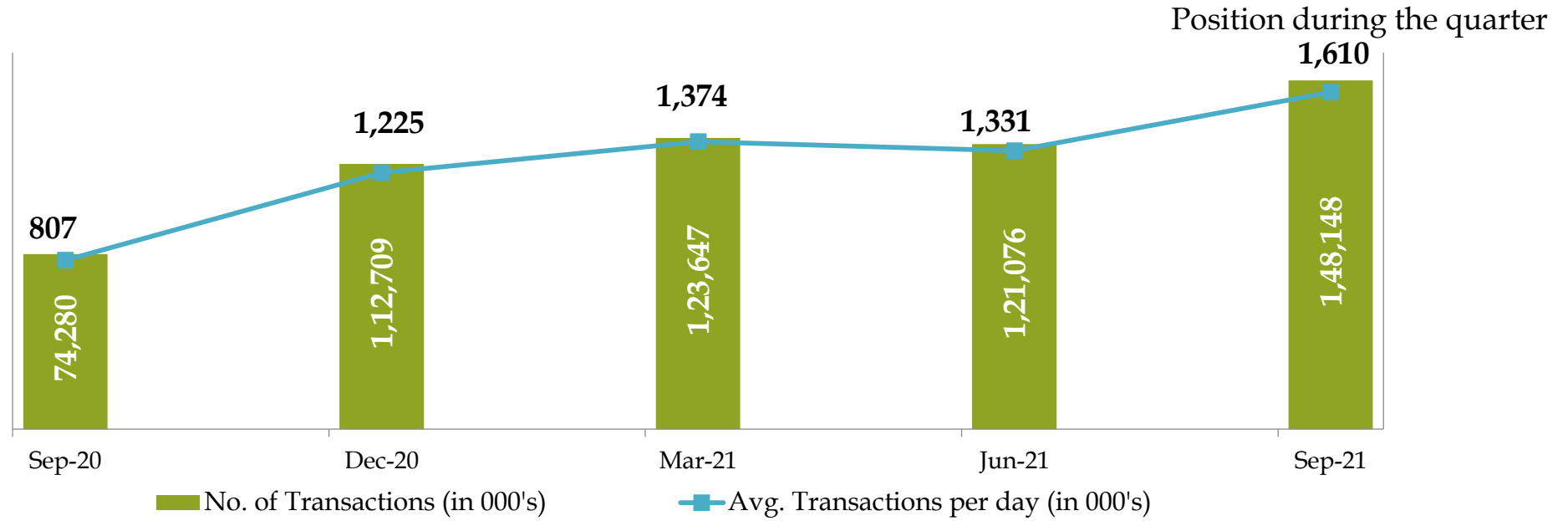
## Cards Usage

### Total ATM transactions by our Debit Card holders

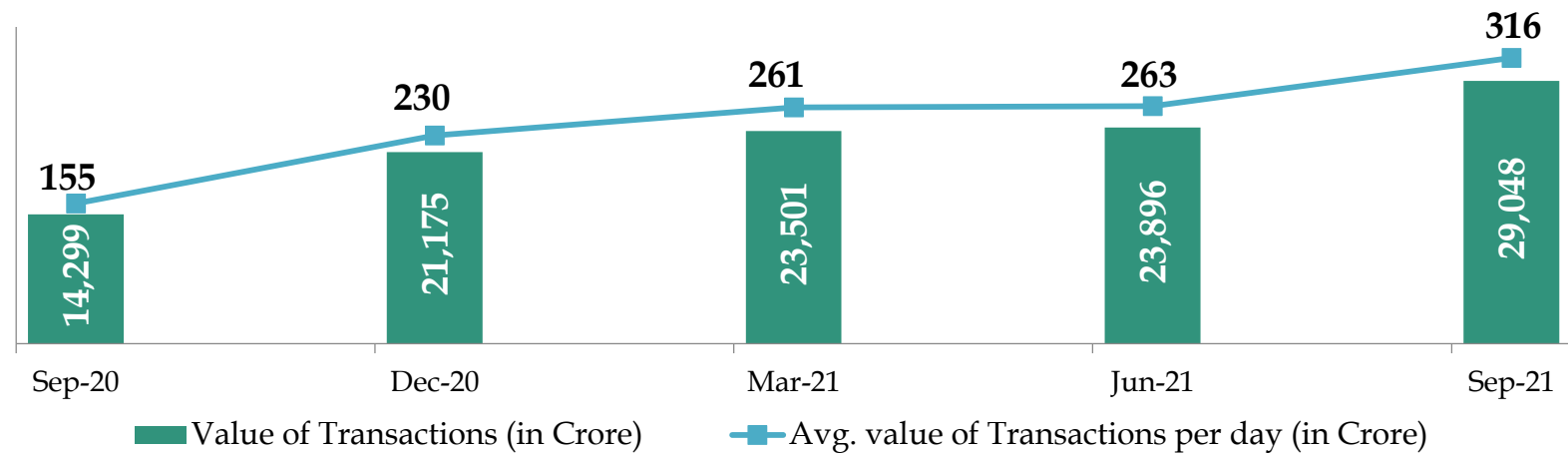


# UPI transactions

BHIM KBL UPI Txns count

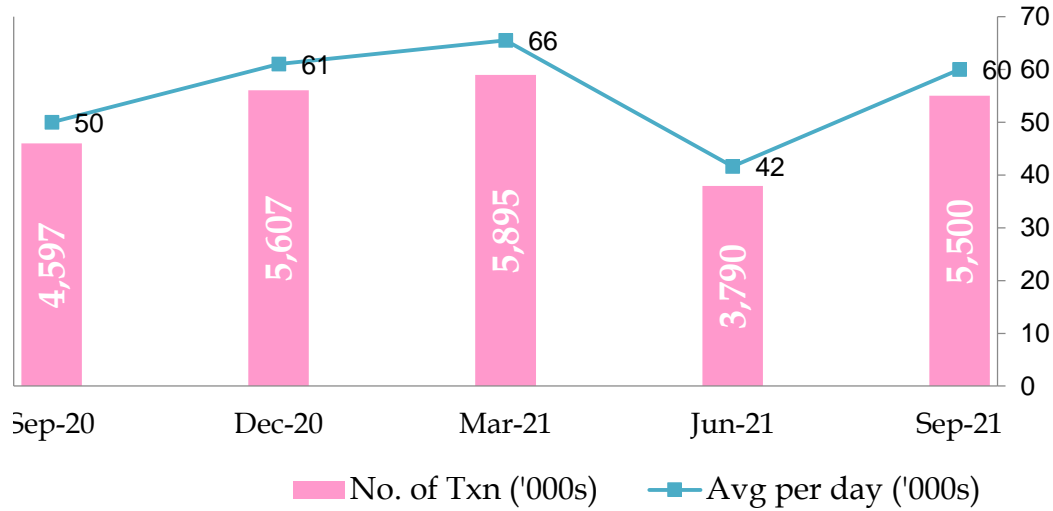


BHIM KBL UPI Txn Value

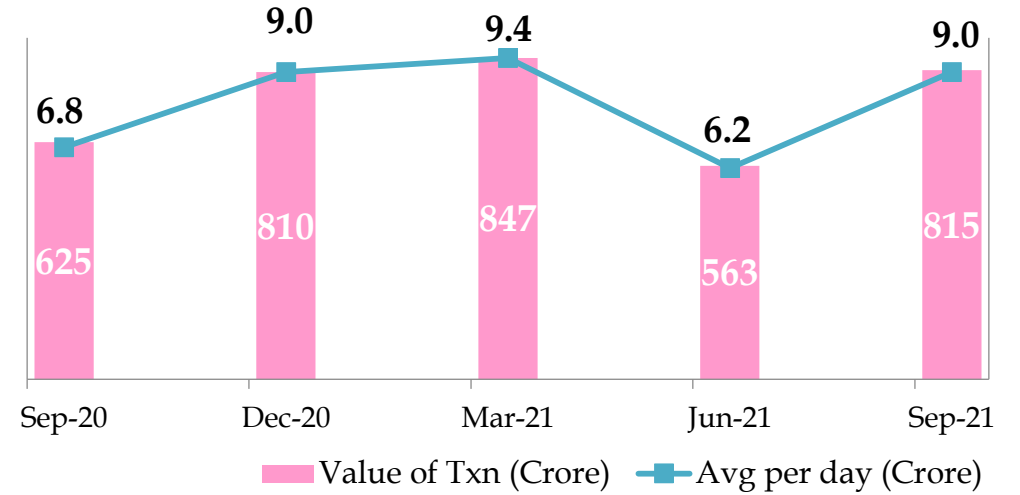


# POS & ECOM transactions

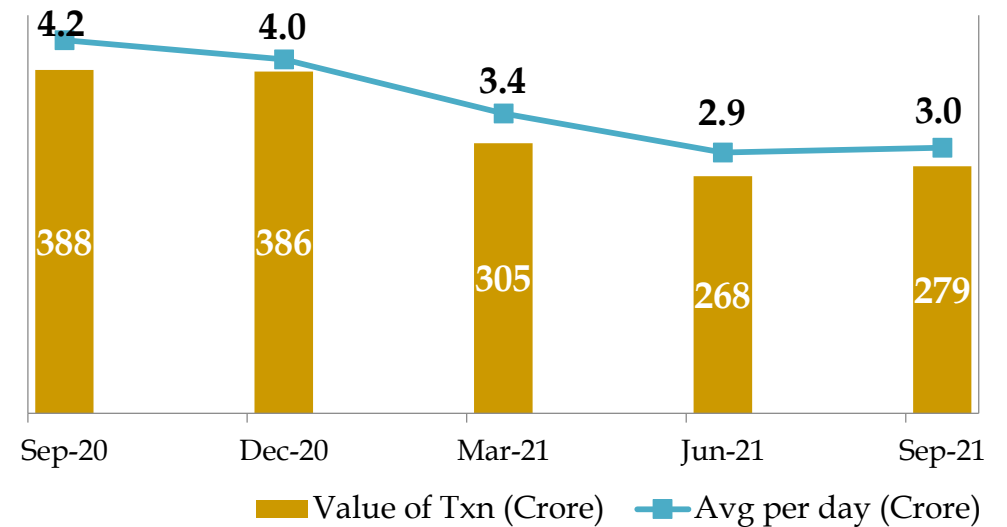
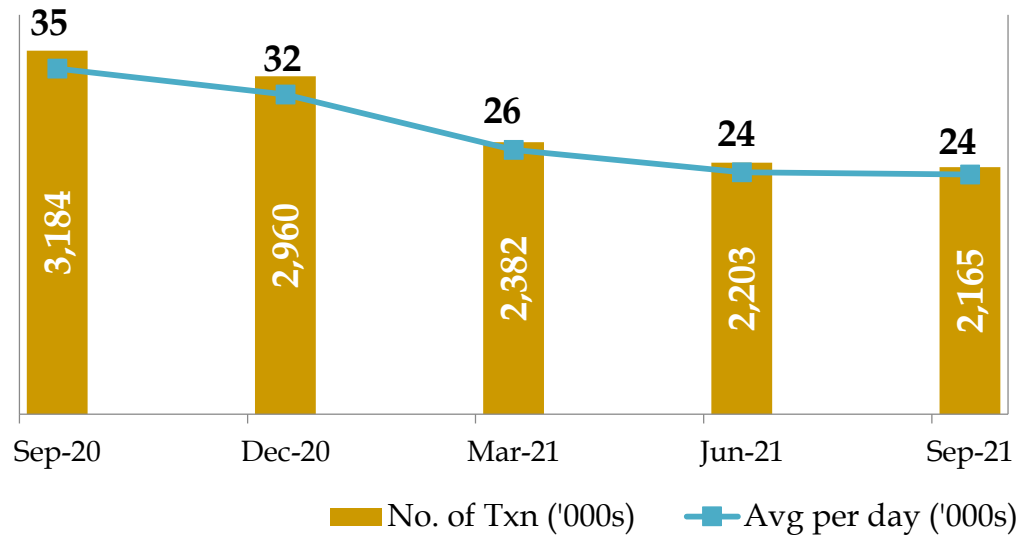
## POS Transactions



## Position during the quarter



## ECOM Transactions



# Digital Lending

## Banking on Digital First Approach....



KBL Xpress Home Loans

Digital Adoption  
% of fresh sanctions



Customer Rating  
5 point Scale



KBL Xpress Car Loans



KBL Xpress Cash



KBL Xpress MSME Loans



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





# Strong foundation of digital capabilities and enablers

## Digital Channels

### Mobile Banking



### Internet Banking



### KBL BHIM UPI



### KBL- mPassBook



## Xpress lending Journeys

### Xpress Home Loan



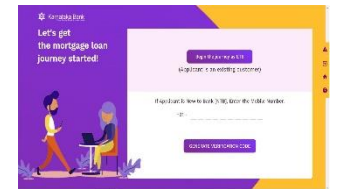
### Xpress Car Loan



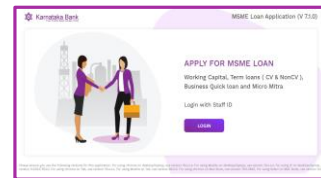
### Xpress Cash Loan



### Xpress Mortgage Loan



### Xpress MSME



### Term Loan



### CV Loan



### Xpress SB



# Sustainability driven by Digital Tools



Collection activities



E-Connect  
Loan Payment  
Portal



Lead ID	Lead Name	Lead Type	Lead Status	Lead Source
1001	Mr. Ramesh	Business	Called	Referral
1002	Ms. Priya	Personal	Not Called	Direct
1003	Mr. Anand	Business	Called	Referral
1004	Ms. Sneha	Personal	Not Called	Direct
1005	Mr. Vikram	Business	Called	Referral
1006	Ms. Anjali	Personal	Not Called	Direct
1007	Mr. Arjun	Business	Called	Referral
1008	Ms. Divya	Personal	Not Called	Direct
1009	Mr. Karan	Business	Called	Referral
1010	Ms. Nisha	Personal	Not Called	Direct

Digital calling tool

Lead calling status  
tracking

# Xpress Analytics

## Annual Branch Customer Dashboard (ABCD)



### Information on branch finger tips

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



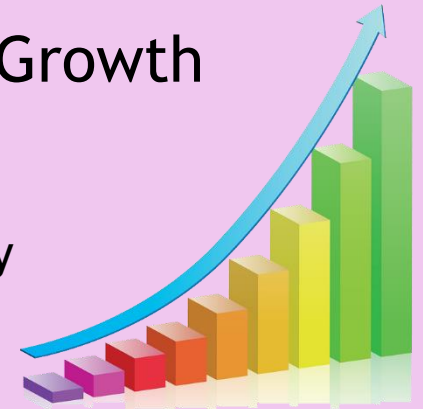
Analyzing Customer Relationship

## 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

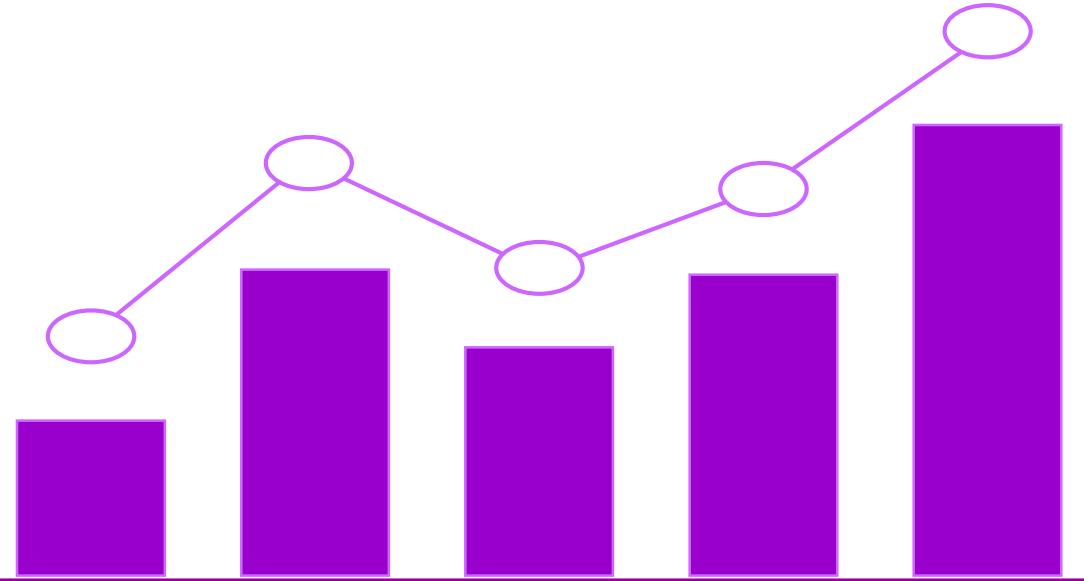


Driving Quality & Wallet Share

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# Business Strategy

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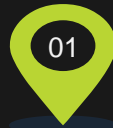
# Corporate Goal for 2021-22

**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'



Digital Transformation- Kbl Nxt journey

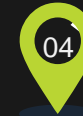


Setting up of ACoE (Analytical Centre of Excellence)



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**



- Digital Insurance platform.
- Valuation & BIR Automation in digital lending.
- DSA / BSA channel platform.
- KBL Xpress Accounts : SB Quick, VCIP, Digital Re-KYC

## **Digital Marketing**



- Marketing & Campaign Automation.
- In-house Survey Tool for market research and NPS management.
- Website & MB Modernization with Analytics

## **Incubating Future Tech**



- ACoE (Analytics Centre of Excellence) incubation - Platform, Skills & Use cases
- Fintech Onboarding - Agri Tech, Co-lending, Whatsapp Banking, Trade Automation
- API Platform: CEDIR (Central Ext Directory of Identity Records)
- NLP Bot : DhIRA (Digi Human Interactive Relationship Assistant) on Xpress Journey
- MSME Neo Bank enabled through Partnerships

# 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.

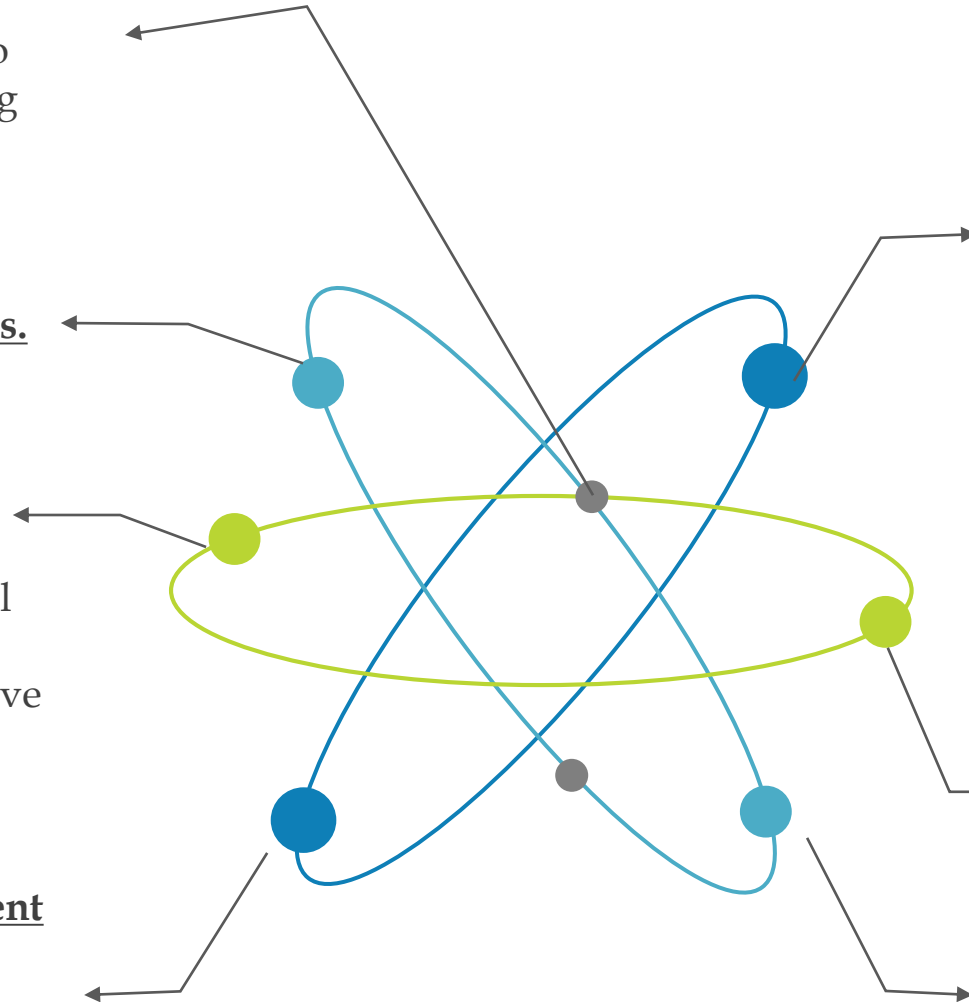
## Digital Banking initiatives

- ❑ 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



Four wheeler vehicle donated for the malaria control programme of Udupi District Administration



Two Ventilators donated by the Bank to Srinivas Hospital, Mukka, Surathkal



Financial assistance to procure two plastic bailing machines with conveyor system for the Pachanady Solid Waste Management Plant of Mangaluru City Corporation.



# Board of Directors



**P Jayarama Bhat**  
Non Executive Chairman



**Mahabaleshwara M S**  
Managing Director & CEO



**Keshav Krishnarao Desai**  
Hubballi  
Businessman



**Justice A V Chandrashekar**  
Bengaluru

Former Judge, High Court of Karnataka  
and former Judicial Member, Karnataka  
State Administrative Tribunal



**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



**Mr D S Ravindran,**  
Bengaluru

Former Principal Secretary to the  
Government Khajane-2, Finance Dept,  
Govt of Karnataka.



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



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



**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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