Karnataka Bank Ltd.

Your Family Bank, Across India

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SECRETARIAL DEPARTMENT

21.05.2025
HO:SEC: 51:2025-26

To:

The Manager	The Manager
Listing Department	Listing Department
National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza, C-1, Block G	Phiroze Jeejeebhoy Towers
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Bandra (E), Mumbai-400051	Mumbai-400001
Scrip Code: KTKBANK	**Scrip Code: 532652**

Madam/Dear Sir,

Sub: Transcript of Q4FY25 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, May 14, 2025, on the audited Standalone & Consolidated financial results of the Bank for the quarter and financial year ended March 31, 2025.

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

https://karnatakabank.com/investors/quarterly-results

This is for your kind information and dissemination.

Yours faithfully,

Sham Kanathila

Digitally signed by Sham Kanathila
Date: 2025.05.21 19:08:35 +05'30'

Sham K
Company Secretary &
Compliance Officer

"Karnataka Bank Q4 FY'25 Earnings Conference Call"

May 14, 2025

BANK MANAGEMENT:	**MR. SRIKRISHNAN H - MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER** **MR. SEKHAR RAO - EXECUTIVE DIRECTOR** **MR. ABHISHEK SANKAR BAGCHI - CHIEF FINANCIAL OFFICER** **MR. VINAYA BHAT P. J. - CHIEF COMPLIANCE OFFICER** **MR. RAGHURAM H.S. - CHIEF RISK OFFICER** **MR. RAVICHANDRAN S – GENERAL MANAGER, CREDIT SANCTIONS** **MR. RAJA B S - GENERAL MANAGER, BRANCH BANKING DEPARTMENT** **MR. VENKATESWARLU MALLINENI, GENERAL MANAGER LIABILITIES, SALES & THIRD-PARTY PRODUCTS** **MR. SHAM K. - COMPANY SECRETARY**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY'25 Earnings Conference Call hosted by Karnataka Bank.

The Management participating from Karnataka Bank are Mr. Srikrishnan H – Managing Director & CEO; Mr. Sekhar Rao – Executive Director; Mr. Abhishek Sankar Bagchi – Chief Financial Officer; Mr. Raghuram H.S. – Chief Risk Officer; Mr. Vinaya Bhat P. J. – Chief Compliance Officer; Mr. Ravichandran S – Head of Credit Sanctions; Mr. Raja B S – Head of Branch Banking Department; Mr. Sham K. – Company Secretary and Mr. Venkat – General Manager, Liabilities.

As a reminder, all participants' 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Srikrishnan H – MD & CEO from Karnataka Bank. Thank you. And over to you, Mr. Srikrishnan H, sir.

Srikrishnan H: Sagar, thank you so much, and good evening, everyone. A warm welcome to our Q4 FY'25 Earnings Call. First of all, my apologies for the delay, – there were some other agenda items taken up in the board meeting, which caused the delay. But having said that, the accounts, the finalization and upload etc., happened well within the time. I am assuming that all of you would have seen it on the BSE and NSE.

With the ending of Financial Year 2024-25, let me take this opportunity to wish everyone a very fulfilling new fiscal year ahead. The past 12 months have been a major transitional period in the history of Karnataka Bank, with various changes that we are bring ing since 2023.Before we move to the business performance and numbers, I would like to highlight some of the major activities that the Bank has undertaken during FY 2025.We are hopeful that these will serve as long term and strong fundamental foundation to build upon and improve our performance going forward.

Firstly, the Bank has built up on its Four channels of business acquisition - Branch led, Sales led (liabilities, TPP & RAM), Digital and partnership based. In terms of branch led geographical expansion, the Bank has opened 31 new branches and 39 e-lobbies during the financial year, taking the tally to 952 branches and 1,228 ATMs and e-lobbies. The sales-led acquisition is fundamentally focused on liabilities and third-party sales. We have a dedicated lateral leader who has been hired, and has been in the system for over six months now. We also have a lot of focus on CASA and TPP, which is clearly reflected in the business performance from the last quarter onwards. Basically, there are four channels that have been set up. One is the CASA and the FOREX segments and the trade segments, CATFX as we call. Then the IBGB, which is institutional and the government business portfolio. The third is the salary channel and finally the RAM segment, which is basically the Retail, Agri and Mid-Market. MSME segment focuses on putting up the granular advances, the assets. We have actually carved out this from the credit sales department and very seasoned lateral leader who joined us around 6 to 7 months ago and has started setting up a team. We have introduced a concept of regional sales manager (RSM), and within the RSM we do have various segments covered, ensuring focus, leadership and accountability. In addition to that, we have deployed a network of sales officers and we are actively expanding it. This will be done through our own in-house company which is a subsidiary, as well as through external corporate DSAs. This reorganization is primarily aimed at driving deeper market penetration and improving execution and sustainable growth in the RAM vertical.

The digital channel that we had, has been further strengthened. We have a Digital Center of Excellence, and we also have a data-driven analytics acquisition engine. This engine provides leads based on the propensity as well as critical micro market analysis. It continues to play a pivotal role in generating leads for both the sales team and the branch teams.

In the branches, the sales team acquires customers from the market and hands them over to the branch for the servicing, as well as for upselling and cross-selling. For the existing bank customers, the increase in product penetration, and relationship values is driven through the branch channels. The last is the partnership-based model, where we have identified three specific product areas. One is alliances for insurance, which has been completed. Investment is also in place, and we are adding that with a wealth management portal this year. This will include advisory services and targeted marketing to affluent and specific customer segments based on their investment surplus and AUM categories.

We also have co-lending arrangements with five partners, which are working well. We have built up a reasonable portfolio, and the portfolio quality is very healthy. There is significant technology intervention involved, and we have successfully executed this with the five partners, including one that we onboarded this quarter.

The Karnataka Bank also made a record in the last quarter when we acquired a direct assignment portfolio from a leading, reputed home loan NBFC. This transaction was for the Loans Against Property (LAP) product. It was a pilot transaction, and we had to ensure compliance with regulatory guidelines, technology integration, and internal policy requirements. Further, we plan to continue acquiring such portfolios through partnerships with a few more reputed NBFCs. We will also ensure that both the collection mechanism and, more importantly, the credit quality of the portfolio remain intact. This approach applies to both co-lending and direct assignment partnerships.

There is a product that we launched in the last two quarters of the year - a credit line on UPI in partnership with Navi Technologies. This is a short-term personal loan, structured as an EMI on demand product. We started with a 30-day product and have since added a 60-day variant. The entire process is fully digital, and the product has performed well in terms of portfolio size. More importantly, repayment behavior has been timely, and the portfolio quality has been exemplary. This also opens up opportunities for cross-selling banking products through this acquisition channel. The partnership model ensures that all regulatory requirements — including onboarding through video KYC or eKYC — are completed in-house by the bank. With this, we have effectively covered all four acquisition channels of the bank. This brings us to the product portfolio, which we have been consistently strengthening over the past two years.

In the last financial year, we launched 15 products - five each in liabilities, Retail and in MSME segments. These launches were aimed to plug the gaps in the overall product stack. Some of the key products were designed with both customer segment and sectoral focus. For example, we introduced offerings for the student community, such as KBL PEAK and KBL Genius, which combine a loan, savings account, debit card, and an insurance protection package that includes cybercrime coverage.

We also launched a personal loan product for government employees. We do have a contractor product. This is again an existing product which we revamped. We have the CA credit line - a tailor-made credit facility for chartered accountants. This is again the first of its kind for the professionals and continue to do this with other verticals within the professional gambit. On our Founders Day we introduced a unique product for women called KBL STRI. It's a very unique savings bank account product bundled with benefits such as cancer insurance, other hospitalization benefits and debit card, etc.

We are soon launching a family program which is called KBL ONE, which will cover up to six members of the same family. It will offer interoperability across accounts and include a digital product developed in conjunction with NPCI, allowing features such as shared UPI payments within the family. In addition to this, we have a set of products planned for this year, particularly on the asset side. One of the key offerings is a supply chain finance program targeted at corporates, which is scheduled to be launched in the current quarter of FY26.

On the liabilities side, as I mentioned earlier, we are introducing KBL ONE — the family banking program. We also have a wealth platform in place, which will include mutual fund offerings. Additionally, on the digital front, we are developing a merchant app to strengthen our presence in QR-based payments. The bank already provides QR codes and POS machines, and we have a strong distribution network in this space. As far as the asset book quality is concerned, the bank has done very well, significant improvement in both GNPA and NNPA. These indicators have consistently improved over the last 6 to 8 quarters. The same positive trend is visible in the restructured book, which has also performed exceedingly well — both in terms of direct and related accounts.

We had embarked on a credit transformation project, which has got completed into the one-year project. Based on insights from market analysis, customer feedback, and internal process reviews — including identification of product and policy gaps — we have implemented updated policies across home loans, MSME loans, and other retail products. These changes aim to enhance product features, underwriting standards, and turnaround time..

Additionally, we have set up two Retail asset centers in Bengaluru (Bangalore) and Mangalore. Once we perfect the model, we'll expand it to the other cities also as I mentioned in the last quarter. So the two are working well and basically catering to origination, underwriting, onboarding as well as disbursement. So, the branches are actually decluttered quite a bit. So far, over 100 branches in Bengaluru have been onboarded, along with all branches in Udupi, into their respective Retail Asset Centers.

The focus is on granular assets as well as liabilities. So there has been a shift as far as the NBFC and PSU lending towards higher yielding direct corporate lending. This was a strategy that we had outlined a couple of quarters ago with the structures in place from October this is started playing out and reflected very well in the last two quarters and likewise even on the deposit side we have not been bidding for bulk deposits, which now constitute only about 6.6% of total deposits as of March. Additionally, there are two other projects that we have taken very high-end projects, one is on the IT infrastructure creating a data lake which will combine both the Analytical Center of Excellence as well as the other data into one. And the other is the MIS architecture which we are revamping. And this is again a 12-month project which has come more or less to a conclusion. And we will be releasing all the use cases including regulatory reporting.

The HR transformation, we have made the initial transformative steps. For \ FY'26, we have rolled out the KRA rationalization across the bank, across all levels. And that is something which will reflect as you go forward in terms of the overall bank's performance level, performance monitoring, and other metrics for measurement. On the macro side, before I go to the numbers, there were, of course, the geopolitical factors impacting the GDP growth and subsequently the credit growth. So, all of whatever I'm saying, the next couple of things are not necessarily pertaining only to Karnataka Bank, but it is overall banking industry. Interest rate changes, I think, all of us are aware that there have been two repo cuts and there could be one more very soon. So, leading to reduction in yields and which in conjunction with the rising cost of deposits has impacted margins across the whole banking industry and we are no exception to that. There were two, regulatory changes, one of which came into effect on April 24th, 2025. .

For the full financial year, in comparison to the previous year, there are two key accounting changes to note. First, the AFS (Available for Sale) reserve on the investment portfolio — this cannot be routed through the P&L and hence needs to be considered separately when making a like-to-like comparison. Second, there was a reclassification of penal interest to penal charges, which has an impact on the Net Interest Margin (NIM). This reclassification will continue to affect reported NIM for another two quarters, since the implementation took place in June. While we will continue to highlight this for comparability in the current quarter, from the next quarter onward, we will stop referencing the accounting policy change related to treasury investments.

There have been one significant change in our accounting policy, specifically related to the superannuation and retirement benefits of our staff. One is that we have made a change on the overall salary escalation methodology, which is across pension, gratuity, PL encashment and sick leaves. Earlier the bank was doing 4% on pension and 4% of gratuity, PL encashment and sick leave as two blocks. We have now reversed and maintained the pension provision at 4%, while revising the PL encashment and sick leave provision to 5%. This change has resulted in a one-time incremental pre-tax provision of ₹83 crore. Going forward, this provision will remain higher, which is a prudent step, as it better reflects the realistic outflows expected at the time of pension and retirement payouts. Additionally, though not very material, I would also like to highlight that as of March 31,2025, due to rate cuts, the yields were lower, which led to a higher actuarial provision of approximately ₹30 crore. So, taken together, ₹83 crore plus ₹30 crore — totaling ₹113 crore — has been an incremental pre-tax provision made by the bank.

So, on the backdrop of all of this, let me get quickly into the three critical parameters that we look at for growth in advances, growth in deposits, and the growth in quality. In addition to that, I will also talk about the profitability and the returns to stakeholders. The aggregate business turnover of the bank, as of 31st March, we did a record high, the record for Karnataka Bank in the last hundred years. Rs. 1,82,766 crores, up by 7% on a year-on-year basis, as against Rs. 1,70,990 crores as of 31st March. So that's like almost like Rs. 12,000 crores plus business that we have increased as far as the bank is concerned. And this has been a consistent factor in the last about two years.

The second one is on profit after tax. The profit after tax for FY'25 stood at Rs. 1272.37 crores, versus Rs. 1306.28 crores in FY'24. Here again, to call out the change in accounting policy related to investments and the adjustment for the AFS available for sales portfolio. This alone, if had we taken the profits, and the book that is as per the earlier accounting policy, the profit after tax would have been higher by Rs. 110 crores. So, if you exclude the impact due to the accounting policy change and the one time increase in actual provisioning that I talked about, which is Rs. 113 crores pretax, the profit after tax would have become Rs. 1,467 crores in comparison to the year-on-year of Rs. 1,306 crores and reflecting a growth of 12.3%. Similarly, for the quarter, the profit stood at Rs. 252.37 crores for Q4 and as against the Rs. 274.24 crores in Q4 FY'24. Excluding the impact of actuarial and the change in accounting policy on investment, the adjusted PAT for the quarter would have been Rs. 372 crores, showing a year-on-year growth of 35%. Gross advances stood at closer to Rs. 78,000 crores, Rs. 77,958.72 crores to be very precise as of March '25 reflecting a year-on-year growth of 6.8% over March '24. And that was Rs. 73,001.66 crores.

Our overall strategy is to continue Retail, Agri and Mid-Market, RAM segment, where the growth was led by gold, vehicle, housing loan portfolio with a net book accretion of Rs. 4,373 crores in the RAM segment during the last 12 months. During the same period, direct to corporate advances grew from Rs. 16,997 crores as of March '24 to Rs. 19,146 crores, resulting in a net annual accretion of about Rs. 2,149 crores. So effectively, the new book that has come in which is the net accretion has been whatever I called out, which is Rs. 4,373 crores plus Rs. 2.149 crores. But however, the bank has also been committing to reduce its low yielding large mid-corporate as well as some opportunistic treasury-based lending that we were doing and those have come down and here again the bank replaced Rs. 1,300 crores of low yielding NBFCs to higher yielding direct to corporate advances. So basically, there is a churn in the portfolio and a growth in the portfolio. And this same strategy will continue for FY'26 also as we go forward.

On the aggregate deposits, the bank stood at Rs. 1,04,807.49 crores. which is close to Rs. 1,05,000 crores mark here again, all time high and reflecting a year-on-year growth of 6.96% over March '24 which was Rs. 97,998.22 crores, which is closer to Rs. 98,000 crores .

CASA stood at 31.75 as against 30.29 for the previous quarter and 31.94 for March '24. So, we are more or less maintaining the same levels of about 31.75 compared to 31.94 for the year end. In absolute terms CASA deposit grew by about 6.35% year-on-year from Rs. 31,293 crores to Rs. 33,381 crores as of March '25. A net accretion of Rs. 2088 crores closer to Rs. 2,000 crores. This is again the deposit engine which is really kicking in. So as far as the overall aggregate deposit is concerned, while it may look moderate, we also have seen an achievement. There is also, lot of movement from bulk deposits into granular deposits. So, the Retail term deposit alone, less than Rs 3 crores, have seen a visible jump from approx Rs. 60,000 crores to Rs. 64,616 crores and the net acquisition was Rs. 4,614 crores on a year-on-year growth rate of 7.7%. So effectively here again there's a churn. We're not bidding for very high-cost deposit from the market but for our relationship customers and for our Retail customers we are definitely in the market and we've been able to really get the accretion on the overall deposit story. Our deposit franchise is also working very well.

Net interest income, resultant of all this, stood at Rs. 3,310.38 crores for FY'25, as against Rs. 3,298.72 crores in FY'24. While the gross interest income has grown 8.62%, the year-on-year during this period, this cost of funds and the cost of deposit has resulted in overall NII growth remaining quite flat. It is also worthwhile mentioning here that the penal charges which have been implemented instead of the penal interest income, this is something which will also result in a reduction and that quantum is about closer to Rs. 23 crores for the Q4 and overall, for the year because it is implemented sometime in the middle of last year. The overall year annually it was Rs. 61 crores for the 12-month period. If you really exclude this impact, we have grown the NII by about 2.2% year-on-year. The NIM has grown, and it has been 3.19% in FY'25 was 3.52%. Here again the NIM stood at 2.98% for the last quarter which is Q4 compared to 3.02% for the previous quarter.

Excluding the impact of the reclassification of penal charges which has happened the NIM for FY'25 would have been 3.25% on a comparable basis with the previous year and that for the quarter would have been 3.06%. With the improved focus on higher yielding Retail and direct to corporate advances, combined with expected easing in cost of funds we believe that the NIM will improve by at least 10 bps to 20 bps as we go forward in the first in this fiscal. The CD ratio of the bank has is at 74.38% compared to 77.84% and that was the previous quarter and of course we have had very conscious exit strategy for some of the bulk advantage that I mentioned to you and for the last year comparable was 74.5. While the CD ratio remains more or less at the same level, the churn in the advances portfolio has resulted in higher profitability and this will continue again as a strategy.

The stressed assets, which is very significant in terms of improvement to the book quality, with gross NPAs improving to 3.08% in March '25 compared to 3.11% in the previous quarter. For the previous year ended, it was 3.53%. So there is actually reduction of almost 45 bps on the gross NPA and this is a commitment that we had given to the investors that by the end of the year we will bring it closer to 3% and I think we are meeting that commitment. Likewise, on net NPA, we continue to improve which is at the 1.31% as of March '25 improving from 1.39 the previous quarter and which was 1.58 for the previous year So annually again here we have improved by 27 bps. And this is a significant achievement because of the overall NPA numbers in absolute terms decreasing and in percentage terms also very favorable.

Gross slippages stands at 0.34% in the quarter as against 0.79% in the previous quarter, in the corresponding quarter for the last year. For the year ended March '25, the slippage ratio was 1.71% as against 2.8% in the previous year. This is a significant reduction and the target for FY'26 will continue to be below 2% as we go forward. And this is again possible due to recoveries and the quality of the book significantly improving. Recoveries for the quarter, for the entire year we have recovered at about Rs. 556 crores. But for the quarter, it was Rs. 174 crores in Q4 versus Rs.101 crores the previous quarter and Rs. 197 crores in the corresponding quarter of last year. So this, again, the pool is reducing, but on the other side, whatever recovery measures that we need to institutionalize, including external agencies for Retail less than one crore, the granular loans, etc., we have a Retail collection team that has been set up. We have a specific DGM who was literally hired into the Bank. And this is basically setting up of the Retail franchise, that is where we grow in the Retail book, we need to also step up our collection organization.

The standard restructured asset, here again the bank has done significantly well, including related accounts to that sub-1,000 crores, it was Rs. 994.77 crores as of March '25 compared to Rs. 1,113.65 crores the previous quarter and Rs. 1,579.35 crores as of 31st March '24. Here again this is a book which about 2.5 years ago was about close to Rs. 4,500 crores and this has come down drastically because of concerted efforts from all the regions and this is something which for the first time the bank has done exceedingly well by bringing it down. This actually has resulted in a very favorable position as far as the bank is concerned because if you actually total up our gross NPA plus restructured advances as a percentage on the gross advances, it remains at 4.36% as against 5.70% the previous year and of course the prior years was even higher. The standard restructured advances is approximately 54% of the restructured portfolio which comprises of loans which require upgradation because of the 30% recovery. Otherwise, they are standard and performing as assets but up to the 30% we need to actually keep it as restructured portfolio. The other notable item to call out is that this total portfolio which is the 54% amounts to Rs. 553 crores. Out of that, Rs. 421 crores is actually housing loans. So these housing loans are also standard paying, but only thing is that they have not completed 30% recovery and which is how the exit and the upgradation into standard advances will happen.

The PCR, Provision Coverage Ratio, including technical write-offs, stands at 81.42% for March '25 compared to 80.64% in December and including technical write-off, PCR improved to 58.18% as compared to 56.03% the previous quarter. This again is a commitment that we have made that every quarter, net of technical write-off the bank would improve the PCR by 1% every quarter. And we have been committing this ever since September quarter onwards and we have done better than what the commitment was.

Liquidity Coverage Ratio (LCR) as of 31st March stood at 162.5% up from 152% in the previous quarter and as again the statutory target of 100%. Cost of funds this is a major worry as far as the industry is concerned and we are at 5.67% compared to 5.42% in FY'24 The previous quarter it stood at 5.83% compared to again 5.69% in Q3 FY'25 and 5.59% in Q4 FY'24. The reduction in the dependence of bulk deposits and replace with Retail deposit at card rates and the CASA buildup, we should see this improving further as you go forward. So, and of course, we will have to reprice our deposits based on the interest rates scenario in the country.

The credit cost stands at the lowest that this bank has achieved in the past. It was .05% for Q4 as against 0.12% for Q3 and 0.2% in Q4 of FY'24. The total credit cost for the entire year FY'25 stands at 0.37% as against 0.84% as you know in the previous year. With this continued focus on slippages, the credit cost should remain in the target and at about 0.5% for the entire Financial Year '26.

Cost-to-income ratio, this is something which is temporarily blips because of the investments as well as the infrastructure that we are building on the Retail side, and the cost to income ratio stood at 60.11%. But if we exclude the impact of the additional one-time provisioning for actuarial assumptions, as I said earlier for Retail benefits, the adjusted cost to income ratio for the year would stand at 58.3%. Various cost rationalization efforts, including renegotiating rentals, vendor commercials and keeping operating expenses under check are happening. So, with the strategies to increase NII and NIM, and through our advanced deposit strategies, the bank cost to income should come down to about 55% by the end of this Financial Year FY'26.

The ROE stands at 11.1% compared to 13.71% of the previous year. ROA stands at 1.05% versus 1.19% in FY'24. We expect the ROA and ROE in FY'26 supported by continuous accretion in the higher yielding RAM segment and movement from bulk into Retail deposit leading to improvement in NII and correspondingly the improvement in PAT. And we are hopeful that there is an improvement in both these parameters.

The capital adequacy ratio, CRAR, stands highest in recent times for the bank. It's 19.85% and tier one is 18.35%. This includes ploughing back of the profits for the entire year. And tier two stands at 1.5% in comparison to 17.64% the previous quarter and 18% for the previous year. So to summarize, the bank is quite comfortable when it comes to capital adequacy, LCR,the PCR and also the quality of the book which is both the restructured as well as the GNP and NNPA is concerned. So, the bank is focusing on growth and including some compliance measures and making sure that we are regulatory in full compliance control wise and also making sure that we have a very clear articulated growth strategy in each of the segments that we are in.

So, on that note, I would like to conclude and thank you all for the support. And I thank all of the senior management team who have rallied behind us to perform for the Financial Year ended '25 and looking forward to a promising growth in FY'26.

Thank you, Sagar. And now you may open the floor for questions.

Moderator: Thank you. We will now begin the question and answer session. Our first question comes from the line of Priyank Chheda from Vallum Capital. Please go ahead.

Priyank Chheda: Sir, there is delay in filing of investors presentation, which I understand that that it would have been much many more agenda points on the board. Maybe this call got rescheduled, we could have a schedule this for tomorrow. As an investor analyst we would require some time before coming out and thinking for the analysis of the result. It would be great if we shift this call on the next day whenever the board meeting is there. So that is one feedback. Second, on the implementation of the disclosures, I must congratulate bank that and the bank has implemented a lot of changes in terms of disclosures. One important change on the advance is breakup. On the slide #21, doesn't match quarter-on-quarter if one has to match up kind of a breakup that we would give on the sectoral front for the December versus say March. It doesn't match also doesn't matches with the slide #20 if I have to dissect how much of the Retail book is within the Agri, the disclosure on the gold loan within the Agri is not there on the slide. I would request bank to consider this with respect to the advances and for once give a 4-5 or 6 quarter comparable numbers, it would be really helpful for the analyst to plug in when it comes to on the Excel sheets. So that's a second thing.

So I'll now start on the questions. My question is on the first on the liability side. We have garnered Rs. 3,000 crores of extra CASA quarter-on-quarter. But why this is not reflecting when it comes to cost of funds actually that have gone up. Why doesn't that reflect when it comes to cost of deposits while we have garnered more granular deposits, cost of deposits have also gone up. So please help me in dissecting this extra CASA while the cost has gone up?

Srikrishnan H: Thank you so much, Priyank, for all the feedback. Your continuous feedback has only improved our investor presentation and disclosures. We have taken the feedback related to this Agri and the break up that is the gold breakup, etc. we will do the RBI classification as well as the sector of classification. But just to let you know that you know the total accretion as far as CASA is concerned was Rs. 2,000 crores. It was not 3,000 crores per quarter, it was 2,000 crores for the entire year. The second is that Retail deposit, you're right that we've been growing the Retail deposit. But the Retail deposit also last year, it was not, up to February until the rate cut happened, it was quite tough in the market and all banks are offering 7.5 to 8. In fact, we are perhaps one of the lowest, but because the relationship and the loyalty that our customers have with us, we've been still able to grow even with rates which were lower than the market. Having said that, we have stayed competitive and this year what we are doing is that, after the two rate cuts we have made some changes as far as the deposit overall offering is concerned both in terms of the tenor and in terms of offering value. So earlier whatever that we were doing for 375 days if they want to renew, they renew for a higher rate, but for a higher tenure. And this is a strategy that we have been adopting and it's actually played out well. So, we will see this impact as far as far as the lowering of the overall cost of funds, cost of deposit is concerned in this year only because all the changes that we have done, we made it towards the last year, but majority of the last year, it was still at a higher level only. So, there's a lag always when it comes to the deposit pricing and the repricing. I hope I've explained that to you.

Priyank Chheda: Yes, it does explain. So, you mean that the changes that we have done should be visible going ahead in every quarter, right? Progressively we should see…

Srikrishnan H: Yes. Based on the 2 rate cuts, we have already done that for in fact, even prior to April, we have implemented the revised rates as far as the Retail term deposit is concern. So we will see that impact for this entire full year beginning this quarter itself.

Priyank Chheda: So would you want to call out how much would be the cost of funds benefit that we should think on a total deposit side?

Srikrishnan H: We are doing some study on that in terms of basis the maturity, because what happens is that there are various deposits that would have been taken for 375 days. And that is something that we will like to do that. So we'll come back to you on this Priyank.

Priyank Chheda: Perfect. Coming to the on the asset side, I take note that there have been a lot of product launches that have happened at least on the Retail front, and we have grown at 15%. But when it comes to total book, would it be, how should we see when it comes to a total gross asset which have not grown the way we would have thought of? And actually, what's holding back in terms of growing the total assets, firing the SME engine itself, which is which has also not grown this quarter. Is it a recovery mechanism that are taking more time or is it a credit underwriting mechanism that is taking more time? Help us understand how should we think about asset growth after implementing lot of products what's holding back bank in terms of growing every quarter?

Srikrishnan H: So, Priyank, actually, as far as the Retail segment is concerned, we have set up this engine which includes the sales teams as well as the new leadership, etc., only about 6 months to 7 months. So the real impact on that would be felt only this year. Although the last year we have grown in absolute terms, the book accretion just on the RAM segment alone is as I said earlier more than Rs. 4,300 crores for the year. But the current running rate obviously the last two quarters have been much better than the first two quarters of the last year. So we are trying to improve that because of this infrastructure, the Retail asset center and so on. The second is that, from a strategic perspective, for us immediately, we want to actually deploy our funds into Retail portfolio and not much of the MSME because again, the rate sensitivities and also, so that's got nothing to do with recovery as you were mentioning. It was basically again a setup for the first phase of Retail asset center. We have taken on housing loan and the rest of the other Retail vehicle loans and so on and we will be taking on the MSME in this quarter only. So, there is a time lag. Now we also got a national head of MSME who works under our overall, General Manager who's in charge of Retail the RAM segment So there is a lot of focus at a national level and as I said the RSM concept that we are bringing in would also play out only during this year because we just kind of started aligning the teams and making sure that there are the products, etc., One of the key initiatives that we will be taking up this year is to launch a MSME portal, which is a digital channel for MSMEs. We are looking at some evaluation, but that's something that would take at least about 2-3 quarters from now to, but we do have a budget which has been approved for setting up a MSME portal and we will probably have very clearly value-added features in the portal and it will be a mobile access.

Priyank Chheda: Yes, I hear that. Would it be possible to call out the inflection point or the inflection quarter after all the deployment of the backend that we have done? Would it be June quarter? Would it be September or December quarter is when the engine really fires, the flywheel really gets the impact. So, would it be possible to call out in terms of what is the timeline that we're looking at to look out the real results?

Srikrishnan H: So actually it is very difficult to callout quarter wise. All that I can tell you this is an ongoing journey. The investment that we made and the enhancement that we made in the last year will play out this year. And this year's enhancement will play out by the end of this financial year and the next full year. So that is how this whole process works. But I can only tell you that the H2 will be better than the H1 of this year. By then, most of whatever that we need to do in the RAM segment, we would have done. And in any case, as we have the net accretion of book of Rs. 4,300 crores, we are expecting much higher numbers in this financial.

Priyank Chheda: Perfect. I get that. Just a last question. Commendable job again on the asset quality and the recoveries, what I again not able to apprehend is 52% of the restructure loans are housing and I'm sure these are secured. Why does it, what's holding up bank to get that into the normal structured book and get them out of the restructured book?

Srikrishnan H: It is a 30% regulatory requirement in terms of the repayment that has to happen and this is true of any classification of the loan. So, one year of satisfactory performance and up to 30% of repayment has to happen. So it will all happen as they kind of complete this because this is all basis COVID restructuring and other restructuring that we have done, but the good news is that out of the total more than 50% of the overall restructured book comprises of granular and housing and also standard and it has been in restructured only because of the fact that they have not met these two regulatory stipulations.

Priyank Chheda: One last just data keeping question, the amount that you called out for the provisioning of the employee cost around Rs. 113 crores. How much of that was done in Q4 or was it only done in Q4?

Srikrishnan H: It was done only in Q4. So, when it comes to absolute cost of employee expenses when I look out on the adjusted basis around Rs. 1400 crores for the full year, how should we look when it comes to FY'26? Would it be a normal salary inflation that would come up or is there something else would? It will stabilize at this level because but for some impact due to maybe the yield on this actuarial basis, etc., there will not be anything. But from now it will be normal, fundamentally because normal salary increases which we will have to provision for which is basis IBA or other increases is what we will be providing for. And I think most of whatever that we needed to do has already been done. We could look at potentially increasing the pension salary escalation rate also to 5% as you go forward, but right now the bank will not make that call.

Priyank Chheda: Got it. I have few more data keeping questions. I'll come back in the queue. Thank you.

Srikrishnan H: Thank you so much for your support.

Moderator: Thank you. Our next question comes from the line of Satyan Wadhwa from Profusion Investment Advisors. Please go ahead.

Srikrishnan H: Good evening, Satyan.

Satyan Wadhwa: Good evening. So my question was again in terms of just our personnel cost, what is the real personnel cost that we should expect in FY'26? That Rs. 113 crore was a one-off, but what is the actual increase or what would you be sort of estimating for FY'26?

Srikrishnan H: So our current year, our overall establishment cost is about Rs. 1,500 plus crores. Out of that, the salary is about 1,182 and 355 is superannuation benefits. Compared to the last year, the superannuation benefits, it has increased and also the salary has increased. This is basically the normal salary increase that we will do from now. So we believe that, let us say that, on the last year basis, the salary has increased by about Rs. 150 crores and the retirement benefits by about approximately Rs. 50 odd crores. So Rs. 200 crores could be a potential increase that you see because all investments related to lateral hiring leadership as well as the overall staffing the regular increases, the manpower budget, etc., have been done last year. Last year, we have recruited close to about you 400 plus people and this year again, we will be recruiting, this includes both professional officers as well as the clerical staff and this year also we would perhaps we're doing another about similar or maybe about 20% 30% more than that so this is something which is an ongoing exercise and we believe that for the new branches and for all of the backfilling that we need to do for our internal guys who will take on higher positions for promotions, etc., we believe that we have provided for and it will all be within the same number that I mentioned.

Satyan Wadhwa: So 1,600 to 1,650 would be a reasonable estimate, right? For FY'26?

Srikrishnan H: 1,700 you should take because 1,538 plus 150 plus 50 is what I said.

Satyan Wadhwa: Okay. I was reducing the Rs. 100 crores out of that also. Okay. Fair enough. And what is the sort of ROE bump up one should expect for FY'26 and FY'27, what is the bank sort of looking to achieve?

Srikrishnan H: From a ROE perspective, fundamentally because of the capital that we have raised and also the fact that our capital adequacy has been really high, so we need to sweat it out and also put in the assets which from a risk weighted perspective is also consuming capital. So this is something which the bank is well placed for as far as this year is concerned. And so this is one of the key initiatives here. And we believe that our ROA and ROE guidance, whatever that we have said earlier, which is at 12% to 14% is what we have said as far as ROE is concerned. And our ROA currently, whatever it is, from there we believe that 1.1% to 1.2% is what we will see as well as the overall ROA is concerned. Fundamentally, the 10 to 20 bps of our increase in the yield and the NIM and also the fact that other income, including treasury income, etc., has been on the rise. All that will contribute to this. So we are quite confident on the ROA pulling it back to about 1.1% to 1.2% as we go forward. So that has been the guidance. We already published this in the investor report.

Satyan Wadhwa: Okay, great. Thank you.

Srikrishnan H: Thank you so much. you.

Moderator: Thank you. Our next question comes from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Yes, namaskar sir. And firstly, thank you for this opportunity. Sir, if you could just outline to us about the employee cost part of the line item, what are the one-off for this quarter and what should we be penciling in terms of a quarterly run rate going ahead, sir?

Srikrishnan H: So as I mentioned to the previous participant that the total that we have had as far as the employee cost is concerned the one-time actuarial estimates were closer to Rs. 113 crores comprising of a change in our accounting policy on the salary escalation rate for PL, gratuity and sick leave that was increased from current 4% to 5% for the entire year and we provided that in the last quarter only. There was also an actuarial adjustment based on the yield that also was about Rs. 30 crores. So Rs. 113 crores pre-tax is what we were hit with and but that's one time. But our overall cost as far as the personal cost is involved is stabilized and as I said to the earlier participant that it will stabilize at that level and will continue to be there. So as far as the new financial year is concerned, I think all the investment that are required barring the 400-500-600 people that we need to recruit this year which will be done but that will be at probationary officer level or at the entry level on the clerical side. So technically we are all really well placed as far as the HR cost is concerned.

Saket Kapoor: So sir, can you be penciling in any number sir? I think so 1,550 was the number for this Financial Year. On a quarterly run rate or an annualized basis, what should we be employees cost going ahead?

Srikrishnan H: We will close out the year including retiral benefit at about Rs. 1,700 crores.

Saket Kapoor: Okay, now coming to, you said that the new interest regime, I think so that that's going to be safe going ahead. And as you mentioned also earlier, that RBI may be taking the decision to lower the repo rate again in its meet. So taking that into account, what you are factoring that the coming rate cut in your NIMs guidance or we will be having a different number going ahead? What have you factored in that?

Srikrishnan H: Our NIM guidance, we have said that we would be between 3.2% to 3.4% for this new Financial Year.. But having said that, one of the key things and unique features in our portfolio on the asset side is that more than 50% of our portfolios EBRL based and these are actually T bills based and if I add the overall RAM segment also, up to 70% is actually on EBLR T - bills base. Now the T bills rate has more or less stabilized due to the rate cuts and the further reduction from our Treasury our house view and from our external economist views is that repo will come down but T bills will kind of maintain a level as to where it is, it won't come down as much as repo from now So in the falling interest rates scenario, we are in an advantageous position as far as the bank is concerned for almost like 70% of our book is concerned. The other is that if you look through the balance, the floating rate and the rest of the other repricing that we need to do as far as the corporate assets are concerned here again, we have the ability to reprice them on a quarterly basis. So we will be in a position to reprice the assets. So our asset strategy and basically the advanced strategy based on the movement in MCLR, EBLR for the last one year, I think we got our calls right. And we believe that, we have made the right call for the future also.

Saket Kapoor: So sir, lastly sir, what should be expected in the growth in NIMs for the current financial year sir?

Srikrishnan H: It will be in the range of 3.2 to 3.4.

Saket Kapoor: No, I'm talking about the net interest income in terms of percentage growth, margin you have mentioned, the total NII?

Srikrishnan H: In terms of NII growth, I think what will happen is that because of the rate cut, which is coming up and the impact which will happen. So our own belief is that, the NII per se will not really have much impact and it will more or less stabilize at the same level. But the real benefit will be seen in the cost to deposits and the cost of funds which will come down. So as a result, the improvement to NIM will happen. And we believe that, overall the other income will also be a good opportunity for the bank, both in the falling rate scenario from a treasury perspective where the bank has a book which is basically the excess SLR book and so on. So on that basis, we believe that while there will be an improvement to NIM, NII will be stable and cost of funds will come down. And as a result, there will be a NIM impact positively of about 10 to 20 bps.

Saket Kapoor: Okay. And last point will be sir on the advances part I think we have guided for a 1 lakh crore number. So, we are on the path for the trajectory, I think so this year it was closer to Rs. 78,000 crore.

Srikrishnan H: What we had said was that in March of '23, actually June of '23 not even March, June of '23 is when we said that we will aspire to become one lakh crores. Going by the same way currently at 78. This year was a little bit of a slowdown not only for us but for the entire market because the credit growth in the market had come down because of the low GDP geopolitical factors and so on. But it also happened that there's a churn in the portfolio, so the same portfolio which we had put up a lot of one time I would say assets, which are again better than treasury yields but again low yield advances which we are replacing with direct to corporate and Retail advances. So as a result while the book growth may not be seen there is a churn in the advances portfolio which results in higher profitability. Having said that our target would be to achieve closer to Rs. 90,000 crores as of this financial year end. The book and also we would have one more quarter where you know we could probably go closer to the Rs. 100,000 crore. So I think Rs. 100,000 crore may not be a reality in this financial year itself, but we'll go closer to that and the next Financial Year we'll be achieving that.

Saket Kapoor: Okay, thank you for all the responses. In your press release also, one point was mentioned about we growing our corporate book going ahead. So can you allude more to it? What is the current percentage of our advances and what are we eyeing in terms of the corporate-facing part of our loan book going ahead? That's last question.

Srikrishnan H: So what happens is that, if you look at our book, our book essentially comprises of close to 70% on granular which is essentially 50% of Retail and about 16% to 18% is all the MSME and SMEs and all that. The balance is where the corporate book is where it is divided into mid corporates and large corporates So there will be a reduction in the large corporate and the NBFC lending which we have shown a significant decline this year. Replaced by direct to corporate which again will be mid corporate and large corporate, but these are not the PSU corporate which are opportunistic lending. These are direct lending to corporate where there is a relationship, account planning and a cross-sell and an opportunity to do other business also. So as a result, we believe that the overall growth will be there and also the account income per customer will also grow. And which is why we have a zonal coverage team and we have a national general manager for corporate and mid-corporate advances. And there's a support group which we have set up which is basically the Credit Underwriting Teams under the leadership of GM Credit Sanctions. And this is a very powerful team. There are three groups within that which is doing. So basically we have enhanced our credit underwriting skills, our ability in terms of outreach, and also acquiring customers and where there is also a churn in the portfolio. So this is how the whole book will work. The balance 30% would be the mid corporate book.

Saket Kapoor: Right, sir. Thank you for all the answers and the only point was that, the lowering of dividend sir, I think so for your investing community what message are you conveying there by although it is by 10%, but why have the board looked at Rs. 5 as a payout which is even lower than last year?

Srikrishnan H: See, I think, it is a growth story right now. And we had done 5.5 last year, fundamentally, which was the centenary year of the bank. And that was like a one time that we had done. But 5 is a number that we have been consistently doing for the past few years and we have gone back to that. So this dividend is definitely very important for all our valued Retail, as well as institutional shareholders. But I think investors have to look through this as a growth story where we are really trying to change the bank into a powerful kind of a brand, involving investments in technology, infrastructure, digital, sales, and distribution network. So this is where we are still, we have gotten to an investment mode in this transformation exercise. So this will take, I mean, this is like a curve that takes time to really get to the next level.

Saket Kapoor: Thank you, sir. And all the best to the team.

Srikrishnan H: Thank you for your best wishes.

Moderator: Thank you. Our next question comes from the line of Harshvardhan Agarwal from Bandhan AMC. Please go ahead.

Harshvardhan Agarwal: Hi, sir. Thanks for the opportunity. So just 2 questions. Hi sir, just 2 questions. Just wanted to understand what's the guidance for the advances growth for the next year?

Srikrishnan H: There will be a growth with a churn. So while absolute terms, the growth will be around 14%, but the net growth in the advances would be about 18% to 19% because of the fact that we are putting on new assets. But the overall growth in the book would be about 11% to 12%.

Harshvardhan Agarwal: Okay, so what you are saying is probably we will end the next Financial Year at around Rs. 85,000 crores of advances, is that?

Srikrishnan H: More, we will be much more than that. We will be closer to Rs. 90,000 crores.

Harshvardhan Agarwal: Okay, so that's around 18% loan book growth. Fair enough. And sir just wanted to understand in one of the previous participants' question, you mentioned that your net interest income on an absolute basis will remain flat for the next year. Is that what you meant? Probably I just want to clarify that.

Srikrishnan H: So it's very difficult to give guidance on this at this stage, Harshvardhan. So which is why we would desist from doing that.

Harshvardhan Agarwal: Just wanted to understand because I think that is what you sort of mentioned in one of the previous participants' questions.

Srikrishnan H: What is your exact question, Harshvardhan?

Harshvardhan Agarwal: So I just wanted to understand this net interest income next year..

Srikrishnan H: It is very difficult because one is that the rates are coming down. So obviously, we have the NII which will more or less kind of remain flat. The reason that why our bank will remain flat while the couple of banks who have repo based or market them in CLR based portfolio which are higher that will come down even faster in our case it will be at least stable. So that is the difference number one. Second is that while NII could remain flat or more or less there, but the real difference would be the cost of funds because deposit interest rates would come down also.

The growth in book will have a yield which will be higher in terms of the NII. But I am saying that as a percentage or the overall margin on our overall book would more or less be the same.

Harshvardhan Agarwal: Fair. And sir, just one last quick question. Where we are seeing at around our advances growth will be 18% roundabout for the full year. Is this contingent on a system growing at a specific rate or this is irrespective of what the system grows and will be at around 18%?

Srikrishnan H: No. We have assumed obviously the system, the GDP at current levels and in fact from now on looking up rather than looking down. So that is an assumption that we have made. But the last year when we were all planning exercise the same time or a little before this time last the previous for the previous year, we were all looking at GDP growth, but it actually has come down. So we hope that that doesn't happen this year. So that is a fundamental premise on which we are doing. But other than that in terms of the percentage is what I'm talking about, whereby irrespective of whatever happens while we might grow the book which will be like more than 18%, 17%- 18% but the net book growth would be about 14% that is what we are looking at because of the churn that we are talking about because we also have some assets which are blocked like interbank part of the IBPCs and all that, so which we want to kind of know really move away from.

Moderator: Thank you. Our next question comes from the line of Rishikesh from RoboCapital. Please go ahead.

Rishikesh: Thank you for the opportunity. So my question is, could you indicate what sort of credit cost are we looking for in FY'26 and FY'27?

Srikrishnan H: So credit cost, the overall outlook for the year next year would be the same as this year which is more or less about, let us say that below 0.5%.

Rishikesh: And also one question similar to what the earlier participant had asked. So, although we are saying that our loan book will increase from Rs. 78,000 crores to closer to Rs. 90,000 crores, are we saying that our NII will be flat?

Srikrishnan H: No. See, what happens is that, NII will increase marginally because of the fact that in a falling interest rate scenario, now there is a repricing that happened because I told you that approximately 70% of our book is EBLR T-bill based. While the T-bill might not have a huge impact because it is already kind of stabilized and it won't fall further from what it is as much as how a repo will fall, it will fall. So as a result what happens is that the NII even on an enhanced book at least if you are maintaining at the same level itself is a big achievement in this market. However, corresponding position on the deposit side is beneficial for us because the cost of deposit which we have already done one repricing already and basis the next couple of rate cuts as and when they happen, we will be able to reprice this but of course there is always a lag between the asset side and the deposit side, but we already achieved the first phase and we believe that we will be able to do this in the second phase of the rate cuts that are projected. But these are all again estimation. The second part is that even if you reduce for the deposit the book to really the transmission to happen, that takes time because there is always a lag. The fact that some deposits, the most deposits are 365 to 375 days. So then what happens is that only about 50% of the book would get impacted and the balance 50% takes time. So that is a continuous exercise in that.

Rishikesh: Okay, thank you very much.

Srikrishnan H: Thank you so much.

Moderator: Thank you. The next question comes from the line of Yashvanth T. who's a Retail investor. Please go ahead.

Srikrishnan H: Good evening Mr. Yashwant.

Yashvanth T.: Yes, hi, Srikrishnan. I mean from the earlier call, I mean the caller, who has raised the question with respect to employee expenses. So, for which you have guided that it would be like around Rs. 1,700 crores for the next Financial Year. So, considering that , looking at the loan advances, so we are churning out large corporate advances so that we can increase on the Retail front, right? So, on expenses side, we know that we are clearly seeing that it is going to grow up like maybe about 10%, 15% from here on.

Srikrishnan H: On employee expenses, yes.

Yashvanth T.: Yes. So considering if we don't grow our book, how do we expect that the probability of the bank would go high. I mean, if we keep churning large corporate advances and then trying to increase the Retail. So, I mean, my point is how long we intended to do this in order to maintain this asset quality, I mean, do you foresee any timeline wherein you can say that, we are done with this churning and then we will be all good and then we will be increasing the book size?

Srikrishnan H: Yashwant, this is a very complex thing. Let me make it simple for you. As far as the expenses are concerned, the expenses are a function of number of branches that we increase in terms of the staffing and also anything which is to be invested for any new businesses and so on. Now as far as the bank is concerned, we have done, I would say, of the investments in terms of the leadership and also everything related to the sales teams. Now the sales teams will further be augmented as we go forward, but they are all business teams and obviously, the cost whether it is through the DSA or through direct sales teams deployed by the bank. They are all obviously on a variable pay basis and the lesser of a fixed. So that way it is all more or less success based. The second part is that so while the employee expenses might look at a 15% rise as you rightly said, but the real part is that as far as the overall income stream is concerned. Now, we are trying to grow the book on the asset side through Retail, Agri, Mid-Market, and mid-cost rate, where the yields are going to be much higher than what we are actually getting in our current book, and that is a churn. The second is the new book which is getting into the bank through the accretion. That also will be at a rate which will be higher than what our overall cost of funds is. So the margin is something which is going to improve. That is the first part. The second part is that the deposit side automatically will come down in terms of the cost of funds and that is because of the fact that everything there is a lag and as far as the overall pricing and repricing, etc., between the asset side and the deposit side, each one takes a different route. But absolute amount, this particular value will increase and this is how the overall profitability of the bank also increases as it reflected this year. So compared to the last year on a book which is grown, but including the churn from Rs. 1,306 crores, we actually have made equivalent to Rs. 1,470 crores almost. And the reason is that we cannot recognize the treasury income because of the regulatory changes that have happened compared to the previous year. So we do have profitability intact. And the profitability increases as we go forward. And next year, of course, from a comparative basis, we will not have this treasury income to be called out separately etc., because the whole year itself, we have not been able to take treasury income. And this year also, we will not take it at all. So this whole thing is a very simple mechanism where the net interest margin, the other income on account of treasury, everything related to other income on fees, commissions and exchanges, etc., all of that contribute on the income side. And the expenses are more or less stabilizing now. And we believe that all the investments in technology scaling up, capacity building, operational part, national back office, all those investments have been made. Trust I have answered your question.

Yashvanth T.: Yes, I will probably drop an email on that. So my question on the next part is, I was looking at the report generated by the Chartered Accountants. So I see that emphasis of a matter which has noted that there was a Whole-Time Director who has used his delegated powers and then incurred some expenses and which was not ratified by the board. So can you explain or can you give some more information with respect to that please?

Srikrishnan H: It's a very simple matter. The amounts are very insignificant, but it's just the governance part, the bank had to take this into account. If there is anything which is incurred beyond the delegated authority, obviously there are explanations and making sure that those are either ratified or we will have to kind of make sure that the bank has a very conclusive part related to that, so that has been done and which is why it is a simple matter which is an emphasis of matter , which is normal and the amounts are not at all large.

Moderator: Yashwant sir, due to paucity of the time, we would take that as the last question for today.

Yashvanth T.: I have a follow up question. Iam just giving more information with respect to the process that has to be in place. I request you to allow me a minute.

Srikrishnan H: Yes, go on Yashwant, your question will be answered.

Yashvanth T.: Thanks Srikrishnan. So I understand that the amount is not that major. Rather, I am more focused with respect to the process. So as we understand that we should not have this kind of similar kind of situation going forward, do we have the process in place? That's my question.

Srikrishnan H: Yes, we do have a policy and process, etc., but there was some kind of, I would say, interpretational or ambiguity in the policy, which has been corrected already. And we will ensure the same so that it doesn't happen again.

Yashvanth T.: Okay. Thanks, Srikrishnan.

Srikrishnan H: Thank you so much. Sagar, back to you.

Moderator: Thank you. Ladies and gentlemen, we would take that as a last question for today. I would now like to turn the conference over to Mr. Srikrishnan H sir for closing comments.

Srikrishnan H: I wish to thank all the participants today for the very insightful questions. And we hope that we have answered everything. Thank you for staying up late. And I apologize once again for a delayed start. And also, we have taken note of the feedback of some suggestions that have come, whether to hold the investor / analyst conference call the next day or not, we will evaluate that. And thank you so much. Have a good evening, all of you. I thank my management team who has been present and rallying behind us.

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