

SECRETARIAL DEPARTMENT

26.05.2023

HO:SEC:57:2023-24

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

2. The General Manager
BSE Limited
Corporate Relationship Dept
Phiroze Jeejeebhoy Towers
Dalal Street
MUMBAI-400 001

Scrip Code: **KTKBANK**

Scrip Code: **532652**

Dear Sir,

We enclose herewith the copy of a press communiqué for your kind information.

Thank You,
Yours faithfully,

Sham K
Company Secretary & Compliance Officer

MEDIA MARKETING, CUSTOMER EXPERIENCE & PUBLIC RELATIONS DEPT.

PRESS RELEASE

Date: 26-05-2023

Karnataka Bank attains Record-breaking Annual Net Profit, Marking a Milestone Year ahead of its Centenary.

Karnataka Bank has reported a record annual consolidated net profit of Rs. 1,179.68 crore for FY2022-23, an impressive increase from the previous year's Rs. 507.99 crore. The net profit for the fourth quarter ending March 2023 is Rs.353.53 crore, up by 171.53% from Rs. 130.20 crore for the corresponding period in FY 2021-22.

During a meeting held in Mangaluru today, the Board of Directors approved the Audited Annual financial results for the year ended March 31, 2023, and proposed a dividend of 50% for approval in the forthcoming Annual General Meeting.

As of March 31, 2023, the Bank's business turnover stood at Rs. 1,47,319.53 crore, a year-on-year growth of 7.40%. Deposits grew 8.68% YoY to Rs. 87,367.91 crore, while advances increased 5.58% YoY to Rs. 59,951.62 crore. CASA deposits accounted for 32.97% of total deposits.

Significant improvements were noted in the Bank's PCR (Provision Coverage Ratio), rising to 80.76% from 73.47% in 2022. Similarly, the CRAR (Capital to Risk Weighted Assets Ratio) under Basel III reached a record 17.45%, up from 15.66% last year.

Non-Performing Assets (NPA) moderated further, with Gross NPAs at Rs. 2,292.91 crore or 3.74% as of 31-03-2023, compared to Rs. 2,250.82 crore or 3.90% last year. Net NPAs also showed a healthy trend, standing at Rs. 1,021.27 crore or 1.70%, down from Rs. 1,376.97 crore or 2.42% last year.

The Bank's priority sector advances stood at 41.47% of total advances, comfortably surpassing the minimum target of 40% as specified by RBI.

Shri Sekhar Rao, Managing Director & CEO (Interim) of Karnataka Bank, reflecting on the bank's performance, stated, "As we proudly mark a century of unwavering trust,

our performance for FY23 is demonstrated through robust turnover and milestone bottom-line numbers, underpinned by consistent enhancements in overall Asset Quality.

I am pleased to say that for FY23, we've made significant progress in all fundamental KPIs, primarily in Loan Advances, expanding Net Interest Margin (NIM), and maintaining a steady CASA base. These highpoints, backed by leading productivity metrics, embody our optimistic outlook as we move forward, showcased by our improved ROA from 0.56% in FY22 to 1.21% in FY23.

As we continue on this journey, our focus on the digital transformation of business operations serves as a strategic tool for driving growth. Complementing this, our 'Retailisation' strategy, centred on increasing our more profitable Retail business while judiciously lessening the share of Corporate Loan advances, will be instrumental in further enhancing our performance metrics. We're strategically concentrating on key retail sectors, particularly Home Loans and Loans Against Gold, to improve our risk profile and margins, aligning seamlessly with our long-term growth objectives for superior ROA.

We've already made a beginning with our retail-centric strategy, as seen in the modest growth of our share of Retail Advances increase to 50.34% in Q4 FY23 from 48.08% in Q3FY23. This shift towards retail lending represents our commitment to portfolio optimization for better asset returns (ROA) and equity (ROE), all while prioritising the delivery of sustainable value to our stakeholders. As we look ahead, it's our century-long legacy of trust that motivates us to continue growing, evolving, and serving our community with utmost integrity and excellence."

PERFORMANCE HIGHLIGHTS

(Rupees in Crores)

| Parameters | | Q4 FY23 | Q4 FY22 | % change / Variation | FY23 | FY22 | % change / Variation |
|--------------------------|--------|------------|------------|----------------------------|----------|----------|----------------------------|
| Net Profit | | 353.53 | 130.20 | 171.53 | 1,179.68 | 507.99 | 132.22 |
| Operating Profit | | 685.54 | 379.97 | 80.42 | 2,207.67 | 1633.37 | 35.16 |
| Total Income | | 2,364.54 | 1,835.76 | 28.80 | 8,212.81 | 7175.54 | 14.46 |
| Net Interest Income | | 860.07 | 656.50 | 31.01 | 3,185.11 | 2491.04 | 27.86 |
| Other Income | | 395.23 | 256.98 | 53.80 | 992.58 | 953.88 | 4.06 |
| Net Interest Margin (%) | | 3.87 | 3.25 | 62 bps | 3.70 | 3.18 | 52 bps |
| Return on Assets (%) | | 1.40 | 0.56 | 84 bps | 1.21 | 0.56 | 65 bps |
| Gross NPA | Amount | 2,292.91 | 2,250.82 | 1.87 | 2,292.91 | 2,250.82 | 1.87 |
| | (%) | 3.74 | 3.90 | -16 bps | 3.74 | 3.90 | -16 bps |
| Net NPA | Amount | 1,021.27 | 1,376.97 | -25.83 | 1,021.27 | 1,376.97 | -25.83 |
| | (%) | 1.70 | 2.42 | -72 bps | 1.70 | 2.42 | -72 bps |
| CRAR (%) Basel III | | 17.45 | 15.66 | 179 bps | 17.45 | 15.66 | 179 bps |
| CASA Ratio (%) | | 32.97 | 32.97 | 0 bps | 32.97 | 32.97 | 0 bps |
| PCR (%) | | 80.86 | 73.47 | 739 bps | 80.86 | 73.47 | 739 bps |
| Digital transactions (%) | | 93.48 | 93.13 | 35 bps | 93.48 | 93.13 | 35 bps |

About Karnataka Bank Limited

Incorporated in 1924, **Karnataka Bank Limited (KBL)** is a 99 years old time-tested, reputed private sector Scheduled Commercial Bank in India, serving 12 million+ customers across India. The Bank has ~8,500+ employees and a well-balanced presence across the metro, urban, and semi-urban cities, and rural centres, across India.

Headquartered in Mangaluru, Karnataka, KBL is known for its exacting standards of corporate governance and strong ethical values. KBL is a Universal Bank and offers personal and business loans to retail, mid-corporate and corporate customers, including the priority sectors such as agriculture, housing and MSMEs, together with large enterprises, NBFCs and infrastructure. KBL also offers savings and current accounts; fixed, cash certificate, and recurring deposits; and non-resident banking services.

The Bank has undergone a digital transformation over the past five years, amongst others focusing on mobile & internet banking, digitized customer journeys for various loan and savings bank products, automated assistance and data analytics. Labelled as '**KBL VIKAAS 2.0**', the Bank is currently undergoing an accelerated new transformation journey under its KBL NxT initiatives that will give it strong relevance and resilience for the next few decades of its continual journey. Going forward, the Bank is aiming to become a new-age, "**Digital Bank of Future**". It aims to do this by adopting cutting-edge technology and integrating its digital and physical infrastructure. As of 31st March 2023, KBL operates 901 branches, 871 ATMs, 603 Cash Recyclers and 586 e-lobbies/mini e-lobbies across 22 states and two union territories.

Sd/-
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ASSISTANT GENERAL MANAGER

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