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National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. SCRIP CODE: SOUTHBANK	BSE Ltd. Department of Corporate Services (Listing), First Floor, New Trading Wing, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai – 400 001. SCRIP CODE: 532218
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Dear Madam/Sir,

Sub: Conference call for Investors/Analysts –Transcript of the Conference Call

Pursuant to Regulation 30,46 and all other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and in continuation to our letters SEC/ST.EX.STT/113/2026-27 dated October 08, 2026 and SEC/ST.EX.STT/ 122 /2026-27 dated October 16, 2026, we wish to inform you that, the transcript of the conference call for Investors and Analysts held on Friday, October 16, 2026 at 16:00 hrs (IST) is attached herewith and made available on the Bank's website at www.southindianbank.bank.in under the following link:

https://www.southindianbank.bank.in/userfiles/file/sib_q2-fy26-27_earnings_call_transcript.pdf

This is for your information and appropriate dissemination.

Yours faithfully,

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JIMMY MATHEW
Date: 2026.10.22
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(JIMMY MATHEW)
COMPANY SECRETARY

Encl.: as above



“South Indian Bank Limited
Q2 FY27 Earnings Conference Call”

October 16, 2026



MANAGEMENT: **MR. MAHESH MURALIDHAR PAI – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – SOUTH INDIAN BANK LIMITED
MR. DOLPHY JOSE – EXECUTIVE DIRECTOR – SOUTH INDIAN
BANK LIMITED
MR. ANTO GEORGE T– EXECUTIVE VICE PRESIDENT AND
CHIEF OPERATING OFFICER – SOUTH INDIAN BANK LIMITED
MR. VINOD FRANCIS – SGM AND CHIEF FINANCIAL OFFICER –
SOUTH INDIAN BANK LIMITED
MR. JIMMY MATTHEW – SGM AND COMPANY SECRETARY –
SOUTH INDIAN BANK LIMITED**

MODERATOR: **MR. AMAN SINGH – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to South Indian Bank Q2 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 the 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. Aman Singh from ICICI Securities. Thank you, and over to you, Mr. Singh.

Aman Singh: Thank you, Ranju. Good afternoon, everyone, and thank you for joining the call. On behalf of ICICI Securities, we welcome you all to Q2 FY27 Post Earnings Conference Call of South Indian Bank.

From management side, we have with us Mr. Mahesh Muralidhar Pai, Managing Director and CEO; Mr. Dolphy Jose, Executive Director; Mr. Anto George, EVP and Chief Operating Officer; Mr. Vinod Francis, SGM and Chief Financial Officer; and Mr. Jimmy Mathew, SGM and Company Secretary, along with other senior executives of the bank.

I'll now hand over the conference to management for their opening remarks, post which we can start with the Q&A session. Thank you, and over to you, sir.

Mahesh Muralidhar Pai: Good evening to all of you, and thank you for joining for the South Indian Bank's Q2 FY27 Earnings Conference Call. I hope I am audible.

Moderator: Yes, you are, please go ahead.

Mahesh Muralidhar Pai: So we are joined by my colleagues, Mr. Dolphy Jose, Executive Director, Mr. Anto George, EVP and Chief Operating Officer; Mr. A. Sony, Chief General Manager; Vinod Francis, SGM and CFO; Mr. Jimmy Mathew, SGM and Company Secretary, along with other executives.

So let me start with the key highlights of the financial performance of the quarter ended September '26. The bank declared the highest of its quarterly net profit of INR426 crores for the Q2 financial year FY '26-'27, registering a growth of 21% compared to INR351 crores in the Q2 of FY '25-'26.

The total deposit of the bank grew by 19% to INR1,37,279 crores from INR1,15,635 crores on a Y-o-Y basis. The gross advances of the bank grew by 19% to INR1,09,517 crores from INR92,286 crores on a Y-o-Y basis. During the last financial year, we had done a technical write-off of INR1,163 crores, excluding this Y-o-Y growth translates to 20%.

Total business of the bank grew by 19% to INR2,46,796 crores. Net interest margin for the quarter was at 3.33 percentage, which was sequentially up by 10 basis points and on a Y-o-Y basis the NIM was up by 53 basis points.

The bank was able to show a healthy growth in the average advances during this period with a growth of 20%. Bank declared a return on asset of 1.08% and an ROE of 14% for the quarter ended Q2 FY '26-'27.

Bank declared its highest net interest income for the quarter of INR1,116 crores with a growth rate of 38% compared to INR808 crores during Q2 of FY '25-'26. Capital adequacy of the bank was at 19.40% and the Tier 1 ratio stands at 18.71% as of the half year of September 30, 2026.

CASA amount increased by 18% Y-o-Y to INR43,310 crores versus INR36,841 crores. The PCR, the provision coverage ratio, including the write-off improved to 97.84 percentage on Y-o-Y basis. This increased from 90.25%. The PCR, excluding write-off improved to 92.42 percentage from 81.29 percentage during the year. Overall gross NPA reduced by 169 basis points from 2.93 percentage to 1.24 percentage on Y-o-Y basis.

Net NPA reduced by 47 basis points from 0.56 percentage to 0.09 percentage on a Y-o-Y basis. The slippage ratio of the quarter was 0.09%. Credit cost of the bank for this quarter was at 0.14 percentage. We'll continue the momentum in the disbursements and collections in the coming quarters to achieve the desired targets. I will also take this moment to thank my previous MD and CEO, who was mainly responsible for this quarter end, Mr. P.R. Seshadri, for this wonderful performance.

And with this, we will open the floor for questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Akshat Agrawal with Nirmal Bang Institutional Equities.

Akshat Agrawal: Congrats on a strong set of numbers and many congrats on your new role, wishing you and the bank continued success and greater heights under your new leadership. I have some questions. So firstly, credit cost increased to 60 bps on a calculated basis, and this looks mainly due to the strengthening of the provision coverage ratio to 92% from 81% prior quarter.

So what was the rationale for the increasing coverage from already very strong PCR? And if you could also help us with the nonspecific provisions, including general provisions, floating provisions or contingent provisions aside from the specific PCR?

Mahesh Muralidhar Pai: Thank you for the compliments first of all. And to answer your question, there are no major concerns as such. If you see the banks, the SMA or the NPA, we are at 1 of the lowest in the entire industry. And for the bank, it is one of the best you can get. So there are no cause of concern for the credit cost to be slightly higher than 0.09% to 0.14%.

There is no cause of concern at this point of time. But being conservative, we thought that this provision should be made. And these are not the floating provisions or the specific kind of provisions. These are all account-based provisions which has been made. So there is no specific one-off provision, which is created. I hope I have answered your questions.

Akshat Agrawal: Right, sir. So -- but aside from the PCR, do we have like what's -- the provisioning which would include the contingent floating or standard provisions and what would be that amount on a percentage basis?

Mahesh Muralidhar Pai: We have not done that. We have not done any such provisions. These are all provision for assets only.

- Akshat Agrawal:** Right, sir. And is there any potential impact of the ECL-based provisioning, in the past, it has been mentioned that there's not much impact, but is there any change in that versus what we have been told earlier?
- Mahesh Muralidhar Pai:** No. Absolutely, no. Whatever has been told for a normal, whatever is the impact because as I said, see the SMA current SMA-1, SMA-2 and SMA-0 are one of the lowest. So we do not have any concern in terms of the ECL provisioning at this point of time.
- Akshat Agrawal:** Right, sir. Secondly, on deposit, current account balances increased by 20% Q-o-Q. So if we can understand what drove this sharp increase? And how much of it is attributable to any specific one-off flows towards the quarter end? Should we expect this momentum to sustain?
- Mahesh Muralidhar Pai:** Yeah. So there are little challenges there because you're not seeing the stable flows, which we have received. So there were some one-off flows which of the current accounts which have come in due to some of the IPOs, which were there at the last moment of September. So it's not that it's going to be very stable.
- So there could be some minor slippage in that current account number because it's a substantial number, which you are talking about. But otherwise, the growth in the deposit and the CASA is stable. But there were some one-off in the IPO funds which we are receiving.
- Akshat Agrawal:** Thanks for that, sir. And sir, on the potential implications of the draft bancassurance circular, if we -- if the bank has done some assessment and if we could get some understanding of how much impact would be there, like some banks have told that they're -- like it would reduce by 50% to 60% of what they already had. And sir, on the same fee income part, I mean, we saw recovery during 2Q after seasonally weak 1Q on the fee income. So should we expect further improvement over the coming quarters?
- Mahesh Muralidhar Pai:** Yes. So there are 2 parts of your question. The first part constitutes to the third-party income, which you are talking about. See, as South Indian Bank, we do not have that kind of an impact compared to the other banks because the percentage of third-party income to our total fee income is maybe 5% to 6% or maybe 7%. Very low number, which Vinod can correct me if I'm wrong. So that's the number for that provision. So we don't have that kind of an impact from the circular which has come out from the IRDAI.
- Now the second question is about whether this will sustain. So I am pretty sure that this momentum of fee income is likely to sustain in the bank. So that -- because there are no one-offs, and these are core income, which we have derived. And quarter-on-quarter, there is improvement. So definitely, there is going to be improvement from the present position.
- Akshat Agrawal:** Thanks for that. And sir, on the returns, we -- I mean if we exclude the additional INR70 crores to INR80 crores of provisions, which would have strengthened the PCR, ROA would be around 1.3%. I mean, if you exclude that. So with the potential for NIMs to benefit from the upcoming rate cycle and even exceeding 3.5% possibly, would we have like a sustained ROA at like 1.3% level, 1.3%, 1.4% level for the second half and for the next year, sir?

Mahesh Muralidhar Pai: Yes. You're talking about the immediate next quarter. See, if you exclude that provision, what you are saying, the number could be right what you are saying. But presently, the ROA stands at 1.10%. And of course, our medium-term target will be to reach 1.25% to 1.30%. And obviously, our final -- as a long-term target will be to reach that 1.5% mark. So you're right in saying that if you exclude that, the ROA could be slightly better, yes.

Yes, the second part of the question. Yes. So in terms of NIM, we are at currently 3.33%. And see, in the last few quarters, if you see the NIM has been always on the upward trajectory. So our -- even the guidance what we have given was around 3.25%.

We have comfortably beaten it in the first half year itself. And it is a sustainable one because you see the net interest income which bank has got in the last 3, 4 quarters. So this is sustainable. And definitely, our endeavor will be to move towards 3.40% to 3.50% in the medium to long term horizon.

Akshat Agrawal: Lastly, sir, some housekeeping questions. What was the retail and agri book this quarter, it's not disclosed in the last quarter? And if we can also get retail gold book base in the last quarter?

Mahesh Muralidhar Pai: Yes. I think the gold part is disclosed there. Gold part is.

Akshat Agrawal: Sir, the retail gold part. I understand the whole gold portfolio, including the agri is disclosed, but retail gold.

Mahesh Muralidhar Pai: We'll give you the exact retail growth, maybe subsequently. But I can tell you only one thing that we have a 60% of retail book and the 40% of agri book in terms of gold loan. So that way, we are better doing in retail.

Akshat Agrawal: Right, sir. And FCNR deposits and self-leverage we got this quarter, sir?

Mahesh Muralidhar Pai: As far as FCNR is concerned, see, we do not have an outside branch presence. So we are not a bank who has received the self-leverage part from that way, what our -- we have got around INR239 million. And out of that, almost 95%, 96 percentage is through the direct deposits, not the leverage deposits.

Akshat Agrawal: Very well, sir. Sir, just last question. On the cost side, there has been -- I mean, we have restarted the employees, branches and technology investment. And with the rate hike, we would benefit from the operating income. So with the -- so should we see like a cost growth, cost-to-income ratio going towards 50% in next 2 years and cost growth remaining in single digit this year and early double digits next year?

Mahesh Muralidhar Pai: I think we are right on that because we should see the cost-to-income ratio coming down to 50%, 50% going forward. But definitely, there has been some cost implications. You are right because of the employee addition and the branch expansion. There have been some addition to the cost. But I feel that the income part should take care of that, and we should be able to deliver what the expectation is there from your side.

- Moderator:** Next question comes from the line of Michael Butra with SB Ventures. Mr. Butra, please go ahead with your question. Mr. Butra, please unmute yourself and go ahead with the question. Since there is no reply from the line of Mr. Butra, we'll move to the next participant that is Unmesh Kantilal Shah from Hanumant Holdings Private Limited.
- Unmesh Kantilal Shah:** Am I audible, sir?
- Mahesh Muralidhar Pai:** Yes, you are audible, sir.
- Unmesh Kantilal Shah:** Congratulation for a good set of numbers. I mean, good start you are taking since you have just taken over from 1st of October. Sir, first question is how do you look at the second 2 quarters? And are we any plan for raising the funds or things because the NPA is also at the lowest level of the history of South India, what I understand. What is the coverage ratio and how we look forward? And are we any plans for raising the funds for the expansion and other things or tier bonds or something?
- Mahesh Muralidhar Pai:** Yes. Thank you for the compliment. And yes, you're right, we are at one of the lowest part in terms of NPA is concerned. But the second question...
- Unmesh Kantilal Shah:** Lowest in the industry, I think the entire banking industry...
- Mahesh Muralidhar Pai:** The lowest in the industry. Thank you for that. But the second part of the question is the raising of capital. Currently, the Board has permitted us to raise INR500 crores of Tier 2 bonds. And we are currently not expecting a raising of capital at this point of time when we are well capitalized at 19.40. So at this point of time, we do not foresee any major capital requirements at this point of time.
- Unmesh Kantilal Shah:** What I personally feel our capital also is at a lower level. So we have got the scope for even expansion or to raise the capital is not -- we should not be having distinction. So that way, we are in a comfortable position. That's what I feel.
- Mahesh Muralidhar Pai:** Absolutely, you are absolutely correct. But at this point of time, the growth is priority. So once we have the growth numbers in hand because if you see the historical averages, we have been growing slightly below the average or in line with the market average. So our aim should be that we should slightly do better in that front, then definitely, the capital requirement will come in picture.
- Unmesh Kantilal Shah:** Also we welcome you and you have started with a good beginning, at least in the first quarter or when we have taken over from 1st October. So we welcome you and all the best to you. Let's see...
- Moderator:** Next question comes from the line of Aman Singh from ICICI Securities.
- Aman Singh:** Congratulation on a strong set of numbers. Sir, my first question is, we have sequential improvement in yield on advances. So I wanted to understand qualitatively, if there is any incremental increase in corporate in yields in 2 of our main segments, which is corporate and gold loans, if we have taken any price hike in both of those segments?

Mahesh Muralidhar Pai: Yes. So the question comes in 2 parts. One, whether there is an increase in the corporate book in terms of yield. So definitely because the corporate mainly gets priced to the Repo level. And currently, the Repo has increased to 25 basis points. So -- and mainly it is Repo or T-Bills. These are the 2 aspects of corporate loan pricing.

So both the aspects, if you see for the last 3 months, there has been upticks in -- up to the extent of maybe 25 to 30 basis points. So to that extent, the new corporate bookings have started increasing. And also the general U.S. as well as the Indian yields have moved substantially up in the last few days, it has substantially moved up.

So that pricing is getting affected in almost all the corporate loan segment. And in terms of sustainability, I think we should do a little better. So that is what I can say. And in terms of gold loan, at this point of time, the Repo price what is there that has been passed on to the new loans, but we have not thought of increasing the spread at this point of time. So if it is felt that there is a need, definitely, bank will not hesitate to take that call.

Aman Singh: All right. And sir, can you give me a split between EBLR and MCLR loan book of the bank and EBLR Repo and T-Bills linked separately available?

Mahesh Muralidhar Pai: Yes. So, the total EBLR linked book will be around 43 percentage. Out of that 43 percentage we will have -- the ratio will be 20 to 23, you can say approximately. That is a T-Bill and Repo. And in terms of MCLR, it is very negligible, it's around 5 percentage.

Aman Singh: Got it. And sir, last question on growth. So disbursement growth has inched up materially in this quarter. So can you give some insight on which segments are driving this growth? Is it wholesale? Or there is some pickup in some retail segments as well as the disbursement?

Mahesh Muralidhar Pai: The retail segment is currently outperforming the wholesale segment. I can tell you that, that there is a significant amount of push happening and there's growth happening in retail side. So retail when I say it is MSME, retail and then agri, these segments, there is uptick in disbursements, whereas that much growth is not seen in the wholesale segment.

Aman Singh: Right. Sir, just a clarification. So you said EBLR book is 43% and MCLR is 5%. So it would be fixed, 50% book is fixed, is it?

Mahesh Muralidhar Pai: Fixed is around 47%.

Aman Singh: Fixed is 47%?

Mahesh Muralidhar Pai: Yes, yes.

Moderator: Next question comes from the line of Karan, an Individual Investor.

Karan: Can you hear me?

Mahesh Muralidhar Pai: Yes. Yes, sir. Please go ahead.

Karan: First of all, congratulations on a great set of numbers. I just wanted to ask 1 question that what is the outlook and guidance on loan and deposit growth for the bank for FY27. And what is the medium-term guidance? And which segments do you expect to drive a major growth?

Mahesh Muralidhar Pai: Yes. So in terms of guidance, bank has already given a guidance of 15% to 16% in terms of loans and deposits. I think we would like to stick on to that. But preferably, it will be in the higher bucket of that guidance, what we have given.

So overall, we should expect around 16% kind of a growth. But one thing when I talk about 16%, the market growth will be the factor for our growth benchmark. If the market is growing at slightly above that, the SIB will try to do better than that. So that will be our guidance. But in general, we stick on to the guidance what we have given for the segments.

And in which segment we are growing, of course, you are seeing the growth on the gold loan book, which we have already 41% growth which we have seen. So we will continue to do focus on the gold loans. And we will also focus on business loans and MSME loans. So this will be the order of priority. And we'll not leave the personal loan segment as well.

Moderator: Next question comes from the line of Jai Mundra with ICICI Securities.

Jai Mundra: Sir, I wanted to understand a broad strategy, right? Now you have a decent -- I mean, full term and maybe beyond that also. The bank has come a long way in the last 3 years from maybe one of the highest net NPA to lowest net NPA. The growth was also earlier single digit and now at least the 2Q is above system.

And all the while ROA has been maintained at more than 1%. I wanted to check, sir, you mentioned 15%, 16% loan growth and within which you will try to outpace system. Are you confident of doing that along with sustaining ROA, let's say, the current 1.1% and even increasing that.

So I wanted to check, sir, on loan growth, are you comfortable that now the bank will be at least doing similar to system or slightly ahead of the system? Or do you believe there is still some loan mix tweaking that needed to be done from current quarter onwards.

Mahesh Muralidhar Pai: Yes. So I'll answer the last question first. That means the loan tweaking of segments. So the tweaking of segment is a continuous process. So that needs to be done even today because currently, we are at 39% corporate and 61% retail. So always, we have been talking about a 35% kind of a range for corporate and 65% of range for RAM. So there is some more work to be done in terms of tweaking, but the system has started tweaking by itself.

That is why the NII has started improving by its own in the last 2 quarters. So that will continue. So while I say that, I don't see that the ROA will be likely to remain at this level. I am pretty sure that this is likely to inch up from the 1.1, which we are currently at to 1.20 and 1.25 levels very shortly, maybe in a year itself, we should see that kind of a movement. You should see sequential improvement in these numbers.

- Jai Mundra:** Right. Also, sir, the growth reset that we say of 15%, 16%, that is even after including the thing that the corporate mix may come down by 300, 400 basis points, right? So the rest of the portfolio has to grow at a much faster pace?
- Mahesh Muralidhar Pai:** Yes, retail should grow at a faster pace. Internally, we have taken a target that we'll be -- the growth in retail will be much higher than what we are talking in the terms of corporates.
- Jai Mundra:** Right. Okay. And sir, with any -- now with this -- the opex the last 2, 3 years, I think the bank was a little bit I would say, spendthrift in doing opex. Do you see a window to sort of start investing more in the branches or manpower or technology. Or you believe this 10%, 12% kind of an opex is sustainable at least for the next 2, 3 years, or atleast 1, 2 year?
- Mahesh Muralidhar Pai:** So when I spoke about growth, we have already highlighted that there will be more number of branches. Bank has already opened around 11 branches in these last 2 quarters of this financial year. And if you can see the hiring also, there has been some additions in the hiring. So we will keep up the pace because when we are opening the branches, we can't say that, we'll not hire the people. So that will also inch up.
- But one thing we'll assure you that there will not be any -- what you can say, the ratios will remain the better for us rather than saying that opex will go up substantially. No, opex will not go up substantially. But in line with the branch expansion, the IT also needs to expand and things like that. So we will be in line with that.
- Jai Mundra:** Right. No, no. So the idea is, will opex be faster than loan growth or will it be similar or maybe much lower than the loan growth.
- Mahesh Muralidhar Pai:** It will be -- opex growth will be lower than the loan growth. There will be opex growth, but it will be lower than loan growth.
- Jai Mundra:** Right. Understood, sir. And on gold loans, sir, what is your -- so corporate, you mentioned that maybe the idea is to move to 35% share. What is your thought process? Because South Indian Bank is anyway great in gold loan, but your -- you also have a very strong experience there. So what is your thought process as to how much could the gold loan share be over the next 1 year for this bank?
- Mahesh Muralidhar Pai:** So I'm pretty confident we are currently at 25% of the portfolio is under gold. So bank already is targeting to take it up to 35%. So that I will stand by that as a first phase, then let us see how the industry evolves. And then from there, we will take on. But at this point of time, the focus will be to take it up to 30%, 32% levels immediately.
- Jai Mundra:** Right. right. And sir, this gold loan growth that is there at 40% odd, that is coming across agri and retail? Or is this lopsided in favor of any of the retail or agri gold loan?
- Mahesh Muralidhar Pai:** No, I think it is pretty much there in both the segments. I will put it that 60% of our gold loan book is coming from the retail segment and 40% is coming from the agri segment. So in that case, also the growth is also towards retail segment because there are a lot of restrictions which has come in terms of agri lending in terms of gold loan. So there more restrictions are there. So

generally, the people will tend to keep where restrictions are less. So the retail will be slightly outpacing the agri.

Jai Mundra: Sir, do you have the number for the split between retail and agri for this INR26,000 crores portfolio?

Mahesh Muralidhar Pai: Yes, it is around -- INR15,000 crores is around in retail and INR10,000 crores is around Agri.

Jai Mundra: Right. So sir, now the yield differential, is there any yield differential in the way you charge retail gold loan and agri gold loan?

Mahesh Muralidhar Pai: There is a minor yield differential in favor of retail. That means retail yields better than Agri, you can say.

Jai Mundra: Okay. But that is like 25, 50 basis point only? Or is it like material?

Mahesh Muralidhar Pai: Yes, yes. According to me, it will not be more than 25 basis points.

Jai Mundra: Okay. And what is the blended yield on gold loans, sir? Because I think this proportion is going to rise. So I was just trying to understand what is the blended yield that you charge on gold loan?

Mahesh Muralidhar Pai: It's closer to 10%, I can say.

Jai Mundra: Okay. Now -- okay. So this is understood. So then the opex part is also good. And now, sir, your technology, your view on -- because you have also come from digital. I mean, you have had very good exposure at digital and technology.

A, do you suspect any major technological revamp or any tech exercise, which may or may not involve opex but may reset some of the growth journey? Or you believe tech will be minor changes here and there and which will not jeopardize the ongoing growth trajectory.

Mahesh Muralidhar Pai: No. See, for South Indian Bank, whatever journeys, whatever stories we are talking about the tech has already been done in terms of technological advancement. Yes, but it's a refinement. It's a process of refinement. And also, whenever something new comes the technology should be ready to go for it. So that way, it is an ongoing process I will say.

But there is no major technology overhaul or anything -- any of that things are required. But our focus will be, as the tagline suggest, next-gen bank, so our endeavour to be to provide the next-gen technology to the customers.

And also as a part of that new segment, which is evolving in the artificial intelligence segment in the banking. So there, we will be focusing slightly more so that we can have more efficiencies in terms of processes and projects. So that's where we will be tracking.

Jai Mundra: Right. All right. And sir, if you can -- it's a request if you can add some of the loan book classification, which we used to have. Now, I think, 1, 2 quarters that is not there and there is not much detail on the fee income. And I mean, if you can specify how much. So we have...

Mahesh Muralidhar Pai: We can provide you that.

Jai Mundra: I wanted to know, sir, this INR190 crores of fee, which is other. INR190 crores. So INR198 is core fees is okay, crore, INR80 crores is treasury forex, but what is this other INR190 crores.

Vinod Francis: Yes, I will take it, yes. Good evening Jai.

Jai Mundra: Yes, good evening.

Vinod Francis: Am I audible?

Jai Mundra: Yes, yes sir.

Vinod Francis: Yes. This miscellaneous income is INR190 crores. That includes one of the major component is bancassurance income. So that and the amount recovered from technically written-off accounts. These are the two major component that comes into play of this INR190 crores. So this quarter, for the amount -- recovery from technical written-off accounts amounts to INR73 crores.

Jai Mundra: And banca fee, sir?

Vinod Francis: Banca fees, that we will be ranging around say INR30 crores to INR35 crores.

Jai Mundra: Okay. And Vinod, I mean, difficult to at least look into FY28, but this INR73 crores and INR30 crores, INR35 crores numbers, these are broadly sustainable at least for the next 2 quarters.

Vinod Francis: Definitely for the bancassurance, it is sustainable. And for the recovery part, as we have already been mentioning, for the current financial year, we don't find any major threat for that recovery amount. But going forward, there will be -- it will be declining. Because the stock under the recovery is also getting exhausting. So as you know, that our slippage is also on the lower side. So that is there. But on an average, we expect that INR50 crores to INR55 crores to continue.

Jai Mundra: Right. Understood. And lastly, sir, any broad you have -- any 3-year view or a road map, if maybe this quarter or maybe next quarter, if you can provide a 3-year roadmap, it will be really helpful. You have given some glimpse, that over the next 2, 3 years, you want to achieve 1.5% ROA. But if you have slightly more detailed vision, it will be very, very helpful to understand the future journey.

Mahesh Muralidhar Pai: Yes. We'll take it and we'll provide. We'll give you shortly or maybe it should be available very shortly.

Moderator: Next question comes from the line of Sandeep Joshi with Unifi Capital.

Sandeep Joshi: Most of my question have been answered. I just had a couple of data keeping questions. So within the movement of gross NPA, there is a deduction line item, I just need a breakup of that between recoveries and upgrades and write-offs. Would you have that handy?

Vinod Francis: Can you just come back on that question, Sandeep?

- Sandeep Joshi:** Yes. So within the GNPA movement, I want the breakup of deductions, which is INR188 crores. I want the breakup of that between recoveries and write-offs.
- Vinod Francis:** Okay. So the recovery from the technical write-off is around INR73 crores. And the normal recovery that comes as a part of the -- from the GNPA pool, that is around INR55 crores. Then other cash recovery is also coming INR58 crores. And the technical write-off, what we had done for the current quarter is INR34 crores. That is the credit card pool.
- Sandeep Joshi:** Okay. Do you have same number for last quarter as well?
- Vinod Francis:** Last quarter, I don't have right now, but I can provide it later.
- Moderator:** Next question comes from the line of Parth Gutka with 360 ONE Capital.
- Parth Gutka:** Sir, my first question is on the cost-to-income, what are the steps that you will take to bring the cost-to-income down. That's my first question. And second is what -- or within the cost line item, which line items do you think can -- there are levers to bring those costs down going into over the next 3 to 4 quarters?
- Mahesh Muralidhar Pai:** I think one of your earlier colleagues have told that this is a very spendthrift bank So I think there is not much to control in terms of cost as such because we are talking about the growth, and we are talking about employee additions and branch expansions. So the cost will be -- we don't expect that it will come down, but it will be stable. And the income part will outpace so that we will have the better cost-to-income ratio in front of you.
- Parth Gutka:** Okay. Okay. Fine, sir. And the second question is what are the 3 key immediate priorities for you for improving the ROA of the bank for the next one year?
- Mahesh Muralidhar Pai:** So short-term priority is that to continue what the previous management has been doing. So which is the change of the mix, which we are talking about from the retail to corporate. So I don't want to give you a number, but the overall scheme of things. What we want to do is that to shed the lower-yielding advances to increase it to the higher-yielding bucket. And that will be the first priority, which we would like to continue.
- And on a sustainable basis, the average advances should grow, then only the income can be increased. So the portfolio mix change, the sustainable growth in the advances and also the gold loans. So the focus will be again on the gold loan, and there we would like to do better by making the customer experience better. So that will be the priority.
- Moderator:** Next question comes from the line of Devesh Kayal, Boring AMC.
- Devesh Kayal:** So to understand, basically our interest expenses growth over the past 2 quarters have been around 5%. And if you see other peers from Kerala, South India, so they have been -- their interest expenses have been...
- Mahesh Muralidhar Pai:** Sir, can I pause you for a minute? We are not able to hear your question properly because there is a lot of echo in the call. Can you just reframe or can you just repeat?

- Devesh Kayal:** Yes. My question is on the interest expenses growth. Hello?
- Mahesh Muralidhar Pai:** Interest expense growth, sir?
- Devesh Kayal:** Yes, yes. So interest expenses growth for us have been around 5% for Q1 and Q2. So -- and it has been on the lower side versus our peers. So that is a good thing. I just wanted to understand if you can give some color what has driven this. So -- and we see that the bulk deposit has shot up in this quarter. So how do we see it going forward?
- Mahesh Muralidhar Pai:** Yes. So in terms of the pricing or the cost of deposits coming down is mainly due to the repricing effect which has taken place because last year, whatever contracted were at a very high rate and now the deposit rates because of the liquidity has come down generally in the first 2 quarters. So that is one of the reasons for lower deposit cost, which is coming up.
- And next is the bulk deposit, which has increased, that was due to mainly the opportunity which was available because after the FCNR(B) liquidity increase, the bulk deposit rates have been substantially lower even than to the retail deposit rates. So bank has taken some advantage of that and deployed it in a profitable manner. So that is how that the bulk deposit has increased.
- Devesh Kayal:** Okay. So our cost of funds shouldn't materially increase from here?
- Mahesh Muralidhar Pai:** No, no, no.
- Moderator:** Next question comes from the line Saket Kapoor with Kapoor & Company.
- Saket Kapoor:** Greetings, sir. Hope I am audible?
- Mahesh Muralidhar Pai:** Yes, yes. Audible sir.
- Saket Kapoor:** Yes. Sir, firstly, pertaining to this that INR190 crores other income number, I missed the calculation part and what is the likelihood of the reoccurrence of the same, extending the nature of the same?
- Mahesh Muralidhar Pai:** Yes, Vinod.
- Vinod Francis:** Yes, I'll take that. So as I already explained, this INR190 crores, we don't find any one-off items for the current quarter. So we expect that this is a sustainable part. Only thing is that one of the component that comes into this is the recovery from technical written-off accounts.
- So currently, we are having a range of, say, INR50 crores to INR55 crores, which we expect to continue in the coming quarters also. But over a period of time, maybe after say, 4 to 5 quarters or 6 quarters, this amount is likely to come down because of the nonexistence of the NPA stock.
- So there, we expect a slight decline over there. Otherwise, that will get compensated by the income increase in the other heads. So definitely, this INR190 crores, we expect that is sustainable and is expected to increase because one of another major component is the bancassurance income, which we are steadily focusing on.

- Saket Kapoor:** Okay. Sir, taking into account how we have closed H1 on a very high note. Q-on-Q also, the operating profit has gone up from INR592 crores to INR732 crores. So -- and taking into account the improvement in loan growth, what should investors expect H2 be on account of the high base of what we have reported for H1, sir, in the very likelihood.
- Mahesh Muralidhar Pai:** See, certain things like your gross NPA and net NPA, there are very little chances of us to reduce it further. So in terms of that, there is very -- see, we are at one of the highest net NPA. That means the lowest -- best you can say the net NPA bank in the country.
- So that way further reduction from there is very, very challenging. Same is the case with some of the items like SMA. See we have been doing very good and the SMA has been coming down all along the last few quarters. So maintaining that will be the great opportunity and challenge for us.
- We will be trying to do that. Having said that, all other business parameters, as I was mentioning earlier, we were either slightly below the market or in line with the market. There, we have scope for improvement, which will overall improve the income components of the bank.
- Saket Kapoor:** So sir, taking into account the rate curve, which has changed now on the higher side, how likely would it be interest income or the NII are likely to shape up for H2. And with the hardening of the yields, what portion of our treasury book will get impacted. What was the impact for this quarter, sir?
- Mahesh Muralidhar Pai:** Yes. So in terms of NII, I think the major portion of our hit has been changed on the T+1 basis itself. So as soon as the -- we have mentioned earlier in some other reply that around 43% of our book is EBLR-linked and which is repriced immediately, upon the change of Repo.
- And also another 25% to 30% of our book is in terms of gold loan, wherein the pricing will happen even though not on T+1 basis, but new loans will be booked at the new rates. So there also, we are getting the cost advantage. So all put together, you should see a positive impact for every rate hike, which is happening in the bank's balance sheet. Coming to the -- what was the last question?
- Saket Kapoor:** Treasury impact. Yes. Yes. Hardening of the yield.
- Mahesh Muralidhar Pai:** Yes. So hardening of the yield, I can only tell that last quarter, even though the yields have hardened from 6.80 to 7.19, the impact of that was very little compared to many other banks in our bank. So that way, it was positive.
- And in terms of the rate going up from that 7.19 towards currently at 7.40, and all see, every basis point will result in approximately INR1 crores to INR1.1 crores for us. So that is what's the indication I can give you at this point. But it's not a phenomenal only for South Indian it's for the entire market.
- Saket Kapoor:** So you mentioned every bps will result in a INR1.5 crores MTM for us?
- Mahesh Muralidhar Pai:** 1 to 1.1.

- Saket Kapoor:** 1 to 1.1. And that was the same number for the September quarter also since the movement has been from 6.80 to 7.19?
- Mahesh Muralidhar Pai:** Yes, correct.
- Saket Kapoor:** Okay. And sir, other parameters like our NPA, you have mentioned that we are on a solid track, and there is very little room to improve on the same. But on the NIMs part, what other levers are there for us? Or what should be the trajectory on the NIMs and the ROA that we may transcend going into the H2 and the way forward?
- Mahesh Muralidhar Pai:** In terms of NIM, see currently, we are at 3.33, wherein the guidance was 3.25. So already, we have crossed the guidance what we have given. And we believe that this Repo rate what has hiked and the consistent churning what we are doing, the NIM should improve and move towards 3.36 to 3.38 levels in the shorter term.
- And of course, in the longer term, our 12 months or 4 quarters guidance will be around 3.45 to 3.50, we should take. So that is what the guidance for NIM. And in terms of ROA, we are expecting that medium term, we should reach somewhere closer to 1.25, 1.30. And from there, we should move towards the higher levels.
- Saket Kapoor:** Okay. And lastly, on the liability franchise, sir, how will that -- our deposits are going to get repriced? Or what percentage will come for renewal for H2? And what would be the likely impact on the bit of the cost-to-income because of the revision in the deposit rates also?
- Mahesh Muralidhar Pai:** Yes. So in terms of deposit rates, still we are at a lower level than what it was in the last year at this point of time. So whenever we are expecting generally, our deposits are renewed -- getting renewed in a year's time. So if you consider that, I think these next 2 quarters may not have substantial repricing effect in terms of deposits. It's getting repriced at a lower rate.
- Saket Kapoor:** So in totality, the working environment provides improved set of operating environment for the bank for going into...
- Mahesh Muralidhar Pai:** Absolutely correct. Absolutely correct.
- Moderator:** The next question comes from the line of Vivek Singh, Raise Securities.
- Vivek Singh:** Congratulations on the good set of numbers. My question is on the broader strategy part. So like you said, the focus will be on the RAM segment, and you want to take the RAM to 65%. But in past also, we have been focused on the MSME. But if you look at the traction, so there has not been much traction.
- The large part of the growth has always been driven by the gold loans, even in this quarter, if you see corporate and gold, they contributed at around 80% of the incremental growth. So what are the segments that we are focusing on within the RAM segment to drive this mix and to drive the growth further?
- Mahesh Muralidhar Pai:** So you are right that we have been talking about the segment change and the segment changes not happening. That is what one of the concerns, which you have raised. So I agree that it's a

challenge. So it's not easy that because you have to maintain the pace also. So if you are to maintain the pace and then you have to change the mix, that means the retail should do much better.

That means that other than RAM should do, sorry, other than corporate should do much faster than the corporate growth, which has not happened. So that is the reason why we are able to show only this kind of movement where the -- it is in and around 40%, the corporate segment. So this will be a challenge, but definitely, if we are able to deliver on the MSME segment, which we are confident that going forward, that opportunity will arise.

And there are opportunities in the market, we will definitely tap MSME opportunity. And I'm sure that the verticals, what the bank has created in the past, the mid-corporate vertical, the MSME segmentation of credit, all those things should fire up going forward.

Vivek Singh: And sir, has there been any changes made in terms of the structure of the branch or the underwriting strategy going forward? Because in the past 2 years, there have been a lot of changes done on the branch level. So are we sticking with the same thing or we are looking to implement some new strategy?

Mahesh Muralidhar Pai: Absolutely, no change in the strategy, what we have been doing. We will continue to do better in that, and we will not change the strategy or the structure or strategy will not be changing. Only thing is that wherever little bit tweakings are required, we will do that rather than whenever you change -- whenever new MD comes, and if you start changing the system, it changes the whole ecosystem. I believe in that, line. So I believe in strengthening the existing ecosystem rather than making a change to the ecosystem.

Vivek Singh: Got it, sir. And sir, in terms of ECL preparedness, so how are we placed? So will be -- will the bank will be able to comply on the very first day on implementation? Or are we looking to take a glide path?

Mahesh Muralidhar Pai: So the glide path is provided to all the banks. The only thing is that we will have to take a call at that point of time, we'll be taking a call, but at this time, it's too early for me to give a comment on whether we'll be going for a glide path or otherwise.

Vivek Singh: And sir, in terms of the total quantum of the requirement, any number?

Mahesh Muralidhar Pai: It's not very substantial. That much I can say. It is not very substantial because you can see from my balance sheet itself because the SMA numbers are at the lowest, the net NPA numbers are at the lowest. Provisions have been kept for all the cases wherever required. So all these things, given these things, the numbers for ECL is not going to be very substantial.

Moderator: Next question comes from the line of Aman Singh with ICICI Securities.

Aman Singh: Just a few clarifications. So firstly, on treasury, as we understand most of the treasury gains are being routed, treasury loss or from MTM are routed through AFS reserve. Can you help me with what was the hit on AFS reserves during the quarter?

- Vinod Francis:** So I'll take this question. So AFS reserve as on 30th September, we have a debit balance of INR43 crores.
- Aman Singh:** And sir, what was the opening for the quarter so we can understand the impact in this quarter?
- Vinod Francis:** Impact for the current quarter was close to around, say, INR52 crores to INR53 crores.
- Aman Singh:** INR52 crores to INR53 crores. Okay. And sir, just a clarification, the impact on the rate hike, yield hike of 1 basis point it would be INR1 crores is on MTM gains or is on NIL.
- Mahesh Muralidhar Pai:** It is on MTM gain. Gains or loss.
- Aman Singh:** MTM. Right. And sir, lastly, we can see there is some IBPC book that the bank still has. So what is your view on IBPC and DA? Will the bank continue to do that business or it will be gradually to go down?
- Mahesh Muralidhar Pai:** No. See, it's all depend on what rate we contract. It's not that we are allergic to IBPC or not allergic to IBPC. It is not like that. But if it is making a business sense, we will continue to hold on to that and if it does not make a business sense, we will be exiting that.
- But of course, it's a good number to -- currently, it's a good number, which we have. So it will be very difficult for us to entirely say that I will not hold any IBPC in the next quarter. That would be very challenging.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments.
- Mahesh Muralidhar Pai:** Yes. So on behalf of South Indian Bank, I will request our Executive Director to...
- Dolphy Jose:** Yes. Good evening to all. So I just want to -- I heard most of the questions. So just to give a brief from my end is yes, there has been the effort to change the advances mix is still on and we will pursue that for sure. The numbers may not be very encouraging when you see that, yes, we have 1 basis point down from corporate share from 40% to 39%.
- And the retail agri and MSME segment has grown to 61% of the overall advance contribution. It may not be very encouraging. But we are not really marginalizing corporate, but we are progressively improving the contribution of retail and MSME to the bank.
- And the bank's growth and earnings both. The objective is better balanced portfolio with stronger risk-adjusted returns. So going forward, yes, there will be marginal growth of retail, agri and MSME as a contribution to the overall advances, which you will see, but it will be gradual.
- But the focus is going to be on better balanced portfolio with stronger risk-adjusted returns. On the opex side, I mean I've had multiple questions on the opex side. So yes, whether we will need to invest for growth, we will. I mean that's a no-brainer. We have to go to the next level of growth, and we invest and then scale.

So there will be additional opex, but our intention is to ensure our operating profits will be always higher than the incremental opex. So that is going to be there, and we will very, very closely monitor this and take whatever judicious steps we have to take towards it. That's about all from my end. Thank you very much.

Mahesh Muralidhar Pai: Thank you all for joining us.

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