Karnataka Bank Ltd.
Your Family Bank, Across India

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SECRETARIAL DEPARTMENT

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NSE Scrip Code: KTKBANK	**BSE Scrip Code: 532652**

Madam / Dear Sir,

Sub: Transcript of Q1FY27 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 Thursday, July 30, 2026, on the unaudited Standalone & Consolidated Financial Results of the Bank for the quarter ended June 30, 2026.

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 Kanathila Digitally signed by Sham Kanathila
Date: 2026.08.06 11:04:15 +05'30'

Sham K
Company Secretary &
Compliance Officer

“Karnataka Bank Limited
Q1 FY27 Earnings Conference Call”
July 30, 2026

MANAGEMENT: **MR. RAGHAVENDRA S BHAT – MANAGING DIRECTOR & CEO**
MRS. BIJI S S – EXECUTIVE DIRECTOR

Moderator: Ladies and Gentlemen, good day and welcome to The Karnataka Bank Limited Q1 FY27 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Raghavendra Bhat, Managing Director & CEO and Mrs. Biji S S, Executive Director from The Karnataka Bank Limited, who are on the line along with the top management.

Thank you and over to you, Mr. Raghavendra Bhat.

Raghavendra Bhat: Yes. Good evening, ladies and gentlemen and thank you for joining Q1 FY27 Earnings Call of the Karnataka Bank, an institution that has stood the test of time for over 102 years. Rooted in its legacy from the coastal city of Dakshina Kannada, formerly South Canara, fondly known as the Cradle of Indian Banking, Karnataka Bank proudly stands as one of the only 2 surviving institutions from the region's historic five original banks. From its humble beginnings to now entering its second century of banking excellence, Karnataka Bank continues to grow stronger and is a trusted banking partner for millions across the globe.

Ably guided by the Chairman and the Board, our Q1 FY27 results reflect a sustained quarter-over-quarter momentum driven by our stakeholders, customers and employees. We have delivered on our investor guidance and achieved meaningful improvements across all major financial ratios, proving the power of disciplined execution and operational efficiency.

Having previously stressed the need for steady, well-directed strategic execution, we are glad to note our successful delivery. Our strong growth trajectory reflects substantial operational progress, which will become clear as we walk through the financial metrics. By now, I trust you have had the opportunity to examine our financial results and investor presentation, which were circulated after yesterday's Board meeting.

Turning to the broader financial system, the Monetary Policy Committee maintained a neutral stance and kept the policy rate unchanged during its June, 2026 meeting. While the prolonged West Asia conflict escalates risk to growth and inflation, high frequency indicators show that domestic economic activity remains resilient. Private consumption is steady and fixed investment holds strong momentum despite cost pressures.

Looking ahead, supply disruptions and elevated commodity prices could impact economic activity and a potentially deficient Southwest monsoon poses risk to agricultural demand. However, proactive mitigation measures like crop diversification and climate resilient practices alongside strong capacity utilization, healthy credit flows and government capex will continue to support investments.

Given these heightened inflationary risks, the MPC is awaiting further clarity. Consequently, we maintain a measured cautious outlook, navigating these external dynamics with strict prudence while closely tracking inflation trajectories. Prior to discussing our business highlights, I am pleased to formally introduce Mrs. Biji S S, who assumed charge as Executive Director of Karnataka Bank effective July 15, 2026. With a distinguished banking career spanning more than 30 years, her extensive experience will significantly strengthen the Bank's leadership team in the journey ahead.

Let me now present the business highlights:

Bank has achieved its highest ever aggregate business, which stood at INR1,97,007 crores as of June 30, 2026, up by 3% Q-o-Q from INR1,92,119 crores in March, 2026 and up by 11% Y-o-Y from INR1,77,509 crores in June, 2025.

Gross Advances stood at INR86,610 crores as on 30th June, 2026, reflecting a Q-o-Q growth of 4% from INR83,340 crores as on 31st March, 2026 and a Y-o-Y growth of 17% from INR74,267 crores as on 30th June, 2025. Our overall strategy is to continue our focus on growing retail, Agri and MSME, which has grown from INR51,197 crores as on March, 2026 to INR53,172 crores as on 30th June, 2026.

On a Q-o-Q basis, Retail, Agri and MSME segment during Q1 FY27 has grown by 4%, while mid-corporate advances have grown by around 5%, whereas on a Y-o-Y basis, RAM segment has grown by 12%, while mid-corporate advances have grown by around 15%. In absolute terms, MSME, housing, gold and vehicle loans have contributed around INR1,980 crores of growth to our retail segment during Q1 FY27.

Going forward, our trajectory focuses on accelerating retail expansion and stabilizing the corporate portfolio by prioritizing high-quality, better-yielding assets. The Bank continues to reduce low-yield corporate exposure in accordance with our earlier stated strategy. We are systematically replacing the IBPC book with higher-yielding loans to drive margin expansion. IBPC portfolio, which was at INR1,618 crores as of March, 2026 has been brought down to INR1,375 crores as on June, 2026. Accordingly, around INR243 crores have been replaced during Q1 FY27.

Aggregate deposits as on 30th June, 2026 was INR1,10,396 crores, reflecting a Q-o-Q growth of 1% over 31st March, 2026 at INR1,08,779 crores and a Y-o-Y growth of 7% over 30th June, 2025 at INR1,03,242 crores. CASA ratio as on June, 2026 was 32.42% and 33.61% as on March, 2026 as against 30.84% as on June, 2025.

The percentage of bulk total deposits was 4.7% as on June, 2026 and 4.2% as on March, 2026 as against 5.4% as on June, 2025. The percentage of bulk to term deposits was 7% as on June, 2026 and 6.3% as on March, 2026 as against 7.9% as on June, 2025. Bank has continued to focus on shifting high-cost bulk deposits to granular retail deposits of less than INR3 crores. The retail term deposits that is less than INR3 crores has grown by 3% from INR67,648 crores as on March, 2026 to INR69,410 crores as on June, 2026. On a Y-o-Y basis, retail term deposits have grown by 6%. The Bank is working towards deliberately reducing its reliance on high-cost bulk deposits and ensure most renewals are executed at predefined card rates, thereby enabling tighter control over the overall cost of deposits.

CD ratio as on June, 2026 stood at 78.45% as compared to 76.61% as on March, 2026 and 71.93% in June, 2025.

Net interest income Q1 FY27 stood at INR938.29 crores as compared to INR842.95 crores in Q4 FY26, registering a Q-o-Q growth of 11%. On a Y-o-Y basis, NII for Q1 FY26 stood at INR755.60 crores, recording a 24% Y-o-Y growth.

Net interest margin stood at 3.20% for Q1 FY27 vis-a-vis against 3.07% in Q4 FY26 and 2.82% in Q1 FY26. Improvement in net interest margin was driven by the bank's focused initiatives in the RAM segment with an emphasis on enhancing yields alongside a calibrated improvement in retail term deposits aimed at optimizing the cost of funds.

Yield on advances for Q1 FY27 stood at 8.68% as compared to 8.78% in Q4 FY26, recording a 10 basis points decrease. Loan yields will be strengthened by accelerating retail growth while stabilizing the corporate portfolio through high quality and better yielding assets.

Cost of funds stood at 5.16% for Q1 FY27 as compared to 5.38% for Q4 FY26, registering a 22 basis points improvement. The sequential Q-o-Q improvement in cost of funds is expected to be supported by our continued efforts to reduce the dependence on bulk deposits and replacing the same with retail deposits at a card rate and focus on CASA buildup.

Profit After Tax for Q1 FY27 was INR418.95 crores as against INR408.19 crores in Q4 FY26 with Q-o-Q increase of 3%. There is an increase in PAT from INR292.40 crores in Q1 FY26 with a Y-o-Y increase, which is at 43%.

Stressed assets: Gross NPA as on 30th June, 2026 stood at 2.58% as against 2.78% in March, 2026, thereby showing an improvement of 20 basis points. The gross NPA as on June, 2025 was 3.46%, which is an 88 basis points improvement. Net NPA percentage as on 30th June, 2026 stood at 0.87% as against 0.98% in March, 2026, demonstrating 11 basis points Q-o-Q improvement. Net NPA as on June, 2025 was 1.44%, recording a 57 basis points Y-o-Y improvement. The sustained quarterly improvement in both gross and net NPA ratios reflects the bank's strengthened efforts to curb slippage and enhance monitoring efficiency supported by the functioning of regional collection centres.

Credit cost stood at 0.03% in Q1 FY27 against 0.10% in Q4 FY26. Slippage was 0.14% for Q1 FY27 against 0.20% in Q4 FY26.

Standard restructured advances, including related accounts as on 30th June, 2026 was INR763 crores as compared to INR806 crores as on 31st March, 2026, recording a 5% Q-o-Q reduction and standard restructured advances as on 30th June, 2025 was INR888 crores, registering a 14% Y-o-Y reduction.

PCR: In line with the Bank's commitment to increase PCR, the Bank has continued making accelerated provisioning and the PCR, excluding technically written-off accounts, presently stands at 67.03% as of June, 2026 as against 65.39% as of March, 2026. PCR stands at 84.70% as of June, 2026 as against 83.54% as of March, 2026.

Cost to income: For the quarter ended 30th June, 2026, cost-to-income ratio stood at 55.14% as against 50.47% for the quarter ended 31st March, 2026 and 58.05% for the quarter ended 30th June, 2025. The Bank's focus on low-cost deposits to reduce the cost of funds, along with an emphasis on RAM and high-yield portfolios to enhance loan yields is further expected to improve net interest income and support sustained control over the cost-to-income ratio.

Return on Equity: Q1 FY27 return on equity stood at 12.48% as against 12.69% in Q4 FY26 v/s 9.58% in Q1 FY26.

Return on Assets: Q1 FY27 ROA stood at 1.29% as against 1.27% in Q4 FY26 and 0.97% in Q1 FY26.

Liquidity Coverage Ratio (LCR): As on 30th June, 2026, LCR stood at 169% against 165.30% as of 31st March, 2026 and as against the statutory target of 100%.

CRAR was at 21.10% as on 30th June, 2026 in comparison to 20.07% as on 31st March, 2026. For the calculation of CRAR for June, 2026, eligible profits as required under extant RBI guidelines have been considered.

Products: We remain on track with our product development and launch initiatives with the continued focus on bridging the remaining gaps in our products offerings.

Agri Schemes: Entering strategic partnership with self-help groups to expand our agricultural lending portfolio while contributing to achievement of priority sector lending targets, exploring opportunities under electronic negotiable warehouse receipts with the agriculture clusters. This aims to strengthen post-harvest financing, enhance farmer liquidity and grow our agri business portfolio.

MSME Products: We had launched 3 products under MSME GST OD, LAP for MSME, dropline OD for MSME and 2 products are in pipeline, incorporation of dropline OD features to key MSME products, end-to-end digitization of key MSME products.

Retail products, which are in the development stage, surrogate-based lending for housing and mortgage loans, digital document execution for vehicle loans, end-to-end portal for channel partners, up to 90% funding on project cost for purchase of ready built under construction, residential units and digitization of the gold loan.

Liability Products: Flexi deposits for HNI customers is launched. This account automatically creates a deposit account for the amount over and above the predefined threshold and the product under development with regard to liability launch of virtual account facility.

In ADC channel, PoS facility, we have entered into a memorandum of understanding with Pine Labs for PoS facility launched on April 21, 2026.

Digital and Technology: The Bank is leveraging IT investments through modular and faster implementation of solutions. Bank is also exploring leveraging AI tools for improving internal efficiencies, including improving processes. A few major solutions that are in progress, new treasury application, new NPA solution, implementation of development opportunities, digital FD, secured credit cards, voice bots for sales and collections.

Karnataka Bank's core strength lies in its solid foundation and readiness to capture emerging growth opportunities. Over the recent periods, we have made meaningful progress by expanding our retail and MSME portfolios, rationalizing funding costs and enhancing asset quality, establishing a robust baseline for sustained growth. Our strategy is firmly execution-led with digital transformation and targeted product offering already gaining strong momentum. As these initiatives scale, they will drive steady improvements in our margins, profitability and key ratios over the coming quarters.

Despite global headwinds from geopolitical tensions and supply disruptions, the Bank differentiates itself through prudence, resilience and a customer-centric approach. Backed by strong capital adequacy, comfortable liquidity and disciplined execution, we are uniquely positioned to deliver long-term stakeholder value. Looking forward, our focused strategic road map and improving business momentum give us full confidence in sustaining healthy growth.

To our investors, customers and well-wishers, let me emphasize that we are not resting on the laurels of a single year's performance. We remain dedicated to building a future-ready governance-driven institution as we honor our legacy and navigate this fast-evolving era, I would like to thank you for your continued trust and partnership in charting the Karnataka Bank's next chapter.

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. Thank you.

Moderator: The first question comes from the line of Sushil Choksey with Indus Equity Advisors.

Sushil Choksey: Congratulations to Karnataka Bank management and Biji madam for excellent performance. We've done very well on all parameters. Sir, we are guiding for a lot of retail growth, MSME growth, RAM, agriculture advances and others. Our current branch network, we have not expanded despite growth areas which we are focusing on. So first, what are we doing to initiate on that expansion, what strategy, whether it is co-lending, direct assignment?

Second thing is, what is the outstanding book which we have sanctioned and in unsanctioned pipeline, which would enable growth? Because I think growth engine support is visible, but higher growth can be targeted, but our guidance seems to be a little lower. You may outperform. That is the question number one.

Raghavendra Bhat: Yes, I heard you. Thank you for all good words you have spoken. Regarding branch expansion, yes, we have plans for opening around 31 to 32 branches during the current financial year. One branch we have already opened. Remaining 12 to 13 branches, we have plans to open before the end of H1. This is one thing. Secondly, with regard to the guidance, as you yourself mentioned, I will supplement that, we keep by and large, 15% growth in the business. As I was mentioning earlier, around 10% to 15% growth in liabilities and 15% to 20% growth in advances. The continued effort will be mainly on this only, so as to arrive overall at 15% growth.

Secondly, as I reiterated earlier, continue to reiterate now also RAM is the focus area. Under RAM also, we have already highlighted earlier, mainly gold loan, housing loan, car loan, education loan, personal loans, 2-wheeler, retail LRD and mortgage loans will be the continuous focus area. Yes, as you mentioned, low promise, higher delivery. That will be continued to be our objective and we will try to achieve that. Thank you very much for your query.

Sushil Choksey: Yes. Sir, your Retail Term Deposits to your bank's balance sheet is INR69,410 crores of Q1 deposits below INR3 crores. Doing a math at the high end, there are 30,000 to 35,000 customers. If you take an average ticket lower, these are 50,000 customers. In this 50,000 customers, which we have in terms of term deposits, which are below INR3 crores, how many products are we managing to sell? And to strengthen this base and have a greater connect, how are we targeting with new products, whether it is housing loan, student loan, gold loan, they may not ask you, but what are other products cross-selling?

And second thing to strengthen our business in southern states where we predominantly dominate, GCC, manufacturing businesses, defense, aerospace, new emerging businesses in supply chain, many other things are happening in South India, which barring 1 or 2 states in West is missing. Now to strengthen this balance sheet, Karnataka Bank is South predominant, where our strength lies. So, to capture those businesses, how are we going to emerge with new talent and new business segments whereby we can expand.

Raghavendra Bhat: Going forward in the market, we are also aware what is happening around. Taking that into account, we are all based on the requirement, our continued effort will be from the branch, online, some IT enablement has already been done and some more requirements are coming based on our study also, based on seeing our peer groups. And all these things are in progress, product per customer, both the banking and non-banking products, all are in the line.

As I have mentioned somewhere in the presentation, one is growth in advances. The new products are in development stage and some we have launched, I have covered it. And some more we are going to launch. In addition to that, the secured credit cards and online trading and advances against shares and mutual funds, all are in the pipeline. That is what I'm telling you. Going forward, kindly wait and see. We will come out with a lot of products, which are in our mind, which are mainly tailored to the requirement of the public. We are hopeful of achieving all those things.

Sushil Choksey: Sir, I have noted a reduction in IBPC with replacement of new loan. And second thing, can you highlight how is the recovery being visible from technically written off accounts and other NPA accounts for the year? I am not asking for quarter-on-quarter, but what would aid? And on FCNR, if you have any comment on if you are garnering retail deposits. I understand we may be not doing leverage without GIFT City, but again, any comment on that?

Raghavendra Bhat: Regarding recovery under technical written off is the focused area. Having lent, we have to recover. That is one thing. Secondly, if the accounts slip to NPA. Priority is given to recover or upgrade the account. That is a continuous focus. And having done that, we have shown substantial improvement in the previous quarter.

And regarding technically written off account also, a lot of recovery plans are there. Some are at advanced stages and our asset recovery branches at various centres and the recovery team at Head Office, recovery team on the field, all will help us to recover the technically written off accounts and NPA accounts. Not only that, we are regularly monitoring our standard assets also to prevent slippage. The NPA portfolio can be always managed very well, provided we control the slippages also. Controlling slippages on one side, recovery on the other side, all will add value to the books.

Sushil Choksey: Sir, how much is FCNR pipeline and gold pipeline?

Moderator: I'm sorry to interrupt, Sushil. I would request you to rejoin the queue.

Raghavendra Bhat: FCNR deposits, we have not that big portfolio, but still, we were able to garner around INR60 crores of FCNR deposits. Yes. Sushil, fresh deposits, I am talking about. Renewal, all those things small things are there. Gold loan, I have touched upon. Gold loan is the focused area. Last year, we could not though, we have anticipated, we could not do much because of certain checks, approval from the Board with regard to the regulatory guidelines, we could not do much. This year, from April itself, growth started happening. We are very much focused there also.

Moderator: The next question comes from the line of Pranay Dhelia with Panchatantra Advisors.

Pranay Dhelia: I wish you many congratulations for a very good set of numbers and the hard work put in by the management is very reflective in the numbers now, which was elusive for quite some time. I have a very simple question, sir. You have given the future road map and the growth ahead. Can we safely say that this will be the worst quarter for us in this financial year?

Raghavendra Bhat: Pranay ji. I reiterated earlier also whatever we are committing, we have a tendency to achieve it. And last year was a difficult year for us because of the negative trend in the business. Still, we could do fairly well in the last quarter. This year, going forward, I am telling you, for the past around 18 years, April was always negative. April, May continue to be negative in growth. This year, from April itself, we are positive and the numbers are out as of Q1. I am quite confident that this year, the growth will be good and we will try to make it better and best.

Pranay Dhelia: So just to add on to this question sir, we are a very well-capitalized bank with our capital adequacy ratio, I think, is the highest in the industry. So will we see more disbursals or some aggressive lending happening to make good of this because we don't need any capital with such kind of a capital adequacy ratio.

Raghavendra Bhat: Yes. Priority is to increase the CD ratio. As I was mentioning last year also, the CD ratio dropped to 71.93%. Now it is around 78% plus. And going forward also, we continue to improve the ratio. And as you rightly said, CRAR is quite comfortable. We need not worry about that. Therefore, yes, focus is on increased lending.

Moderator: The next question comes from the line of Surbhi Esaibalan with Infinite Financial Services.
I would request you to fix the issue at your end and you may join back the queue. The next question comes from the line of Vinay Nadkarni with Hathway Investments.

Vinay Nadkarni: Sir, congratulations on a very good set of numbers. Very glad to see Karnataka Bank doing so well. I have just one question, and that is pertaining to the special mention account growth. Your Q1 FY27 special mention account has gone up to INR3,435 crores. Though you have mentioned that a lot of it has been collected in the current month, but that is a very high figure. And your SMA-2 also has gone up from INR635 crores to INR750 crores in a quarter when you have the lowest provisions. So, does that indicate that there would be higher provisions coming in current and in the future quarters?

Raghavendra Bhat: Yes, your concern - you are right from your angle. But as I was mentioning earlier also, my first priority after joining was to improve the CD ratio and control the stress. So, from around double digit, we have brought it down to single digit and efforts are continuously on. When you talk about the stress, we always focus not only on SMA-2, we focus on SMA 0, SMA-1 also. That is the priority. To the previous question also, I have answered, the NPA ratio or NPA quantum can be very well controlled, provided we control the slippage also. So, first priority is to prevent the slippage.

Secondly, on controlling, once we control this SMA, the slippage ratio automatically will improve. Therefore, I am quite confident though see, in the first quarter, what happened is 30th June, prior to that, there were 2, 3 holidays also. Because of that single day or double day default, all those things are there. Otherwise, it is very much under control. So, we don't foresee or we don't require any additional provisioning because of slippage, going forward.

Vinay Nadkarni: Very heartening to note that. Just a follow-up question on that. How are you looking at the ECL mandate that is going to become implementable from next year? Is there any provisions that will be required additionally for that?

Raghavendra Bhat: No. As I mentioned earlier, CRAR is quite comfortable, number one. Number two, simultaneously, we are working on the background every quarter-on-quarter. And based on the regulatory requirement on all 1%, whatever impact will be there, we are quite capable of managing this. And stress is under control, Stage 1, Stage 2, Stage 3, whatever you call, all our team, we have created dedicated team for that. They are working on it from 01st April. We are very well ready and we don't foresee any problem because of that.

Moderator: The next question comes from the line of Apeksha Bajaj with AV Fin Corp.

Apeksha Bajaj: Congratulations for good set of numbers. I just want to know what led to increase in this employee cost? And what would be the normalized employee cost despite that number of employees have reduced?

Raghavendra Bhat: Employee cost, I don't foresee much change in that. Because of the yield movement and all, there will be ups and downs, which we are doing that every quarter. Because of that, some banks are following year-end and all they are doing it, different practices are there. Whatever our auditors are suggesting, accordingly, we are moving that. In the March also, somebody has asked the question, you have taken that benefit and all. We have increased the provision also. We have not utilized for the purpose of declaring profit. So, it is very much taken care. Employee cost also, by and large, it is very well under control.

Apeksha Bajaj: So, it will be in the same range next quarter onwards?

Raghavendra Bhat: Yes.

Moderator: The next question comes from the line of Yashwanth Thippeswamy, an individual investor.

Yashwanth Thippeswamy: Great set of numbers and a consistent set of results. I have been watching from past 1 year, it has been consistent. So, my question is, can we expect the same kind of consistency in the management as in the previous quarter, one of our fellow investor has raised a point about your tenure extension. So please help us understand what is the status on that?

And also, I would want to understand whether whatever has been raised in terms of concerns or feedback, is that being discussed in the Board meetings? I just wanted to understand from the facilitator in order to understand like whether the investors' concerns or feedback has been taken into the Board meetings or not?

Raghavendra Bhat: Thank you for your good words. And with regard to the business concerns, I assure you, don't worry about that. We are with you whatever we promise, we deliver. That is first question. With regard to the tenure you asked, see, it is a process. Last year also some people, as you rightly mentioned in the previous quarter also, asked so many questions. It is a process that has to be followed, that will continue to happen. And it is guided according to the best practices, Board is capable of taking all those decisions. It is very much in place.

Third one is you are raising an issue with regard to the feedback given by the investors, whether it is updated to the Board. Yes, there is a system. Every concern of the investor, it is the duty of the MD to update to the Board. There is a system and process for that. It is being updated. And wherever possible, immediate actions required are being taken, wherever some time is taken, we have a process to take that feedback very seriously and try to implement.

Yashwanth Thippeswamy: And can we consider the yield on advances to be bottomed out at 9%?

Raghavendra Bhat: Yes, yield on advance has gone down and it started showing improvement. If you have seen the previous quarter, NIM has gone down in the previous quarters below 3%. And in the last quarter, full year, it was not 3%. It has not touched 3%, but Q4, it was above 3%. And further improvement has happened in this quarter and it will continue to improve. That much assurance I will give you.

Moderator: The next question comes from the line of Jyoti Khatri with Ambit Wealth.

Jyoti Khatri: Congrats on good set of numbers. Sir, just continuing with the earlier question with respect to the continuity of the CEO, it wasn't very clear. So, if you can help us with that. So, the Board is yet to approve a new CEO or the existing CEO's term, right, for future?

Raghavendra Bhat: See, these are the things which whatever is there as the best practices, there is a guided system, guided principle, which we are updating all our investors and stakeholders by reporting this matter, publishing this through Stock Exchange filing. I think you kindly bear with me.

Everything is updated, earlier also, first time also, second time also, permanent also, all those things have been updated. Please go by that. Thank you very much.

Jyoti Khatri: And secondly, sir, what is your ROA, ROE target for FY27 and for FY28 as well, if you can help us with that?

Raghavendra Bhat: Yes. ROA earlier, if you have seen, I was mentioning that 1% plus last year, 1% plus has been achieved. And this quarter also further improved. We will improve further. That much I will tell you.

Jyoti Khatri: Okay. But don't you think that's pretty conservative? But I believe already you are at 1.3% in Q1. So, you can overshoot this 1% number?

Raghavendra Bhat: It was 1.29% as of June, 2026. I was telling 1% plus. Going forward, I will tell you since it is already 1.29%, I am aiming 1.35% to 1.40%.

Jyoti Khatri: Okay. And just one last thing on the margin side. Do you see the current margins to continue going forward as well, given the fact that advances yield have largely as you mentioned that they are likely to improve. So, in that scenario, we can expect the margins to improve from the current level.

Raghavendra Bhat: Yes. Because last year, for various reasons, it was down. And in the Q4, results improvement started happening. In the current quarter, it has further improved. Going forward, taking into account the quality of the account, which we are onboarding and recovery happening and all, and we will continue to improve further. That is the assurance from my side.

Moderator: The next question comes from the line of Parth Gutka with 360 ONE Capital.

Parth Gutka: Sir, my question is, in this quarter also, the large corporate growth has been very strong. So, are these short-term loans linked to T-bill or some short-term rates or they are linked to MCLR?

Raghavendra Bhat: See, this rate last year also to give stability, there was a negative growth. So, depending upon that, I was answering to the investors in the con-call that we want the growth also, stable growth also, we should not compromise on the yield. So, we managed last year fairly well. Going forward, as I mentioned previously in my presentation, our focus is on retail and mid-corporate only. But having said that, there will be repayment also, conscious decision based on the tenor, conscious decision based on the yield.

We will focus that and we will continue to work that. But to your question with regard to the bulk advances, I am telling you our focus is to reduce it only, duly offset by the retail. Retail will not happen so easily, retail and mid-corporate. To the extent of repayment, we may have to take the bulk portion. We will not grow size-wise. Percentage-wise, we will reduce it, duly offset by the retail and mid-corporate.

Parth Gutka: Sure, sir. Sir, but our mid-corporate book is also degrowing on a Y-o-Y basis over the last 4 to 5 quarters. So, by when can we expect the growth within mid-corporate to pick up?

Raghavendra Bhat: Last year, during the first 2 quarters, it was negative. I totally agree. Third quarter, by and large, moderated. Fourth quarter, it has shown growth. Fifth quarter, it has grown further and we have a lot of actions happening on the ground. With that, I am quite confident that it will grow. Even retail, it was INR46,973 crores as of March. It is INR48,622 crores now, June quarter. So also mid-corporates, it was INR15,721 crores. Now it is INR16,636 crores. Large corporate, it was INR20,646 crores, it is INR21,352 crores.

This is a conscious decision taken by the Bank while improving the retail and mid-corporate, we have to keep the growth continuing. That is the only reason. Otherwise, percentage-wise, we don't want to increase the percentage. We want to increase in the retail and mid-corporate only.

Moderator: The next question comes from the line of Manoj Yeddanapuri with Infinite Financial Services.

Manoj Yeddanapuri: I just have one question that the gross advances part. So retail, agri and MSME grew at around 12%, right, this quarter as compared to other segment, which was around 25.23%. So, if you even compare that with the Q4 last quarter, retail grew at around retail plus MSME and agri grew at around 4% and others part grew at around 14.26%, if I'm not wrong. So, if you see that's more than double the RAM pace like the both quarters. And the gap is obviously widening. So given that the bank has repeatedly stated that RAM has been a strategic priority, so like what's actually delivering that 25% growth in other segment, if you could elaborate on that part?

Raghavendra Bhat: You mean to say retail or mid-corporate?

Manoj Yeddanapuri: I mean with the others part. Am I audible?

Raghavendra Bhat: Yes.

Manoj Yeddanapuri: I just wanted to understand that.

Raghavendra Bhat: I got it. In the retail, mainly retail, gold, MSME and this housing, which I have mentioned earlier, housing, car loan, education loan, personal loans, 2-wheeler loan, retail, LRD, some extent retail mortgage loans, all these mixtures are there. And overall focus is on those things only. Some of the new products also have been launched to ensure improvement in the TAT because retail growth will not happen so easily unless the machinery in the ground improve the TAT and all will happen.

So I am telling you, with regard to, as you rightly mentioned, retail growth in was Q-on-Q. In the last quarter, it was 3.9% Y-o-Y growth was 11.8%. Gold loan, it was last quarter, 9.3% and Y-o-Y 36%. Retail, this other retail, as why I was mentioning housing, car, education loan, personal loans, 2-wheeler, all this put together, it was at 2.5% in this quarter, Y-o-Y is 7.7%.

So, also MSME in the quarter, it was 4.9%, Y-o-Y is 7.6%. Our continuous focus is on this area only. So, to show the growth, it has to come in volume. That volume will not rise so easily. Large and corporate, it is an easy banking, it will happen, but we want to restrict ourselves there because we are concerned with the yield also.

Manoj Yeddanapuri: So given that, what's actually driving that 25% growth in the other segment, if you could elaborate on that part? And given that, so at what point do you think that RAM starts growing faster than the corporate part?

Raghavendra Bhat: See, over a period, it was there. Suddenly, we cannot reduce. We have to balance the growth also. While moving forward, it is a continuous journey of the Bank that we want to grow in retail and mid-corporate. For that, what we had done during last year, immediately after taking over charge, these retail hubs, which we have started in all 15 centres. I mean, Bank has got 15 Regional Offices across India. In all those centres, we have started that. It started driving the business actually. That is why I am quite confident that retail growth will come as per the expected line.

Moderator: The next question comes from the line of Chirag Singhal with First Water Fund.

Chirag Singhal: Great set of numbers, sir. Congratulations to you and the entire team.

Raghavendra Bhat: Can you be a little bit louder?

Chirag Singhal: Can you hear me now?

Raghavendra Bhat: Yes, it is audible.

Chirag Singhal: Congrats to you and the entire team. Great set of numbers. I think this is the second consecutive quarter you have delivered more than 1% ROA. So, you gave a guidance of that you are now going to aim for 1.35% to 1.4% ROA. So, is this more like an exit run rate for this year or something that you are seeing for the entire year, like 1.35% plus ROA for the entire current financial year?

Raghavendra Bhat: Our effort will continue to drive for continuous improvement.

Moderator: Does that answer your question, Chirag?

Chirag Singhal: Yes, that answers. One more question on the employee cost. So, the employee cost that went up in the quarter. So, what should be the annual employee cost that we should factor in for the current financial year?

Raghavendra Bhat: Employee cost has not gone up. I have mentioned earlier, because of the yield movement under that provision for gratuity and other retirement benefits and all that yield movement and all our employee cost is very much under control. Employees are the strength of the organization and cost is under control. They are made rather to improve the productivity. All those things are very much in place. Cost is under control.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Mr. Raghavendra Bhat for the closing remarks.

Raghavendra Bhat: Thank you very much. And to our investors, my message is, as already highlighted, we want the continuous journey of growth. And as highlighted by me earlier, growth in all areas, both in liabilities, assets, guidance I had already given, continuous efforts for recovery, continuous effort for slippage improvement, continuous effort for recovery under NPA as well as technically written off account and improving the other income through third-party products, all these products, through all these sources, bank is quite confident. With my team, I am able to drive this business forward. That is an assurance from my side. Thank you very much. Thank you one and all.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of The Karnataka Bank Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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

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