



Your Family Bank, Across India

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### SECRETARIAL DEPARTMENT

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The Manager Listing Department <b>National Stock Exchange of India Limited</b> Exchange Plaza,C-1, Block G Bandra-Kurla Complex, Bandra (E) MUMBAI - 400051	The Manager Corporate Relationship Department <b>BSE Limited</b> Phiroze Jeejeebhoy Towers Dalal Street MUMBAI - 400001
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**NSE Scrip Code: KTKBANK**

**BSE Scrip Code: 532652**

Madam / Dear Sir,

#### **Sub: Transcript of Q3FY26 Earnings' Audio Conference Call**

Pursuant to Regulation 30 read with Clause 15 (b) of Para A of Part A of Schedule III and Regulation 46 (2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attach herewith the transcript of the post results analysts / institutional investors audio conference call held on Wednesday, February 11, 2026, on the unaudited, reviewed Standalone & Consolidated financial results of the Bank for the quarter and nine months ended December 31, 2025.

The same is also made available on the Bank's website under the following web link:

<https://karnatakabank.bank.in/investors/quarterly-results>

This is for your kind information and dissemination.

Yours faithfully,

**Sham K  
Company Secretary &  
Compliance Officer**



“The Karnataka Bank Limited  
Q3 FY 2025-2026 Financial Results Conference Call”  
February 11, 2026

**MANAGEMENT:** **MR. RAGHAVENDRA S. BHAT – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**  
**MR. RAJA B. S. – CHIEF OPERATING OFFICER**  
**MR. CHANDRASHEKAR – CHIEF BUSINESS OFFICER**  
**MR. VINAYA BHAT P.J. – CHIEF COMPLIANCE OFFICER**  
**MR. JAYANAGARAJA RAO S. – HEAD, INSPECTION AND INTERNAL AUDIT AND INTERNAL VIGILANCE**  
**MR. NIRANJANKUMAR R. – CHIEF HUMAN RESOURCES OFFICER**  
**MR. NAGARAJA UPADHYAYA B. – HEAD, CREDIT SANCTIONS DEPARTMENT**  
**MR. VENKATESWARLU MALLINENI – HEAD, LIABILITIES SALES AND THIRD-PARTY PRODUCTS**  
**MR. VIJAYAKUMAR P.H. – CHIEF FINANCIAL OFFICER**  
**MR. RAGHURAM H.S. – HEAD, BRANCH BANKING DEPARTMENT, PRODUCT DEPARTMENT AND BUSINESS SOLUTIONS GROUP (BSG), AND IT & MIS DEPARTMENT**  
**MR. CHANDRASHEKARA G. – HEAD, CREDIT SANCTIONS DEPARTMENT**  
**MR. SHAM K. – COMPANY SECRETARY AND HEAD OF OPERATIONS DEPARTMENT**  
**MR. SREEDHAR S. – HEAD, CREDIT MONITORING DEPARTMENT**  
**MR. MANOJKUMAR P.V. – CHIEF RISK OFFICER**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Karnataka Bank Q3 FY 2026 Financial Results Conference Call, hosted by the Karnataka Bank. 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 touch-tone phone. Please note that this Conference Call is being recorded.

Mr. Raghavendra S. Bhat, Managing Director and CEO from the Karnataka Bank, who is on the line along with his top management team; Mr. Raja B. S., Chief Operating Officer; Mr. Chandrashekhar, Chief Business Officer; Mr. Vinaya Bhat P.J., Chief Compliance Officer; Mr. Jayanagaraja Rao S., Head of Inspection and Internal Audit and Internal Vigilance; Mr. Niranjan Kumar R., Chief Human Resources Officer; Mr. Nagaraja Upadhyaya B., Head of Credit Sanctions Department; Mr. Venkateswarlu Mallineni, Head of Liabilities Sales and Third-Party Products; Mr. Vijayakumar P.H., Chief Financial Officer; Mr. Raghuram H.S., Head of Branch Banking Department, Product Department & Business Solutions Group (BSG), and IT & MIS Department; Mr. Chandrashekara G., Head of Credit Sanctions Department; Mr. Sham K., Company Secretary and Head of Operations Department; Mr. Sreedhar S., Head of Credit Monitoring Department; Mr. Manojkumar P.V., Chief Risk Officer.

I now hand the conference call over to the Managing Director and CEO. Thank you, and over to you, Mr. Raghavendra S. Bhat.

**Raghavendra S. Bhat:** Good evening, and thank you for joining the Karnataka Bank's Q3 FY '26 Earnings Call. We appreciate the continued interest and engagement from our investors and stakeholders. During today's call, we will walk you through the Bank's performance for the quarter ended 31<sup>st</sup> December 2025, outline the key financial highlights and share our strategic priorities ahead.

Consistent with our approach in the previous quarter, we have provided our investors sufficient time to review the financial results and the investor presentation, both of which were uploaded to the website of the Bank

following the conclusion of the Board meeting held on 10<sup>th</sup> February 2026. As highlighted in the previous quarter, the first quarter of FY '26 was a period of significant transition for the Bank.

Q3 marks my second full quarter as the Bank's MD and CEO, and I am pleased to share that we have built on the momentum and made steady progress in executing our strategy. By keeping our strategic focus intact, we have successfully navigated the transition phase, strengthened operational stability and laid the groundwork for sustainable growth. Our mission and vision remain firmly anchored as we move ahead with renewed focus, reinforcing our commitment to disciplined growth, operational excellence and effective strategic execution in line with the Bank's long-term objectives.

Before getting into the financials, I would like to highlight that our approach during the quarter was anchored around three key priorities. Number one, strengthening retail and MSME growth to build a more resilient and well-diversified portfolio; number two, optimizing funding costs by increasing CASA and reducing reliance on high-cost bulk deposits; number three, sustaining asset quality and provision coverage while maintaining a sharp focus on core profitability metrics such as NIM.

**Strategic overview.** The banking landscape remains dynamic, influenced by evolving macroeconomic factors such as interest rate movements and liquidity conditions. During Q3, the reduction in the repo rate put pressure on yields across the industry. In response, the Karnataka Bank recalibrated the lending mix to protect margins while continuing to effectively serve the needs of customers.

Our strategy remains clear. Retail, Agri and MSME, (RAM), segments remain the core drivers of our growth strategy. Corporate portfolio rationalization continues, with a sustained focus on high yielding assets. Digital transformation initiatives are gaining momentum with new products and platforms being developed to enhance customer experience and improve operational efficiency.

Let me now present the business highlights. Aggregate business stood at INR 1,81,394 crores as of December 31, '25, up by 3% Q-on-Q from INR 1,76,461 crores in September '25. PAT in Q3 FY '26 was INR 290.79 crores as against INR 319.12 crores in Q2 FY '26 reflecting a decrease of 9%. Y-o-Y, there is an increase in PAT from INR 283.60 crores in Q3 FY '25. Further, in line with the Bank's commitment to increase PCR, the Bank has undertaken accelerated provisioning and the PCR presently stands at 61.23%.

**Gross advances** stood at INR 77,283.85 crores as on 31st December '25, reflecting Q-on-Q growth of 5% from INR 73,644.15 crores as on 30<sup>th</sup> September '25. Overall strategy is to continue to focus on growing retail, agri and MSME, with the growth led by the MSME, housing and gold loan portfolios with a net book accretion of INR 962 crores Q-on-Q.

The Bank remains committed to reduce its exposure to low-yielding corporate loans that were opportunistically deployed for better yields than treasury. As conveyed during the previous calls, we have started replacing IBPC book with higher-yielding loans. IBPC portfolio as on 31<sup>st</sup> December '25 stood at INR 1,639 crores as against INR 1,860 crores as on 30th September '25. Accordingly, around INR 221 crores of IBPC advances have been replaced in Q3.

On a Q-on-Q basis, the Retail, Agri and MSME segment in Q3 FY '26 has grown by 2%, while mid-corporate advances have grown by around 7%. As we move forward, we will continue our strategy of accelerating retail growth while also stabilizing our corporate portfolio with good quality and better yielding loans. Aggregate deposits as on 31<sup>st</sup> December '25 stood at INR 1,04,111.52 crores as against INR 1,02,817.19 crores as at 30<sup>th</sup> September 2025.

**CASA deposits** stood at 31.53% of aggregate deposits as against 31.01% in September '25. It is to be noted that in absolute terms, our CASA deposits have grown 3% Q-on-Q over September '25. CASA accretion continues to be a key priority for the Bank, and we have put in place focused strategies to further accelerate CASA growth over the course of the year.

The Bank has continued to focus on shifting high-cost bulk deposits to granular or retail deposits of less than INR 3 crores. Bulk deposits as a percentage of total deposits have come down from 5.3% as on 30<sup>th</sup> September '25 to 4.8% as on 31<sup>st</sup> December '25. Similarly, bulk deposits as a percentage of term deposits have come down from 7.6% as on 30<sup>th</sup> September '25 to 7.1% as on 31<sup>st</sup> December '25.

In line with this clearly articulated strategy, the Bank has consciously curtailed the acceptance of high-cost bulk deposits with the majority of deposit renewals being carried out at a predefined card rates. This approach has enabled the Bank to exercise better control over its cost of deposits.

**Retail term deposits**, that is less than INR3 crores, have grown from INR 65,531.80 crores as on 30<sup>th</sup> September '25 to INR 66,252.24 crores as on 31<sup>st</sup> December '25. On a Y-o-Y basis, retail term deposits have grown by 6%.

Our focused efforts on new product development and launches remain on track aimed at addressing and bridging the remaining gaps in our product offerings. Several Launches are planned in the coming quarters. Under the Agri Infrastructure Fund, we are exploring the best opportunities available under the scheme, which includes assistance for creation of post-harvest management infrastructure and creation of community farming assets.

For SHG lending, we are in the process of launching a dedicated product specifically for Self-Help Groups. To scale up our MSME business, an ecosystem tie-up is underway, which includes onboarding business facilitators and Loan Service Providers (LSPs) for electric-vehicle financing. We are also introducing the 'Soulabhya Deposit,' a new variant offering a partial withdrawal facility, along with enhancements to our Flexi Deposit Scheme, Supply Chain Finance, and Trust Finance offerings.

**Net interest income.** Net interest income for Q3 FY '26 stood at INR 792.06 crores as compared to INR 728.12 crores in Q2 FY '26, registering a Q-on-Q growth of 8.8%. Net interest margin stood at 2.92% for Q3 FY '26 as against 2.72% in Q2 FY '26 and 3.02% in Q3 FY '25. While the cost of deposit and

cost of funds have declined, the fall in yield on advances has put some pressure on our NIM during the quarter.

However, supported by an increase in CASA and a reduction in the share of bulk deposits, our cost of deposits has reduced from 5.5% for Q2 FY '26 to 5.43% for Q3 FY '26. Along with the added focus on the RAM segment, there has been an improvement in NIM during this quarter, and we expect to see our NIM returning back to the previous level of around 3% plus.

**Loan yields.** As a result of the recent cut in the repo rate owing to reduction in external benchmark rates, partially offset by changes in the product mix, yield on advances for Q3 FY '26 stood at 8.71% as compared to 8.98% in Q2 FY '26 and 9.37% in Q3 FY '25. As mentioned during the previous quarter, the Bank remains committed to its strategy of replacing the bulk deposits and bulky opportunistic advances with direct to corporate and retail advances. Considering the potential churn to higher-yielding segments, we expect to see further improvement in the overall portfolio.

**CD ratio** for the quarter stood at 74.23% as compared to 71.63% in September '25 and 77.84% in December '24.

**Gross NPA** percentage as on 31<sup>st</sup> December '25 stood at 3.32% amounting to INR 2,565.31 crores as against 3.33%, INR 2,453.10 crores in September '25, thereby showing an improvement of 1 basis point. The gross NPA percentage as on December '24 stood at 3.11%, that is INR 2,419 crores.

**Net NPA** percentage as on 31<sup>st</sup> December '25 stood at 1.31% amounting to INR 994.70 crores as against 1.35%, that is INR 975.96 crores in September '25, thereby showing an improvement of 4 basis points. Net NPA percentage as on December '24 stood at 1.39% amounting to INR 1,063 crores. The quarterly improvement in both gross NPA and net NPA percentage reflects our Bank's intensified efforts to control slippages and improve recovery efficiency through regional collection centres.

**Credit cost** stood at 0.11% in Q3 FY '26 as against 0.03% in Q2 FY '26 and 0.12% in Q3 FY '25. Gross slippages stood at 0.47% in Q3 FY '26 as against

0.35% in Q2 FY '26 and 0.40% in Q3 FY '25. Recoveries for the quarter, excluding upgraded accounts, stood at INR 114.18 crores in Q3 FY '26 versus INR 193.25 crores in Q2 FY '26 and INR 100.52 crores in Q3 FY '25.

**Standard restructured advances** including related accounts, stood at INR 867.95 crores as on 31st December '25 as compared to INR 939.35 crores as on 30<sup>th</sup> September '25, registering a reduction of 7.6% Q-on-Q. Standard restructured portfolio stood at INR 1,113.65 crores as on 31st December '24.

Around 55% of the standard restructured portfolio that is INR 477.37 crores comprise loans that require a 30% recovery for upgradation. Bank is focusing on recovering the same, post which these accounts would be moved out of the restructured portfolio. These efforts underline the Bank's commitment to reducing the restructured portfolio.

**Provision Coverage Ratio (PCR)**, including technical write-off, stood at 80.90% in December '25 as compared to 81.05% in September '25 and 80.64% in December '24. Excluding technical write-off, PCR improved to 61.23% as compared to 60.22% in September '25 and 56.03% in December '24, in line with the Bank's commitment to improving PCR.

**Liquidity Coverage Ratio (LCR)**. As on 31st December '25, LCR stood at 186.84% as against 188.16% as on 30<sup>th</sup> September '25 and as against the target of 100%.

**Cost of funds**. Cost of funds stood at 5.46% in Q3 FY '26 as compared to 5.58% in Q2 FY '26 and 5.69% in Q3 FY '25. The sequential Q-on-Q improvement in cost of funds is expected to continue in the coming quarters as the benefits of the cut in repo rate materializes. This would be further supported by our continued endeavours to reduce the dependence on bulk deposits and replacing the same with retail deposits at card rates and focus on CASA build-up.

**Cost-to-Income Ratio**. For the quarter ended 31<sup>st</sup> December '25, cost-to-income ratio stood at 58.72% as against 58.93% for the quarter ended 30<sup>th</sup> September '25. The Bank has undertaken multiple cost-rationalization and

monitoring initiatives to renegotiate rents, revise vendor commercials, and keep operating expenses under control

Owing to our reduction in composition of bulk deposits in total deposits, along with our added focus on RAM segment, we should see an improvement in net interest income, which will favorably impact cost to income ratio, and is expected to bring it down to 55% in the coming quarters.

**Return On Equity.** Q3 FY '26 ROE stood at 9.06% as against 10.14% in Q2 FY '26. ROA, Q3 FY '26 return on advances stood at 0.92% as against 1.03% in Q2 FY '26. We expect to end the year with a return on assets of around 1.1% or higher. We expect ROA and ROE to further improve, supported by higher accretion in the high-yielding RAM segment and a gradual shift from bulk deposits to retail deposits. These factors are expected to drive an improvement in net interest income and consequently lead to an improvement in PAT.

I would like to reiterate that Karnataka Bank is built on a strong foundation and is well-positioned to capitalize on emerging opportunities. The progress we have made in strengthening our retail and MSME portfolio, optimizing funding costs and improving asset quality provides a solid platform for sustainable growth in the coming quarters.

Our strategic initiatives ranging from digital transformation to targeted product launches are firmly execution-driven and designed to deliver measurable outcomes. As these initiatives gain further traction, we expect to see a steady improvement in margins, profitability and return ratios going forward.

While the banking landscape continues to evolve, our resilience, agility and customer-centric approach remain key differentiators. Supported by strong capital adequacy, healthy liquidity and a disciplined execution framework, the Karnataka Bank is well-equipped to deliver consistent and long-term value to all stakeholders.

Thank you for your trust and continued support. I would now like to hand over the call to the moderator for any questions and feedback from our callers that we would be glad to take.

**Moderator:** The first question comes from the line of Mr. Vinay Nadkarni from Hathway Investments Private Limited.

**Vinay Nadkarni:** Just some bookkeeping questions. What percentage of advances you said are...

**Moderator:** Mr. Nadkarni, sorry for interrupting. Your voice is not clear. Can you come a little closer to the mike and speak?

**Vinay Nadkarni:** Yes, just wanted to check out what is the percentage of EBLR or MCLR-linked advances that we have?

**Raghavendra S. Bhat:** Around 80% of Gross advance is linked to EBLR.

**Vinay Nadkarni:** Okay How much of your deposits are to be repriced downwards in Q4 because of the repo rate cut?

**Raghavendra S. Bhat:** Because of the rate cut, deposits are fixed rate, no floating rates and as of the rate cuts, nothing to do with the EBLR. Deposit rate are fixed rate.

**Vinay Nadkarni:** Okay. And just one more question on you said you are focusing on MSMEs and the RAM portfolio. But when I see your SMA 2, maximum outstanding is coming from these 3 segments, including housing loans. So is there a stress there that we are going to encounter as we grow this RAM book?

**Raghavendra S. Bhat:** No. MSME, stress was there, no doubt about it. A portion of MSME was mainly because of CMA & renewals. In total, it was reduced from almost 10.2% to 7.6%. Because of continuous follow-up efforts and the renewal of working capital facilities, we don't foresee any threat, and it is under control.

**Vinay Nadkarni:** Okay. And just last question, on housing loans, you seem to have, these are secured loans, right? So still in SMA 2, you have a sizable portion of housing loans standing there, around 27%. So why is this delay happening? I mean, is there any particular reason?

**Raghavendra S. Bhat:** Housing loan?

**Vinay Nadkarni:** Okay. This is I am looking at your Slide #22, where you have mentioned special mention account breakup, for Q3 FY '26, housing is 26.9%.

**Raghavendra S. Bhat:** No, I will clarify this to you. As far as housing loan segment is concerned, there is no 26% stress, I will need to check this, and revert back to you.

**Moderator:** Next question comes from the line of Mr Suraj with Infoedge Ventures.

**Suraj:** As I am able to see that the Bank has been able to achieve the CD ratio of 74%. Going forward, how are we planning to improve it further?

**Raghavendra S. Bhat:** Yes, it is a continuous effort to increasing the CD ratio. As I told you earlier we are focusing on RAM segment. And as I mentioned earlier also, here comes housing, MSME and gold. And the gold loan also during the current financial year has shown substantial growth. So also, we have revised the rate of interest on housing loan and MSME loans.

We are now at a competitive rate of interest and, taking all these things into account, this growth started coming from October onwards, along with the RLPSCs, retail centres started in all 15 centres and additional delegated powers to the regional heads, all these are contributory for growth. Growth actually started coming from October onwards.

Taking into account all these factors, I am quite confident that which has gone negative over March till September, now positive traction has started coming and that going forward in the remaining months, this growth will be further stepped up, and it will show better results in the coming quarters.

**Moderator:** Next question comes from the line of Mr. Pankaj, an Individual Investor.

**Pankaj:** This is Pankaj sir, I would like to know 2 points. Number one, gross NPA has increased from 3.11% to 3.32% year-on-year. What would be the behavior of stressed accounts in future? And whether any shocks expected ahead? Number two, what is the strategy for future retail, agriculture and MSME improvement and branch expansion, sir?

**Raghavendra S. Bhat:** With regard to gross NPA, I had better plans of controlling the stress as well as NPA in the earlier quarter. This quarter also, it was very much under control because of one particular account, the efforts with regard to controlling has come in the way of negative to the Bank.

And in this particular case also, single account, a big amount, big borrower account, I am quite confident of recovery, it is fully backed by very good security in the prime location. I am quite confident that the recovery action has already started. If recovery happens before 31<sup>st</sup>, a big boost to overall recoveries and help keep the situation well under control.

Otherwise, with regard to NPA, which is very much under control, because of our focused attention for recovery as well as follow-up of advances through CRMD. And with regard to agri, are you referring to agri target, or I missed it?

**Pankaj:** I would like to know about the RAM improvement.

**Raghavendra S. Bhat:** As far as agri improvement is concerned, we are very much on track, and we have surpassed the target fixed by the regulator. Against the target of 18%, we have crossed that level. However, with regard to the subsectors under agri, we are a slightly short and we are making all our efforts to ensure that this target is achieved under that subsector of small farmers and marginal farmers. Overall, agri, we have achieved.

**Moderator:** Next question comes from the line of Mr Chirag Singhal with First Water Fund.

**Chirag Singhal:** So my first question is on the NIMs. So we saw a very good improvement, almost 20 basis point improvement sequentially. Now with no fresh rate cuts, is it fair to assume that 3% plus NIM is achievable in Q4?

**Raghavendra S. Bhat:** Yes. See, as I mentioned earlier, , we have all strategies in place. Growth started coming from October onwards. And going forward, this growth is continuing across in all 15 centres as well as the higher amount of exposure taken up by the head office.

One is growth. Other one is the recovery efforts. This both going together will add value. And my continuous efforts on recovery as well as controlling stress and growth, this will definitely give better yield in the coming days. I am hopeful that it will be 3% plus during the quarter. It will happen because there

is an improvement which you have seen. Added to that, it is this EBLR effect where the assets are getting repriced faster, liability side remains fixed. With all the focus on CASA it will, and, definitely 3% plus by the year-end.

**Moderator:** Next question comes from the line of Mr. Yaswanth Thippeswamy, an Individual Investor.

**Yaswanth Thippeswamy:** So my first question is with respect to gross NPA. So there is I mean, the industry standard, if you see the sector average of GNPA for MSMEs, it has improved from like 1% to 4% now. But with the Karnataka Bank, we are still staying around at 8%, as you said, answering another caller. So are there any special focus that has been placed in order to improve on that front? That is first question.

And the second question is what are the sectors or industries in MSME that is causing this kind of high GNPAAs because the slippage is comparably higher when we compare quarter-on-quarter basis or the sequentially like from 4 quarters?

**Raghavendra S. Bhat:** Thank you for the question. As I mentioned earlier, it was at 10.2%, you are right. It was brought down to 7.6%. Continuous efforts will be there in reducing the stress and further slippage to the NPA, number one. Number two, by large borrowers, our facilities are adequately secured by the collaterals, if not 100%, some collateral backup is there.

But the sectors involved are mainly contractors, manufacturing, and services. Here, cash-flow issues are the primary challenge. The borrowers remain in regular contact with the controlling office and the dedicated teams I mentioned earlier. These teams work to understand the issues and ensure timely resolution of any problems. Without this engagement, the improvement we are seeing now would not have been possible.

And for contractors is around 2.1% stress level and manufacturing 2.3%, service sector 3.2%. It is reduced to 7.6%. Our efforts will be continuously on that, to further reduce this down by the end of this quarter, to 5% or below 5%. We will work on it.

**Moderator:** Next question comes from the line of Mr. Darshan Deora from Indvest Group.

**Darshan Deora:** I had a question on the NIMs. So just looking at Slide number 12, I see that on a Q-o-Q basis, the NIM has gone up by about 20 basis points, but the yield on advances has gone down more than the cost of funds, by about 15 basis points. I see the CD ratio has gone up. So is it fair to say that a lot of improvement in NIM was because of the increase in CD ratio for this quarter?

**Raghavendra S. Bhat:** One is, as you rightly mentioned, improvement in the CD ratio, number one. Number two, we are very cautious with regard to the cost of deposit also and by focusing on CASA. CASA improvement is also there. With all these efforts and as you mentioned, improvement in the CD ratio and better yielding advances like retail, on the other hand, these wholesale advances, we have reduced the liability under IBPC which were yielding lesser advances. All these are contributory factors, which we are working out in our regular ALCO meeting, discuss and deliberate and finally take decision, which will contribute.

**Moderator:** The next question comes from the line of Mr. Priyank from Vallum Capital.

**Priyank:** Sir, because I won't get another chance by operator, I would request you to take down the list of questions that I had, okay? And I won't take it much long. I just want your brief broader guidance just to touch base again for a betterment of the public audience. In terms of loan book, you had guided that you would grow to the size of, say, at least from INR 77,000 crores to INR 85,000 crores by end of FY '26. Where are we? How would we progress?

Second question on the CD ratio, you are surely improving it quarter-on-quarter. We had a target to reach 80% by Q4. What would be that aspirations and how it stands for next year? On the NIMs, you are surely again improving, and you're walking the talk what you had given out in your first conference call. Just to reassure for the public, what would be that NIMs going ahead with the exit of this year as well as for the next year?

One, in this whole aspect, which is just a missing point is cost to income, which is at 55% which you had guided for, a 55% and a better recovery, better improvement, which is not yet visible. So your comments on that.

Lastly on the provisioning front, should we consider INR 100 crores per quarter as a minimum requirement just for our aspirations to improve the PCR ratio by 100 bps every quarter, is what we had guided. How should we look that for next quarter and for the coming year? You had guided for recoveries from the technical written-off book. Where are we this quarter? We couldn't get much income from the written-off book.

Your clarification on the restructured account, which had slipped last quarter up to INR 100 crores. Has that been recovered? If yes, then why the restructured book has just fallen by INR 70 crores versus INR 100 crores recovery that should have come?

And finally, on the ROA front, you have been very much vocal to have aspirations of ROA of more than 1%. After a long time, we have slipped down that number, would you call it one-off? And would you yet call it out to be a 1% target to be crossed in the coming quarters? That's all. I hope you have noted down all the questions.

**Raghavendra S. Bhat:** As I told you, walking that talk is always important, and we are doing that. Whatever promises have been made, we will try to achieve it, number one.

Number two, to give you comfort, advances figure of March FY 25 was at INR 78,000 crores, which has dropped to INR 71,000 crores. From there, it started picking up. Today, we are at INR 78,000 crores plus. And we have got sanctioned facilities of around INR 4,000 crores, even if I take 50% or 75%, because there are stages in disbursement, all those things are there we cannot disburse the entire amount immediately, around INR 2,500 crores to INR 3,000 crores disbursement will happen.

We are at INR 78,000 crores, as I said. INR 3,000 crores will come from there. Around INR 1,500 crores are coming from gold loan. Gold loan after September started picking up. We have added around INR 1,500 crores to

INR 1,800 crores, and daily growth is happening there and in housing loan. As I told you in my meeting also in the investors meet in Mumbai, this finer rate of interest we have done for housing, retail, MSME and a couple of other areas, new products also have been added.

Taking all those things into account, around INR 3,000 crores, I am hopeful it will come from there INR 85,000 crores is my target, and my team is working in all the 15 regional centres as well as head office. Sufficient leads are also there. In principle, cleared proposals are also there. We are behind the people who have submitted the proposals for in-principle clearance. All these things are simultaneously happening.

And with regard to this disbursement, if it is happening at the end of the year, the entire interest income if I may not get it in the current quarter, but whatever is sanctioned and happening, the disbursements are happening during the month and in the month and the following month, definitely, it will add to interest income, number one.

Number two, CD ratio, 80%, you have said. No doubt, it is a task ahead before us. One is growing on the asset side. The other is that if we grow equally on the liability side, 80% may not happen. But if we're keeping the liability side on one side intact, if the asset growth only is happening but for a Bank, we have to grow on both the sides. I am assuring something between 76% and 80%. We will definitely be there. And I want growth on both the sides because my focus is on CASA.

Since I am focusing on CASA, my overall yield, or what you call, spread, everything, cost controlling, because of improvement in CASA, improvement in NIM, NIM has shown improvement as you are observing in Q2, in Q3 there is improvement. Further improvement will happen. 1% plus will definitely happen. That is number three.

Number four, cost to income. Yes, consistent efforts are there to reduce, you are seeing, based on the Q1, Q2, Q3. Q4 of last year, if you see, it was highest. Continuous efforts are on. It is improving quarter-by-quarter with the increase

in the income, definitely, cost-to-income ratio will be very much under control. I am hopeful between 55% to 56%, at that range, it should come if everything goes well. Then provisioning, yes, we are committed, and we want to improve this position of PCR continuously, if you are seeing this PCR Q4 of last year was 58%. From there, it is continuously improving. And every time there is an improvement, we want to have the better financials. Continuously, based on this, we are improving, and it should be possible for us.

Then with regard to technical written-off. The total recovery from technical write offs during Q3 was INR 43 crores, which is straightaway added to income. In the Q4 also, some proposals are in the advanced stages where discussions are happening. I am quite optimistic between INR 75 crores to INR 80 crores. If it is happening, INR 100 crores is very good, INR 75 crores to INR 80 crores should happen. And with that, it will be definitely adding to improving the cost-to-income ratio and other important ratios also.

With regard to the restructured advances, there is a continuous improvement over March '25. Restructured advances as on March '25 was INR 994 crores and improved to INR 939 crores, further improved to INR 867 crores. And as far as restructured NPA is concerned, it was INR 549 crores as of March '25, and further reduced to INR 393 crores. Both put together out of the total restructured advances of INR 1,544 crores as of March '25, now it is INR 1,261 crores. Continuous improvement is happening quite optimistic that it will further improve. And the upgradation, by collecting that 30%, it will further improve in the restructured portfolio.

Then ROA, as I already told you, with these continuous efforts, improvement in the CD ratio, improvement in the cost control through CASA improvement and recovery. I am quite optimistic that ROA will be 1% plus by the end of this March. I think I have answered all the questions if I have omitted anything, please, let me know. I think whatever I have noted, I have told Mr. Priyank.

**Moderator:**

Next question comes from the line of Sushil C. Choksey.

**Sushil C. Choksey:** Sir, team Karnataka replies I've heard, whoever has asked questions. I have a very simple question. Sir, I take you 4 years back when our market cap was INR 500,000 crores, higher than South Indian Bank, INR 1,000 crores below Karur Vysya Bank and more or less on par with City Union and other peer banks.

If you look at the differentiation, Karur is 4x, City Union is 2x, South Indian is 1.5x and even Tamilnad Mercantile is 1.5x our bank size. Our asset book advances to all other ratios is not reflecting, something has gone right in the centre. I understand there is a management change. But when do I see that slumber is over where the team Karnataka is over? I understand, sir, you've just come into the team, but I expect if you can talk on behalf of the team.

**Raghavendra S. Bhat:** Yes. Sushil Choksey, thank you for coming online. Thank you for seeking clarification. Yes, you are right. Market cap is one thing, which if the financials are really good, market cap will automatically go up. And this is coupled with so many reasons.

One is, improvement in CD ratio, interest income, net interest income, return ratios, and NPA under control, all these things ultimately adding value to the earnings of the Bank. That is why in the first meeting itself, I told you and all other investors and well-wishers who are supporting us, taking into account the long-term interest of the organization, I was telling that unless and until we improve the quality of advances and the loan book or the CD ratio, if it is not less than 80%, around 9 to 10 ratios will go bad.

So I started focusing on this immediately after taking over charge. And as you rightly observed, all these strategies coming into effect post October only, the refining of rate of interest, delegation of powers to the retail centres, in the respective 15 regional offices. Number two, focused attention on retail in all these 15 centres. All these started yielding results now. Therefore, the CD ratio has started showing improvement.

And the focused attention till Q2, RAM segment, everywhere, the figures were red rather negative. And the book the figures as of 31<sup>st</sup> March and up to

September were showing red. Today, I am seeing green. Going forward, green trend will continue, no doubt about it because I am optimistic and I am quite confident my team is working very hard in the head office also, in all 15 regional centres also with regard to the growth of credit, number one.

Number two, like this growth, by my team, CASA and TPP working across India, focusing on onboarding fresh customers and going forward, which will add benefit with regard to better pricing, cost control. These two are also happening.

Number three, my CrMD team at head office, they are in touch with the borrowers, particularly larger advances. They go to the field, they understand the customer. Sometimes though they are from CrMD, on their visits, they visit other borrowers also, to assess market potential and leverage that benefit. Likewise, CrMD team is there in the regional office. They also started working by visiting to the field. Last but not the least, ARMBs in all centres, they are targeting recovery of NPA. That is why I was very much optimistic in the Q3.

As far as the NPA is concerned, you must have seen our past Q1 and Q2, it was improving. Suddenly, one particular account, as I mentioned, has swallowed all our efforts of recovery under other area. That also I am quite confident, as I mentioned earlier, it has very good asset in the prime location.

Therefore, I am quite confident that recovery is happening there also. Once it is happening, this reversed unrealized interest also will be coming back to the income. With all these things, the NIM will improve, ROE will improve, everything will improve. Along with that, when the earnings are good, market cap also will improve.

**Raghavendra S. Bhat:** Along with that, you said when I would see brighter days ahead, yes, it is an continuous effort that is required. With that, definitely, we have lost ground compared to other banks. We will be bouncing back and at the earliest possible time. I cannot commit to you right now. Once this Q4 is over, I will have a proper strategy how to do it. When I can, I will definitely come back to you. Thank you very much.

**Moderator:** Next question comes from the line of Mr.Varun Bang with Bandhan Life Insurance.

**Varun Bang:** I have 3 questions. so basically, first is from the leadership standpoint, do you believe the management and the key functional teams are now in place or there are areas where additional talent or restructuring is required? That's question number one.

Question number two is in terms of your key focus areas. What are your key focus areas as you look to drive further execution over the next couple of quarters? And third is in terms of the key challenges that you are facing at the moment as you basically focus to deliver the stated guidance. Management stability, focus areas and challenges, the 3 questions, if you can answer.

**Raghavendra S. Bhat:** Regarding management stability, I feel and I have clarified earlier. I am fully aware of why you are asking that question. Earlier also, I have clarified that with regard to the leadership, there is no problem because I have clarified in the earlier con call also, and in our one-to-one meeting also.

Even earlier, when there was a change in the management, they were sufficiently backed by equally capable and skilled people as a second line, which was there and continuously you have seen some changes have happened during the current year also in the key position that were all replaced. And with the equal number of talent, results started coming in. That is, I am confident. There is no threat. I guarantee. Absolutely, there is no problem. There is sufficient backup. It is going on well.

Regarding focus area, as I told you earlier, and again, I am repeating, the retail, mid-corporates, retail, MSME, housing and gold loan. And added to that, mid-corporate where diversified risk is there, diversification is there, focused attention is there. Yield is slightly better and collaterals are available.

And as I told you earlier, these corporates where the yield is less and risk is also more, without collateral and all. And very carefully, Bank is after analysing so many things, rating, very carefully, we are taking the exposure back. Focus is, again, mid-corporates and retail.

With that, growth is happening. I think if you have gone through the presentation, which we have made available to you, the growth started happening and continuous inflow in all these retail 15 centres as well as higher ticket advances, it is coming to head office.

Both in housing, in mid-corporates, everywhere, ticket size has gone up. I am quite optimistic, taking all these things into account, this retail and gold and mid-corporate, the growth will come in the remaining period or in the immediately next because of our strong marketing team, which is working in the ground. All this will add value.

Secondly, some understanding with the tobacco corporation, some major tie-up breakthrough has happened. There also, we are focusing our advances. All this ultimately, small, small efforts will turn out big. And I am quite confident that also will happen.

Then challenges, as you asked, as every banker is having, we are also having. One is competition. With our improved TAT, we have to make it and we cannot ignore compliance and quality in the advances. We have taken adequate steps when the retail is growing. The follow-up action also needs to be improved. For that, concurrent auditors also have been placed in all the 15 centres, even in head office also. All these collective efforts put together, challenges have been met with mitigating factors. I am quite sure that all these will produce best results going forward.

**Moderator:** The last question comes from the line of Mr. Piyush Chada with Share India.

**Piyush Chada:** Just wanted some guidance on what you see as longer-term growth and ROA targets. I know that your immediate urgency is to get to something like INR 84,000 crores, INR 85,000 crores balance sheet end of this financial year and a 1% plus ROA. But say, if we were to look at slightly longer term, '27- '28, what kind of growth rate do you think you can sustain in your assets? And what kind of ROA would you target on a slightly more longer-term basis?

**Raghavendra S. Bhat:** As I was mentioning earlier also, I still stand by whatever I have committed earlier. One is I have to focus on overall growth of 15% business. 15% business

means I am focusing for growth in advances between 15% to 20% and growth in liabilities between 10% to 15%. Overall growth will produce around 15% business which I want to commit going forward as a long-term plan. As I told you earlier, my immediate target is Q4 because the actual business started happening from Q3 beginning only. So long-term plan since you asked, I am telling you, overall growth in business is around 15% and this, as I mentioned earlier, ROA of 1% plus.

If you ask me 1% plus, what it means? Immediately, my plan of 31st March, it should be 1% plus. Going forward, next year, 1.1% to 1.2%. Third year, 1.2% to 1.3%. It is a step towards like this. And spread also 3% plus immediate. Going forward, I have to further improve depending upon so many other factors, growth, challenges, all these things come into picture. Taking all these things into account, my immediate plan of action is like this.

I am moving in this direction immediately next month. Again, I will revise that. Revise in the sense, strategies and other things, marketing, everything I will plan. By the end of March, the picture will be very clear. Based on that, I will work further to improve all these strategies.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. And due to time constraints, we have reached the end of question-and-answer session. For any queries, you may reach out to team. I would now like to hand the conference over to Mr. Raghavendra S. Bhat for closing comments.

**Raghavendra S. Bhat:** Thank you, all the gentlemen who have come online. Thank you for the opportunity given to me to interact with you. I will be more often interacting with you. I am assuring you that I will be interested to discuss with you in person also, whenever I am in Mumbai or elsewhere, wherever it is convenient, number one.

Number two, it is a commitment from my side that whatever some gentleman has told, walking the talk, we always do that. We are committed to that and what best service is also possible. All these things ultimately will produce the

best result to the Bank and increasing the value of our stakeholders also. Thank you very much, one and all.

**Moderator:** Thank you. On behalf of the Karnataka Bank, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.

**Note :** This transcript has been edited for clarity and readability purpose and does not essentially purport to be a verbatim record of the conference call.

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