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Website : www.karnatakabank.com
CIN : L85110KA1924PLC001128

SECRETARIAL DEPARTMENT

May 11, 2021

HO/SEC/36/2021-2022

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza,C-1, Block G
Bandra-Kurla Complex, Bandra (E)
MUMBAI-400 051
Scrip Code: KTKBANK

The General Manager,
BSE Limited
Corporate Relationship Dept
Phiroze Jeejeebhoy Towers
Dalal Street,
MUMBAI-400 001
Scrip Code: 532652

Dear Sir/Madam,

We enclose herewith excerpts of the interview given by Shri Mahabaleshwara M S, Managing Director & CEO of the Bank to the BusinessLine newspaper and the same was disseminated to the Bank's shareholders through email yesterday, for your kind information.

Thank You,
Yours faithfully,


Prasanna Patil
COMPANY SECRETARY

From: kblinvestorupdate@integratedindia.in [mailto:kblinvestorupdate@integratedindia.in]

Sent: 10 May 2021 20:58

To:

Subject: [MARKETING] Greetings from Karnataka Bank – MD interview with BusinessLine



Karnataka Bank Ltd.

Your Family Bank, Across India

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Dear Shareholder,

We are pleased to attach an extract of the interview given by Shri Mahabaleshwara M S, Managing Director & CEO of the Bank to the BusinessLine newspaper which was published on May 7, 2021 for your information.

With best wishes,

**Investor Relation Cell
The Karnataka Bank Ltd.**

For all investor grievances related issues please make use of e mail Id:investor.grievance@ktkbank.com only.

'Karnataka Bank will focus on cost-light liability portfolio'

AJ VINAYAK

Mangaluru, May 7

The Mangaluru-based Karnataka Bank navigated the challenges posed by the Covid-19 pandemic last year, and earned a net profit of ₹451.20 crore in the first nine months of 2020-21 against a profit of ₹431.78 crore for the full year of 2019-20.

In an interview to *BusinessLine*, Mahabaleshwara MS, MD and CEO of the bank, highlighted the strategies that helped the bank to perform better, and its plans for the current financial year amidst the second Covid wave. Excerpts:

India is witnessing the second wave of Covid. How is your bank planning to tackle this fresh challenge?

The first half of the last fiscal was spent in understanding and fighting the pandemic while the business was muted and there was no clear picture about the Covid-19 pandemic. Our innovative business prin-

ciple of 'conserve, consolidate and emerge stronger' immensely helped us to tide over the said crisis-like situation and be able to come out with satisfactory numbers. But now the situation is different. At least now, we have one year of experience in navigating through the pandemic and that is a huge advantage.

To overcome Covid second wave, our bank will continue to practice the principle of 'conserve, consolidate and emerge stronger' along with the required cost cutting measures this year too. We will continue to be cautious and conservative. We will focus on developing a cost-light liability portfolio by concentrating more on CASA and low-cost retail term deposits besides developing a healthy asset portfolio which is largely protected against the ill effects of pandemic in the long run to tide over the economic challenges associated with the Covid wave 2.0.



To overcome Covid second wave, our bank will continue to practise the principle of 'conserve, consolidate and emerge stronger' along with the required cost cutting measures this year too

MAHABALESHWARA MS
MD and CEO
Karnataka Bank

Your recent letter to the shareholders mentioned that the bank is aiming at a 'moderate' growth of 12 per cent for 2021-22. What are the reasons for this moderate outlook?

Yes. The bank has set a moderate growth target of 12 per

cent for business turnover for the current fiscal. Considering the Covid-19 second wave, we expect growth challenges in key sectors during the first half of the current year. Even though MSME and agriculture sectors are less impacted which are the main components of our retail loan book growth, the entire ecosystem of the economy already took a shock and it may need sufficient time to come out of this, if there are no more waves of Covid going forward.

We also expect the customers to be conservative in investing in new or big projects or expansion of business. Our focus will be to conserve, maintain the asset quality and grow steadily with quality during this fiscal. However, the bank will always be in a 'ready mode' to catch up business at any stage of economic rebound, beating our own guidance level. We have superior digital loan journey infrastructure and in a better position to encash such opportunities on the very first

sight of economic turnaround.

Do you think the fresh Covid wave will lead to the increase in the NPAs in the coming days? If yes, how are you planning to handle that?

Even though the economic impact of the second wave of Covid pandemic have just started unfolding, no one can take it lightly and it may be too early to foresee the impact. The banking industry in India has fully exhibited its resilience and was able to face the challenges posed by the first wave of Covid, mainly because of the 'economic vaccines' in the form of regulatory packages such as moratorium, OTR / MSME restructuring, Emergency Credit Line Guarantee Scheme, charging of simple interest during moratorium, etc announced by the Government / Reserve Bank of India.

By opting for the said 'economic vaccines', borrowers managed their cash flow with

extended loan period. Further, the borrowers have also remodelled their business and became more agile. However, it is also expected that revival and recovery may take more than the expected time. RBI has also recently announced a 'booster dose' with various relief measures both for the bankers and individual borrowers, small borrowers and MSMEs. This is expected to give the required impetus to the economy. Hence, the response for Covid 2.0 and going beyond, should be collective, comprehensive, decisive and long lasting besides forward looking.

Going by the current trend, Covid waves are likely to recur at regular intervals. How is your bank planning to handle this?

With vaccination initiatives and with awareness being created among the public about this, it is hoped that maximum people would get vaccinated in about two-

three months considering the current progress. It is expected that once the herd immunity is developed, the surge of Covid would also come down significantly. Like previous fiscal, our bank would continue to be cautious in lending and would ensure adding remunerative and quality assets besides focusing on a cost-light liability portfolio.

Necessary steps will be taken at our disposal to protect the interest of all our stakeholders. With the strong fundamentals and improved capital adequacy ratio, we are confident of sailing smooth this year also in spite of unforeseen challenges.

Like earlier economic shocks such as the global recession, global financial crisis of 2007-08, this time too Indian banking sector, I am sure, will withstand the challenges and come out with flying colours.

We will stand rock solid with the Government, RBI and the customers.