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17th October 2026

The Manager,
National Stock Exchange of India Ltd,
Exchange Plaza, 5th Floor,
Plot No. C-1, 'G' Block,
Bandra- Kurla Complex,
Bandra (East), Mumbai - 400051

The Manager,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001

Scrip Code: KARURVYSYA

Scrip Code: 590003

Dear Sir/Madam,

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of the Conference Call held with respect to the Unaudited Financial Results of the Bank for the Quarter ended 30th September 2026

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have enclosed herewith the Transcript of Conference Call held on 15th October 2026, at 6:00 P.M. (IST), in connection with the Unaudited Financial Results of the Bank for the Quarter ended 30th September 2026.

The same is also made available on the website of the Bank and can be accessed on the following link:

<https://www.kvb.bank.in/investor-corner/regulation-30-sebi-disclosure/investor-con-call-transcripts-and-recordings/>

Kindly take the same on record.

Yours faithfully,

SRINIVASARAO

MADDIRALA

Srinivasa Rao Maddirala

Company Secretary &

Compliance Officer

Digitally signed by SRINIVASARAO

MADDIRALA

Date: 2026.10.17 18:42:21 +05'30'

Encl: As above

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“Karur Vysya Bank Limited
Q2 FY '26-'27 Earnings Conference Call”
October 15, 2026



**MANAGEMENT: MR. B. RAMESH BABU – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – THE KARUR VYSYA
BANK LIMITED
MR. CHANDRASEKARAN – CHIEF OPERATING OFFICER
– THE KARUR VYSYA BANK LIMITED
MR. RAMSHANKAR – CHIEF GENERAL MANAGER –
THE KARUR VYSYA BANK LIMITED
MR. RAMASAMY – CHIEF FINANCIAL OFFICER – THE
KARUR VYSYA BANK LIMITED**



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Moderator:

Ladies and gentlemen, good day, and welcome to the Q2 FY '26-'27 Earnings Conference Call of The Karur Vysya Bank. We have with us today the management team of KVB represented by Mr. Ramesh Babu, MD and CEO; Mr. Chandrasekaran, Chief Operating Officer; Chief General Manager, Mr. Ramshankar; and Mr. Ramasamy, CFO.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. B. Ramesh Babu, MD and CEO, to take us through the highlights of the quarter gone by, after which we will open the floor for questions. Over to you, sir.

B. Ramesh Babu:

Yes. Thank you, Sagar. Thank you. Good evening to all of you. On behalf of The Karur Vysya Bank, I extend a warm welcome to everyone joining our bank's Q2 Earnings Call for the financial year '26-'27. Our financial results and accompanying presentation have been made available on our website, and we trust you have had the opportunity to review them thoroughly in advance of this meeting.

The domestic economy showed resilience in the first half of the current financial year. Despite continued global uncertainty and the conflict, the supply side pressures were alleviated by proactive policy measures by the government that ensured adequate supply of key inputs. System liquidity surplus surged in September 2026, mainly on account of Reserve Bank of India's swap facilities. Bank credit growth became broad-based and strengthened further.

As discussed in our previous 2 earnings calls during the current year, we had indicated that financial year '26, '27 would be characterized by cautious and moderated growth. We had also emphasized the importance of navigating the evolving operating environment with discipline ensuring that business growth is pursued without compromising on the portfolio quality.

We are pleased to report that our key performance indicators are broadly in line with the guidance shared earlier. The business growth has been balanced and broad-based with sustained performance across our 3 key priorities: growth, profitability and asset quality. This reflects the continued strength and resilience of our operating performance since the year's outset.

As of 30th September 2026, the bank's total business reached INR2,39,712 crores, reflecting our sustained growth momentum in the second quarter with an overall business increase of 5% quarter-on-quarter and year-on-year growth of 18%. Advances rose to INR1,11,589 crores representing a growth of 7% quarter-on-quarter, while deposits increased to INR1,28,123 crores, achieving quarter-on-quarter growth rate of 5%.

The composition of our advances portfolio remained broadly stable during the quarter with RAM segment continuing to account for 86% of the portfolio and the corporate segment contributed to the remaining 14%.



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The Commercial business segment continued to demonstrate an 8% growth over the previous quarter, driven by higher disbursements in both small business group and business banking group. So it comes to around 24% quarter-on-quarter, we can say the disbursement growth. The growth came predominantly in sectors like engineering, wholesale trade, commercial real estate, metal products, retail trade, textiles and transport operators.

Tailor-made products such as GST surrogate for customers with limited financial data and open term loan product started during the March quarter have crossed INR450 crores outstanding at the end of this quarter. Small business group relationship manager model is gaining momentum, and this team has added 228 - new-to-bank customers during the quarter.

Retail advances increased by 5% quarter-on-quarter, primarily driven by growth in mortgage loans and personal loans, sequentially down by 1% over the previous quarter. Mortgage loans registered a growth of 12% over the previous quarter. Personal loans grew by 11% over the previous quarter, driven by secured PL and unsecured business loans equally.

Retail jewel loans marginally declined by 1% during the quarter. We did not reduce the pricing in retail jewel loan segment to have a calibrated growth and hence, declined sequentially. The agriculture loan portfolio recorded a growth of 4% during the quarter. The increase in oil prices due to Gulf market prices, coupled with a moderation in agriculture commodity prices provided support for the business growth to some extent.

Favorable expectation of the monsoon in the third quarter, coupled with favorable growth indicators of the growth in Agri inputs, the overall outlook remains neutral. Agri-jewel loans constituted 92% of the portfolio and other Agri loans constituted 8%.

The overall LTV is maintained at 67% for Agriculture Gold loans and 59% for non-Agri Gold loans as on 30th September 2026. We closely monitor the LTV levels, any breach triggers an automated alert to the branches. The overall jewel loan portfolio of the bank stood at INR32,153 crores, constituting 29% of the total advances.

Our endeavor is to keep the same between 35% of the total advances or 32% in terms of the total exposure levels. Suppose if you look at 32% of the total exposure level, even then we will be 26%, 27%. If we look at the outstanding, it will be around 29%. So that way, in both the cases, we have sufficient room available for us for the growth in the jewel loan portfolio.

The corporate and institutional loan portfolio has grown by 12% during the quarter. The credit demand was seen in the segment like EPC, infrastructure sectors, commercial real estate, capital market participants and selective capex in textiles and NBFCs. Even though the corporate portfolio has been growing well in the last 2 quarters, the average ticket size of the portfolio still remained at INR42 crores at the end of Q2.

We continued our focus on credit substitutes and had a growth of around INR500 crores during the quarter. Our focus would be on ETB customers with an external rating of A and above on this segment.



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Our YTD growth is 13% in advances. As a word of caution, YTD growth should not be construed and considered as an indicator for the full year growth. We had indicated in the beginning of the year that we would grow by 1% to 2% above the industry growth.

With the spurt in credit growth scenario in the industry, we would tread cautiously and look for calibrated growth of 18% to 20% for this financial year. The bank's liability business constitutes 53% of the total business book of the bank. Our deposits grew by 5% during the quarter, driven by gains in both retail term deposits and CASA.

A key highlight of the quarter was the strong momentum in CASA. Current account balance increased by INR592 crores, representing a 5% growth during the quarter, while savings account balances grew by INR897 crores, again, reflecting a 4% increase over the previous quarter. Consequently, CASA balance increased by INR1,489 crores during Q2, supported by strong traction in operating accounts, transaction banking relationships.

Our CASA growth continues to be relationship-led. Existing customers contributed nearly to 60% of the incremental CASA growth, while new customer acquisition accounted for the balance. That reflects both deeper engagement with our customer base and sustained acquisition momentum.

Retail deposits remained a key growth engine during the quarter. Retail term deposits witnessed healthy traction, supported by calibrated pricing actions undertaken to fund advances growth while maintaining a disciplined approach towards wholesale funding.

The bank continued to preserve the granularity and resilience of its deposit franchise with retail TD contributing nearly 73% of the total deposits, term deposits and with RTD growing at 6% quarter-on-quarter with the quarterly growth of INR3,902 crores. The RBI's relaxation on FCNRB interest rate ceilings has enabled the bank to source incremental FCNRB deposits of around INR680 crores during this quarter, indicating smaller uptick in the NRI business.

Regarding margins, we had provided a guidance in the range of 3.7 to 3.8 for the financial year 2026-27, about the NIM. I am pleased to report that we were able to maintain our net interest margin at 4.26% for this quarter also. If you look at including the one-off recovery, so interest recovery, 8 basis points from the written-off accounts, it comes to 4.34%. It was like more or less like previous quarter.

The cost of deposits increased marginally by 4 basis points on a sequential basis as rates of deposits were increased during the first quarter. And that way, the repricing of deposits, what all happened during Q2 and the fresh acquisition, we had to pay a relatively higher rate because we have revised the rates in the first quarter.

Funding costs are likely to remain under upward pressure due to RBI's policy tightening, liquidity absorption and competition for deposits. However, immediate pressure may not be on the bank due to increase in deposit rates and strong FCNR flows still feeding the credit growth. So it may have an effect and likely run like this for next 2 to 3 months with the existing rates.



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The yield on advances increased by 8 basis points during this quarter and remained at 10.09%. EBLR book increased from 55% to 57% compared to the previous quarter. The fixed rate loan book remained at 34% and MCLR-linked book reduced from 9% to 7%.

As the market is flushed with liquidity on account of FCNRB flows, we expect huge competition in pricing from few banks, and it may bring down the yield going forward. So yield on investments dropped marginally by 4 basis points during the quarter at 6.79% from 6.83% in the previous quarter.

The marginal dip in portfolio yield during Q2 is partly attributable to the investment mix. Mutual fund investment mix and mutual fund investment made during quarter 2, the returns are computed to NAV appreciation. They are recognized separately and they do not form part of the interest income. In the recent monetary policy meeting, RBI had increased the repo rates by 25 basis points.

So in view of what we have said earlier and some sort of visibility what we had and considering our pricing methodology of the loan book also, so we may end up above 4% or 4% plus NIM for the full year. The operating profit for the quarter was at INR1,162 crores, reflecting a 14% increase compared to the same quarter in the previous year and 6% growth sequentially.

Net interest income has grown by 25% year-on-year and 5% sequentially. The recalibrated asset mix and yield optimization continued to result in net interest income growth. However, noninterest income for the period remained flat at INR435 crores sequentially.

So our operating expenses for the quarter stood at INR770 crores, representing a marginal increase of INR1 crores sequentially. As discount rates went up by 40 basis points during the quarter, AS-15 requirements were lower by INR28 crores compared to previous quarter. This compensated the increase in core salary costs, which went up by 8% due to DA increase and ESOP related provisions.

Other operating expenses have also remained flat compared to previous quarter. Net profit for the quarter was INR788 crores, an increase of 4% quarter-on-quarter and 37% year-on-year. During the quarter under review, an allocation of INR94 crores was made towards NPA migrations, standard assets, restructured assets and INR25 crores additionally, we have provided towards the floating provisions, resulting in a credit cost of 0.43% on an annualized basis.

With respect to ECL provisioning guidelines, the bank has maintained adequate provisions and buffers through floating and prudential provisions over the past few years. Based on our internal assessment, so we feel we will be able to manage with the provisions, what all we have made. If at all something is required, we'll be able to take care of that the earnings what we have.



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The total provisions to advances is at 1.65%, which should take care of the transition. The ROA for this quarter stands at 2.1%, marginally lower by 1 basis point from previous quarter. We expect ROA for the full year to be more than 2%.

Gross slippages for the quarter amounted to INR123 crores, representing 0.44% annualized, 0.11% of the loan book sequentially; it is lower from INR138 crores. SMA 30+ levels remained at 0.22%, same as of previous quarter. We are confident in our ability to maintain the slippage ratio below 1% levels as we have previously indicated through ongoing diligent account monitoring.

Owing to reduce slippages, improved recoveries and upgrades as well as write-offs, our gross NPAs declined marginally by 5 basis points to 0.69%. Our net NPA reduced by 1 basis point to 0.18%, and we are committed to maintaining net NPA at below 1% of our loan portfolio. The proportion of our standard restructured loan portfolio has further decreased to 0.33% of our total loans and continues to perform satisfactorily.

Notably, a substantial portion is secured by collateral and we also maintained a provision of 40.1% for the standard restructured loan portfolio. Our CRAR Basel III continues to be healthy and is at 17.97%, providing us comfortable headroom for growth.

Our liquidity coverage ratio for the quarter is at 129%, and we would be maintaining this in the range of 115% to 120%. We opened 20 branches, including 2 branches in the first quarter during the half year ended September 2026. We have planned for opening 50 branches during the current financial year, and we would be completing 26 branches before the end of next quarter and balance before the year-end.

So that way, major part of the branch expansion load will be taken care of before the December end. As reported in the monetary policy statement, going forward, India's macroeconomic outlook remains resilient, supported by domestic demand and strengthening investment despite persistent global uncertainties.

The outlook remains vulnerable to geopolitical developments, volatility in global energy markets and weather-related uncertainties. Weak monsoons, coupled with strong El Niño, protracted geopolitical tensions, rising international commodity prices, additional frictions in the global trade and tightening of global financial conditions could adversely impact the growth outlook.

While we remain mindful of the evolving operating environment, our focus remains steady on prudent calibrated growth, granularized and to focus on operational efficiency, customer centricity and disciplined risk management. This approach gives us confidence in delivering sustainable value to all stakeholders.

I would like to express my sincere gratitude to all the investors, analysts and stakeholders for their continued confidence and ongoing support. We are committed to upholding this trust through continued strong performance in the future. To sum up, our guidance for credit growth would be between 18% to 20% for the financial year '26-'27.



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NIM for the full year will be in the range of 4% plus. ROA for the full year will be about 2%. Our GNPA expected to be less than 1.5% and NNPA will be less than 1% and slippages will be less than 1% of our outlook coming to our cost-to-income ratio also. So we feel that we will be below 45% in the next 2 quarters to come. So this is all from my side.

And now I'll be glad to respond to your questions. Yes, thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Your first question comes from the line of Rikin Shah with IIFL.

Rikin Shah: I had 4 questions. The first one is on the gold loan asset quality. So while for you, it seems that it is pretty stable and no problem. But if you look at the bureau data and select players, we have started to see some uptick in the gold loan NPAs.

So I wanted to hear your thoughts on what you are seeing on the ground, while I do appreciate that the LGDs will be very low, if any, but is there any stress in the gold loans? So that's my first question.

B. Ramesh Babu: Yes, I'll respond on that first of all. Yes, good question that way to start with. So what we did for the last 1.5 years, we have thoroughly strengthened our margin call. So earlier, the branches, they were doing on their own depending upon the LTV seeing and all. We felt it may not work. Now through system, we have digitized all these things.

When the cutoff is there, straight away, the alert will come. A centralized cell, they monitor with the branches for seeing that either we get a top-up for this amount so that it comes within the comfort level what we have or after some time, it can be 15 days or 1 month, we will proceed for the realization of this jewels.

Luckily, what we found is because the area of operation, what we work, many of these people, they bring the family gold ornaments of the family members in addition to the normal gold. So they have an attachment to the ornament. So when we trigger this auction, the sort of a thing, the need for auctions are very few. And in many cases, customers on their own, either they are coming forward for making the top-up and all to bring it under the control or they are repaying.

So that way, for the time being, what we see, we do not find much issues as far as the current margin call mechanism is concerned. We didn't find that sort of an aberration, what you mentioned. But we'll be mindful of this fact. We'll also be careful in further tightening and strengthening our monitoring mechanism.

Rikin Shah: But sir, if not in your customers, but otherwise, do you see some evidence of stress at all or not really on the ground?

B. Ramesh Babu: Not really actually. In fact, if you look at our retail segment, we have brought it down. The numbers also have come down because our rate of interest is relatively 14% that way. And selectively, we may do 13%, something like that. So the focus is on the agriculture only. This



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agriculture also, a majority of the people because below INR2 lakhs, RBI has given a dispensation for certification.

Otherwise, we are taking the documentation, underlying documentation, what he is doing and all. And the lending is also rather than the value of the jewel, we are going with per acre how much is there a scale of finance. And all these things we have mentioned many times, this is going for a proper need and not for the sake of consumption. So that way, to some extent, so this part we have not yet seen.

Rikin Shah: Got it, sir. Sir, second question is on bancassurance income. And I understand last year, it was about INR165 crores for you and contributed about 18%, 19% to your fee income. So have you done any assessment of if the IRDA guidelines get implemented without any watering down, what could be the potential impact on banca income?

B. Ramesh Babu: Yes, I agreed, but still it's in a fluid stage. What comes out finally, we do not know. But whatever it is, we also did a back of the envelope working on this. So now that the LI and all few cases that drastically it's going to come down, maybe 60%, 70% also can come down in a few cases.

We worked out based on of '25, '26, how much it can come down. So we thought -- so it will come down. But the good thing for our bank is the insurance penetration, LI penetration is concerned, we are at around 1.6%. So we also work out in another way.

So to make up that lost ground, what is that we need to do? Then one thing we need to do is if we can bring down -- bring up the penetration to around 3.8% to 3.9%, we'll be able to make up the sort of a thing. Now we need to work closely on this particular aspect, how actually this sort of a penetration can go up so that overall, we'll be able to make up the commission what all we are going to lose there.

Rikin Shah: Got it, sir. And so if I put it other way around about 50% is where you need to recoup and which is where the penetration needs to go up from 1.6% to almost doubling, right?

B. Ramesh Babu: Correct, correct.

Rikin Shah: So about 50% is what you need to recoup. Got it.

B. Ramesh Babu: But one thing also I'll tell you, Rikin, the proposed framework offers some scope also. Suppose if you look at it, so it will create scope to reassess our bank's product mix particularly across protection, rural and underserved markets, health, property, engineering, large corporate segment. These things, if you look at it, so it will give us some more opportunity.

That's why closely, we are reworking on this, how to change our product mix, focus and above all, penetration also. If you look at our penetration, so it is skewed. Few of the geographies, it is 2.2, 2.3. for some geographies, 0.9. All along, we didn't focus on that penetration percentage.



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Now closely, if you can work with analytics based on existing policies, what all are there, what profile customers are taking, how to filter them. And on a focused basis, we work with the partners and all we focus on that. Somehow we'll be able to make it up -- I agree, problem is a problem for everyone, including for us. But the only thing is with this, we'll be able to overcome the problem in the months to come.

Rikin Shah:

Got it, sir, noted. Sir, the third one is an extension to this only, right? So I mean, you've done a very solid job on managing and improving the margins. But if I look at the noncore income, which includes the treasury and the recoveries from written off, it's still a substantial proportion of PBT and ROA.

So I wanted to hear your thoughts on how much resilient you think this can be and how much of this can -- how many years' visibility do you have that we can continue to maintain this? This includes both recoveries as well as the treasury contribution?

B. Ramesh Babu:

Rikin had this question be there 3 years back, my response would have been something different. Now if you look at the Dupont of the Q2, okay, the treasury income constitutes 0.06, not only now, even first quarter also 0.06, okay, first thing. Second thing, our write-off recovery, which used to be 0.65 and above all 0.8, 0.9 also used to be there. Now if you look at it, overall, the write-off recovery for this quarter is 0.21.

On an average, if you find our slippages are in the range of INR400 crores to INR500 crores. And next year, if they are available for the recovery and even if you assume around 60%, you are going to recover out of that, we'll be able to get. Still, we have a pool of around INR2,500 crores where assets what is there from that also, we'll be able to get that.

Now suppose for any reason, as you mentioned, this 0.21 in the dupont may become 0.11, 10 basis points may come down. Even then, the 2% what we have, we will be more or less at that level. So what we are indicating earlier was 1.8% plus. So earlier, we were dependent on these write-off recovery to some extent.

Last quarter and this quarter, without much dependence on them on a business as usual normal case also, we are able to get 2% that implies shows the inherent strength what we have developed over a period of time.

Rikin Shah:

Got it. Very clear, sir. Thank you for that clarification. And sir, the last question is more of a data keeping. Between your floating and other contingency provisions, what is the total stock of these provisions? Is it around INR390 crores now?

Management:

I've given you the percentage, 1.35 -- 1.65% of the total advances we have as provisions.

Rikin Shah:

So this is in addition to the standard asset and restructured loans?

B. Ramesh Babu:

Yes, yes, absolutely. In addition, because now that there are many unknown unknowns are there, we have provided something for the war also. ECL also 2 years back, we have provided contingency provision also we have provided INR100 crores. So that's why we thought due to



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uncertainties, which can be used in any way. So when good times are there, you need to think of the bad times, if at all, they may come up and although you exercise utmost caution to take care of the eventuality, we provided INR25 crores during this quarter.

- Ramshankar (CGM):** It includes standard provisions, also overall provisions.
- B. Ramesh Babu:** The INR25 crores is standard separately also in addition to that.
- Ramshankar (CGM):** Overall is 1.65.
- B. Ramesh Babu:** 1.65 includes standard, correct. Yes.
- Rikin Shah:** Got it. So ex of that would be about 1.2 or something?
- Ramshankar (CGM):** Yes, 1 to 1.04.
- Moderator:** Your next question comes from the line of M.B. Mahesh with Kotak Securities.
- M.B. Mahesh:** Just a couple of questions. One is when you look at the corporate and SME demand today, if you just kind of break up between how much of it is essentially just a kind of a drawdown of working capital that one is seeing on the ground for, let's say, some kind of Middle Eastern crisis and stuff, whether those things have settled down versus genuine capex-led expansion that you're seeing? Or is it a substantial part still kind of a takeover of loans that one is seeing on the ground? If you could just highlight what you're seeing in both corporate and SME side, sir.
- B. Ramesh Babu:** In fact, frankly, if I had to share Mahesh, the corporate, what we say, it is literally the MSME of big banks because our average ticket size is still INR48 crores, INR49 crores. So that is more or less -- this is also more or less a commercial only.
- But for the sake of convenience, we have split them as corporate. Now if we look at it, so ideally, we would have said very happy if our working capital utilization goes up in terms of the top line goes up. Our working capital utilization for the last 1, 1.5 years is in the range of 76% to 79%. It is not going up, same level it is there.
- Now here, when our textile portfolio is 5.05 percentage is there, where major portion is there. There, we have further analyzed this particular portion. We look at it where U.S.-based exports are there, there the utilization is around 55%, 56% only. So they have not used. We spoke to a few of them. They are saying that wait and watch, they do not want to actually spend more on the working capital.
- Regarding the capex, what you mentioned, we are not finding as far as the types of customers and the sectors we are handling, nothing much capex we have seen. As far as the textile and these sort of companies also, if you see, they also do not want to go for a modernization as yet as our customers are concerned, though there is structurally, there is a small issue as far as the labor shortage is there.



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If they spend money on the textile modernization, their dependence on the labor may come down. But because of the many uncertainties outside what is happening, including U.S. tariffs and other issues are there. So many of them, for the time being, they do not want to invest on the capex and working cap utilizations also have come down. They are going for a wait-and-watch mode,

So a few of them, the U.S. and EU, the sort of FTAs have come up, but it is yet to take off that way. The reason simple is U.S. is concerned, the volumes will go at a stretch, the same model. Whereas U.K. is concerned, different countries, different products, different buyers, and they have to make arrangements with each one of them and the pricing will be different. That is likely a long-drawn process for them.

So that way, while we split these people into different lots, the top notch, if you look at it, the spinning is concerned, upstream operations, spinning and ginning is concerned, our total portfolio will be 40%. Midstream manufacturing will be around 22%, where weaving, dyeing and integrated and downstream, particularly where it is going to hit hard, that is the finished goods, apparel, these sort of people and all. So that comes to around 38% of our textile portfolio.

Luckily, when we are continuously engaging with them, though capex is not there. So earlier, immediately after COVID also when we had problems with the textile also, we didn't have any problem and all we have come out. That way, the customers are more sensible.

They do not want to go for the sort of a thing, neither for the utilization nor for the capex. So it also gives us a comfort saying that though we are missing the benefit of the top line, it gives us a comfort saying that they are managing their portfolio much better than what we expected.

So overall, we didn't find capex and working capital utilization is also so much. What all we are getting is from the fresh acquisitions, it can be the new to business or takeovers. These things are happening. Even if we take over from other banks, we are not compromising on the rigor and the quality of the accounts, what we need to get so that it should not add a problem to us.

M.B. Mahesh: All right, sir. Thanks for this. The second question is, have you made any changes to the gold loan portfolio yield in the current quarter? And where is it standing right now?

B. Ramesh Babu: Nothing, nothing, because the same 10.75% what all is there, agriculture is going on. And in respect of retail gold loan or 14%, but depending upon the value need, all these things, some discussion has been given to the operating teams that way. Other than that, for the time being, we are continuing that. Let us see how we can run that.

M.B. Mahesh: Perfect. Last question, sir, just a bookkeeping question. What was the recovery from written-off for the quarter?

B. Ramesh Babu: Quarter is INR82 crores, it has come that way. No, no, sorry. It is INR79 crores.



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- M.B. Mahesh:** Similar to last quarter?
- B. Ramesh Babu:** Sorry, INR82 crores, sorry, INR82 crores. Mahesh, need to say earlier, a few of them had an apprehension that if written-off is not there, what will happen and all how ROA will come. So at that time, our written-off used to be INR150 crores, INR200 crores, INR220 crores. So with this INR82 crores also, we are able to show an ROA of 2.1%. And INR25 crores, we have provided also for this contingency. After that, our ROA is 2.1%.
- M.B. Mahesh:** Perfect. That's great, sir. Sir, one last question, if I may. One of the reasons you've been growing slow on the housing LAP was that you felt that housing, the drop-off rates for those portfolios after origination was very high because there was a heavy takeover. But you are not seeing the same in mortgages for some reason.
- Whereas if you look at the industry, mortgages is actually growing faster, and we keep hearing that even here, the refinancing is as high as what you see in the mortgages. What explains the stronger growth for you in the mortgages -- LAP portfolio as compared to the mortgages side for the housing loan side?
- B. Ramesh Babu:** Housing loans, as we earlier said and all, we cannot compete with this pricing. The whole process, many of the accounts, a few of them we had to lose also because there is no prepayment charges there. So even though we are comfortable, we are giving it because otherwise, that yield is going to pull down the whole portfolio for us. That's the housing loan.
- Coming to mortgages also, our growth would have been much better than what we had here also. So there is some sort of poaching is happening few banks, they are offering a lower rate and they are giving it. There are 2 options for us. We also straightaway reduce and give it or we need to leave it.
- So when you retain that one, suppose if there is a geography where many other customers are there, others are going to know this, then whole portfolio under the mortgage also gets repriced. Under these circumstances, what we thought, even top line-wise also, it is better we leave it.
- So the net effect of this is you see a subdued relatively market what we are talking. The mortgage growth is relatively subdued. Had we repaid those accounts also without leaving them, our growth would have been much, much better.
- Moderator:** The next question comes from the line of Parth Gutka with 360 ONE Capital.
- Parth Gutka:** Sir, my first question is, why has the RWA gone up...
- Moderator:** Sorry to interrupt. Parth, sir, your voice is quite modulating. If you are using any other mode, we request to use handset.
- Parth Gutka:** Yes. Can you hear me now?
- Moderator:** Yes, so please go ahead.



Parth Gutka:

Yes. So my question is, why has the RWA gone up so sharply during the quarter?

B. Ramesh Babu:

Yes. It's just marginally, it has gone up. It has become 58, though we were trying to make it 65 so that if we can increase that risk at all automatically, the yield also will go up, we'll be able to do that. So -- but basically, the reasons are a few. Like we took exposures on NBFC selectively.

So these cases, if our bank's name is not included in the rating, so that will carry 150% risk weight. It will take some time for them to make these adjustments and include our name. So corporate growth, what you have seen, so fewer corporates, what we have grown also. So that will add something to the risk-weighted asset. That is first part.

And second thing is the personal loans, consumer credit, what we call as per RBI nomenclature, secured and unsecured. So this has gone up by INR10 crores, INR19 crores, but there also 125% risk weight is there. So next point is on the unhedged foreign currency. So a few amounts, what all are there, we had to provide for that also.

So all these factors, what all are there, likewise, corporate also, we have given in our slide, BB, what all are there. But even if we are financing BB because the pricing, these things are there. So if they are fitting into our norms security, these things only we are doing. These things when we thought we will take the sort of exposure to that extent, RWA has gone up and all. nothing no aberration beyond this.

Parth Gutka:

Sure, sir. Thanks. And my second question is, though you explained about the housing portfolio and the switch to -- or focus on the LAP portfolio. We are again -- we are also witnessing that the vehicle portfolio is also trending down. So should we expect this to continue going forward?

B. Ramesh Babu:

Yes. In fact, the last 1-1.5 years, -- I also have been mentioning the same point. Vehicle financing, there are 2 components. One is a fresh vehicle. Second one is a used vehicle. We are not yet there in the used vehicle. We are working on that particular project, and we may be able to get that. The reasons are simple.

The used vehicle portfolio, that is the market has gone up and yields are relatively better. Whereas in respect of the normal vehicle loan portfolio, first thing, it is a fixed rate, and again, the rates are so low. In addition to that, dealer commission upfront, you have to pay and how many years the loan will run, you can apportion, you do not know. And the delinquency levels are relatively high and the capital requirement risk weight is 150%.

And once, even if you repossess what value you get on the vehicle is not known, keeping all these points in mind, when the other side, there is some sort of a tightness as far as the deposits and funding is concerned.

And second thing is when you are able to deploy that money in a relatively safer asset like the gold loan and many of the mortgage loans where your realization is relatively better, so we



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thought after looking at all these products, it is a tactical call taken by us. This money is better we place in mortgages and jewel loans.

And even if the corporate, which are where actually the growth is pretty good and though the ticket size is INR45 crores, INR50 crores, INR75 crores and all, we felt that way. We started going further. But it is only, as I said, tactical call.

Tomorrow, if the economics and commercials undergo change, we can come back because digital-wise, system-wise, everything is in place. So for the time being, we wanted to be aside when such a huge and the competition is there. So we should not be there in the crowd. That's the only point.

Parth Gutka:

Okay. Okay, sir. Fair enough. And my last question, sir. So considering we would be focusing on the corporate loan growth as a tactical call for the next couple of quarters. And you also alluded to the fact that cost of deposits is inching up. So -- and you have guided for a 4% plus margin, but should we expect the margins to trend down from 4.2% -- from the current levels of 4.26%? That's my last question, sir.

B. Ramesh Babu:

Yes, yes, that you can expect -- the reasons are a few. Now last year, October, we started converting our gold loan portfolio from MCLR to fixed. And by end of September or first week of October, that entire repricing is over now. They have moved to higher rates as well as fixed also. Now that you will not get the benefit of the repricing at fixed rate now on that, first thing.

And second thing, corporate, even if we are booking, the overall, the yield is 9% plus only. So that way, overall, if you look at it, the yields here and there, 3, 4 basis points, it may come down. But in the meanwhile now, our MCLR -- sorry, EBLR book is around 56% is there. Out of that 35% is the working capital. Working capital next day itself, we started repricing 25 basis points. Rest will get repriced in a quarter.

So with this, to some extent, it may offset what all we think it may go down. But whatever it is, as I mentioned earlier, we envisage and visualize some sort of a competition can be there in the pricing. And we may have to quote a lower pricing also to retain our existing customer because every customer we cannot leave and lose and later getting them will become very difficult.

So it is only a conscious call we have to take depending upon a case. In these cases, next 3 to 6 months, if the sort of pricing pressure is there, we may have to reduce this rate and we may have to take a call. Keeping all these things what we thought is, so we will be able to maintain a NIM of above 4% we said.

So 4.26% retention that I cannot say anything on that. So -- but 4% and above, I can assure. Earlier, what we said is it will be 3.8%, 3.9%, those things we were mentioning. Now confidently, next 2 quarters also, we'll be able to cross 4%. To that extent, I can assure you.

Moderator:

Your next question comes from the line of Jai Prakash Mundhra with ICICI Securities.



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- Jai Prakash Mundhra:** Congratulations on a very strong quarter. Sir, few questions. First is, again, sorry, just on NIM only. So you mentioned why you have revised, but this is still slightly lower than what we are doing right now, and you also explained a few reasons. But sir, on gold loan, what would be your blended tenure even if the rates are fixed, but what will be the, let's say, blended tenure of this product for you?
- B. Ramesh Babu:** Agriculture is concerned, it can be between 6 months to 1 year. It depends upon the seasonality and the crops what we are getting. Whereas retail is concerned, it can be between around 6 months, we can say.
- Jai Prakash Mundhra:** So sir, while the product is still fixed, but the tenure is, let's say, 6 to 9 months only, right? So every month at least 10% of the portfolio will repriced, right? If not, I mean, in a quarter at least 33% to 50% of the book will repriced on higher rate if you want to.
- B. Ramesh Babu:** No, no, understand. Jai, here only you have to understand. Earlier, suppose what all rate 9.75% we were doing, it has been repriced to 10.75%. Now even if it is repriced, it will be repriced at 10.75% only. It will not become 11.75%, that 1% additional benefit what we were getting earlier, you will not get that, it will get repriced.
- But 10.75% only get and fresh business you are booking at 10.75% only you get it and above all the competition also we have to see. So that way, every month on the reprice, 1% what we were getting additional, you will not get it now.
- Jai Prakash Mundhra:** Okay. Understood. And sir, do you see any scope to improve the pricing on gold loan, like 10.75% -- PSU banks do not charge maybe they are much below 9%, but what is your sense? Do you...
- B. Ramesh Babu:** No, understand, suppose because we have a limitation -- internally placed limitation of 35%, all these things when we thought. So that is the reason we made our retail gold loan 14%. Of late, if you see this slide also, you start seeing the numbers coming down because a few of the banks out of their anxiety, they need to grow. So they are giving a higher LTV, lower rate and all. So in the whole process, if we still try to increase these rates, there can be a rundown in the existing portfolio. Those customers, once we lose them, we may not be able to get them back also. So that's why a very calibrated way we had to run this and this portfolio.
- Jai Prakash Mundhra:** Understood, sir. That is clear. Secondly, sir, I think in your opening remarks, you mentioned that because basis is 1.65% of non-NPA provisions. We have taken care of the ECL transition impact, whatever is that number. Is that understanding correct?
- B. Ramesh Babu:** Correct at all. Rough calculation what we have done, maybe it will take another 1, 1.5 months for us to have a further clarity on that. So otherwise, internal calculation shows what all we have provided various provisions. This will take care of that. There should not be a big hit on account of ECL. That's what the understanding what we have.
- Jai Prakash Mundhra:** Right. And sir, just to break up this 1.65%, correct me if my math is a little bit wrong, the ECL would be around INR225 crores outstanding and RSA could be another INR200 crores and



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rest will be maybe West Asia plus standard asset provision. Is that the bifurcation broadly correct?

B. Ramesh Babu: What you said is West Asia provision, what all is there, I said, in the month of March, we have done. And first year, INR100 crores is ECL we did. Next year, contingency also, we have provided INR100 crores. Now INR25 crores we have provided for that. Restructuring 41% of INR373 crores already is there. So all these provisions, what all are there, they get straightaway subsumed into this ECL. So that way we have enough levers available to take care of this.

Jai Prakash Mundhra: Right. Sure, sir. And I mean on a recurring basis also if we sustain this SMA number and less than 1% kind of slippages with this kind of secured book even the run rate provisions may not have a material impact, right? Is that understanding also correct?

B. Ramesh Babu: That's what all of us wish. Our intention is absolutely not only the PPOP because PPOP you must be seeing we are 3% plus at a point of time, 2.3%, 2.4%. So 3 points consistently, we have been able to do. If not all we are getting up to PPOP, if we are able to reduce that leakage in the bottom, then automatically it will flow into ROA.

Jai Prakash Mundhra: Right, sir. And sir, any thought process on induction of an additional ED, right now we have one ED, but I mean, you have around less than 2 years. So I was just thinking when do we see the new ED?

B. Ramesh Babu: No, no. Second ED, another ED, we have not even thought of not required. Board is equally abreast of looking for the successor. So they are working both internal as well as external candidates and all. So, a search committee has already been formed. They'll work on that. Sufficient overlap will be there between the current MD as well as the successor also, that should not be a problem. Second ED, we have not even thought of.

Jai Prakash Mundhra: Okay. Understood, sir. Okay, sir. And lastly, sir, on this 50 branches, any thought process on where would these branches be? I mean, would this be -- let's say, what would be the branches which is outside Southern India? That is the last question, sir.

B. Ramesh Babu: Yes. So we are seeing the potential for the liability business. Wherever potential is there, we are trying to see. Even within South also, there are many geographies and new districts which are formed. So where our market share is relatively low compared to others. So, where our presence is required, we are focusing, not for the sake of opening.

And after that, our focus is on the Maharashtra as well as Gujarat. These 2 states, we are working on that. Once we more or less saturate these 2, then we'll move forward towards the central part as well as the North, also north, though we have a division and up to Panipat, we have branches.

So which locations how to go ahead and we'll go. After that, we'll come to East. So currently, South and next is Maharashtra and Gujarat, together, we are working on them. So this year, we'll be opening a few branches in both these states.



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- Jai Prakash Mundhra:** Understood, sir. And last data question, sir, if you have the number for AFS reserves for end of Q2 and maybe the end of Q1. That will be all from me.
- B. Ramesh Babu:** We'll share with you. Now, readily I do not have it. Our people will share with you, okay?
- Moderator:** Your next question comes from the line of Rohan Mandora with Equirus Securities.
- Rohan Mandora:** Congrats on good set of numbers. Sir, just on NIMs, you had indicated a couple of quarters ago that if competitive pressure is there, you look to reduce the yields. Now with an expectation of repo hikes around 75 to 100 basis points over the cycle.
- And we are on the yield side at around 10.1%, is the peak which we have seen around 10.2% on the yield on assets. So going into FY28, is there a scope that you will look to offer some discounts to customers? How should one think on your yield trajectory as the repo cycle plays out?
- B. Ramesh Babu:** But Rohan, do you feel -- are we in such a luxurious and comfortable position to think of '28 now? Because nowadays, we are living day-to-day what is happening, what is the competition. And these things, when we are looking at it, maybe at the most the visibility we are getting for 3 to 6 months.
- So having tread the path so carefully and cautiously when we have moved from 0.3 to 2/2.1 ROA . So we are mindful of all these facts that way. So when the situation comes, if really we need to reduce the margins to retain the customer and we may have to compromise on the margins also overall for the sake of growth, we may have to take a call.
- Currently -- so we do not want to compromise on the margin currently because that's why I said 18% to 20% growth is coming. You can grow for 24%, 25% also then immediately, you need to grow in time deposits, all these things and all or corporate INR100 crores, INR200 crores cases and all you have to take. Then again, we'll be going back to our corporate model of 40%. So that's why we do not want to absolutely meddle the business model what we have.
- And giving these concessions and all, it's all need-based and the competition. If really warranted, we will give. And if we are comfortable enough in growing elsewhere, we may be leaving those accounts also, and we'll grow elsewhere with a better yield and with better granularity.
- Rohan Mandora:** Got it. So sir, we can assume right now that competitive pressure is not that much and we should be able to trend in the good way that we have been doing in the last few quarters.
- B. Ramesh Babu:** I cannot say competitive pressure is not that much. Pressure is there. So it is for our operating teams because of the relationship and engagement, they are able to manage these NIMs and all. The stage may come account-wise here, there and all. We may not be able to manage that one and all. At that time, we had to take a call for reduction or leading. But I can say till date, we are able to successfully manage this yield management and all that's why we are able to succeed.



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- Rohan Mandora:** Sure, sir. And sir, within the EBLR portfolio, what is the mix of repo and what are other benchmarks?
- B. Ramesh Babu:** No, no, no other benchmark. Everything is linked to repo only. Nothing else is there.
- Rohan Mandora:** Got it. And sir, on the FCNR advances, what is the outstanding you done any?
- B. Ramesh Babu:** FCNR advance?
- Rohan Mandora:** The leverage, leverage, sorry.
- B. Ramesh Babu:** No, we didn't do that because we don't have any foreign offices there. We didn't go for that. It's all organic.
- Moderator:** Ladies and gentlemen, we take that as the last question for today. I now hand the conference over to Mr. Ramesh Babu, MD and CEO, for closing comments.
- B. Ramesh Babu:** Yes. Thank you all once again for going through our presentation and asking pretty in-depth questions and all that shows the interest what you have towards our bank. Thank you very much, and we will strive further to sustain and to meet the expectations of all the stakeholders. Thank you once again, and happy Navratri to all of you and your family members. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of The Karur Vysya Bank, that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines.