Q1FY27 Result Update I Banks I 21 July 2026

Karur Vysya Bank Ltd

Margins to moderate but 1.8% ROA seems sustainable in the medium term

KVB reported 1QFY27 PAT of ₹7.6bn (3.5% above of our estimates). The beat in the bottom line was largely driven by lower provision (-65% QoQ to Rs. 0.9bn). On the operating front, the net interest income (NII) printed in at Rs. 14.2bn, up 4.7% QoQ and 31.8% YoY. (2.6% ahead of our estimates). However, the other income dropped -28.3% QoQ resulting in the operating profit declining by -5.6% QoQ to ~Rs. 18.6bn. The net advances growth was strong at +6% QoQ/ +17% YoY. The management has re-iterated its guidance for the advances to grow ~100-200bps above the industry levels. The deposit growth was equally healthy sequentially (+6%). The CASA ratio for the bank improved by 64 bps QoQ to 27.55% driven by a 19% growth in demand deposits. Net Interest Margins (NIM) on a normalised basis excluding ~8 bps one-off impact from interest recovery printed in at 4.26% (+1bp QoQ/+40 bps YoY). However, the bank has hiked rates by ~40 bps on certain special time deposits due to which the cost of deposits (CoD) is expected to move upwards (~8-10 bps in 2Q and the balance with time). The yield on advances (YoA) is also expected to moderate going forward. As a result of these factors, the management has re-iterated its guidance of NIMs moderating to ~3.75-3.8% for FY27. The annualised slippage ratio stood at 53 bps, down -22bps sequentially and -31 bps YoY. The management has guided for the fresh slippages to remain below 1% for FY27. The management stated that it has not observed any material impact on asset quality due to the geopolitical tensions and West Asia crises. The bank has retained prudential provisions made in 4QFY26 amounting to Rs. 1.63bn pertaining to geopolitical uncertainties. On the transition to ECL, the management does not expect any material impact and opined that existing buffers would be sufficient to absorb the transitory impact. Considering the management commentary, the business, asset quality and margin outlook, we have changed our estimates and factored in lower margins and slightly lower advances growth (albeit still healthy). Basis these assumptions, we have revised our target price to Rs. 352 (earlier Rs. 365) and maintain our BUY rating. We have moved our valuations to adjusted book value (ABV) per share and are valuing the bank at ~1.8x its FY28E ABV of Rs. 199.

NIMs improve marginally QoQ but expected to moderate going forward. The normalised NIM for 1QFY27 printed in at 4.26%, +1 bp QoQ and +40 bps YoY. This excluded the ~8 bps impact from a one-off interest recovery. The bank has hiked deposit rates on certain specific time deposits by 40 bps in 1QFY27 and the management has guided for CoD to increase by ~8-10 bps in 2Q with the balance impact expected to be visible going forward. While the yield on advances (YoA) improved by 8bps sequentially in 1Q, the management expects a moderation in the same going forward (~10 bps in 2Q). The management highlighted that while the increase in proportion of fixed rated book and decline in MCLR linked book aided yields in 1QFY27, this benefit is set to diminish going forward. The management has guided for the full year NIMs to moderate to ~3.7-3.8% for FY27.

Asset quality remains healthy and prudential buffer retained. The fresh slippages stood at ~Rs. 1,380mn, -26.2% QoQ and -26.6% YoY. The recoveries/upgrades stood at Rs. 600mn resulting in net slippage of Rs. 780mn during 1QFY27. The annualised slippage ratio moderated to 53 bps, down -22bps QoQ/ -31 bps YoY). The GNPA stood at 0.74% (-1 bp QoQ) while NNPA remained stable sequentially. The bank had created a prudential provision amounting to Rs. 1.63bn sighting geopolitical uncertainties in 4QFY26, which has been retained in 1QFY27. On the transition to ECL, the management does not expect any material impact and opined that existing buffers would be sufficient to absorb the impact. It has guided for slippages and NNPA to remain below 1% and GNPA to remain below 1.5% ***…Continued on page 2***

Y/E Mar (Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Net Interest Income	14,228	10,794	31.8%	13,588	4.7%	13,866	2.6%
Other Income	4,418	4,473	-1.2%	6,158	-28.3%	5,580	-20.8%
Operating Income	**18,645**	**15,266**	**22.1%**	**19,746**	**-5.6%**	**19,446**	**-4.1%**
Opex	7,689	7,211	6.6%	7,278	5.7%	7,535	2.0%
Pre Provisions Profit	**10,956**	**8,055**	**36.0%**	**12,468**	**-12.1%**	**11,911**	**-8.0%**
Provisions	903	1,181	-23.6%	2,577	-65.0%	2,174	-58.5%
PBT	**10,053**	**6,874**	**46.3%**	**9,891**	**1.6%**	**9,736**	**3.3%**
Tax	2,496	1,659	50.4%	2,641	-5.5%	2,434	2.5%
PAT	**7,557**	**5,215**	**44.9%**	**7,250**	**4.2%**	**7,302**	**3.5%**
NIM	4.26%	3.86%	40bps	4.25%	1bps	4.22%	4bps
Loans	1,040,990	889,440	17.0%	981,906	6.0%		
Loans growth (% yoy)	17.0%	15.6%	1.5%	16.9%	0.2%		
Deposits	1,225,870	1,066,500	14.9%	1,156,657	6.0%		
Deposit growth (% yoy)	14.9%	15.5%	-0.5%	13.3%	1.6%		
GNPA (%)	0.74%	0.66%	8bps	0.75%	(1)bps		
NNPA (%)	0.19%	0.19%	0bps	0.19%	0bps		
Credit Costs (bps)	36	55	(19)bps	106	(70)bps	86	(50)bps

Source: Company, SMIFS Research

Rating: **BUY**	Upside: **17%**
Current Price: **301**	Target Price: **352**

|Earlier recommendation

Previous Rating:	BUY
Previous Target Price:	365

|Market data

Bloomberg:	KVB: IN
52-week H/L (Rs):	343.5/201.8
Mcap (Rs bn/USD bn):	291.1 / 3.0
Shares outstanding (Mn):	967
Free float:	97.5%
Face Value (Rs):	2

Source: NSE, SMIFS Research

|Shareholding pattern (%)

	Jun-26	Mar-26	Dec-25	Sep-25
Promoter	2.07	2.07	2.07	2.10
FIIs	19.25	19.25	16.87	15.81
DIIs	39.28	39.26	40.20	39.97
Public/others	39.40	39.42	40.86	42.12

|Pro. Pledging

Pledging	-	-	-	-

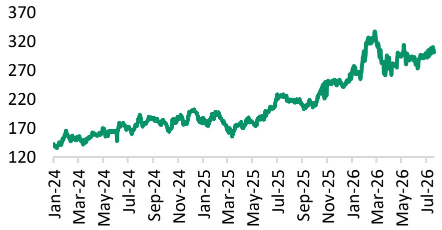
Source: BSE

|Price performance (%) *

	1M	3M	12M	36M
Nifty 500	0.8%	2.1%	0.3%	36.9%
Nifty Banks	0.5%	2.4%	2.9%	25.5%
KVB	3.2%	9.5%	34.7%	178.4%

*as on 20th July'26; Source: NSE, SMIFS Research

|Price Performance



Source: NSE, SMIFS Research

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(Rs m)	Op. Income	% YoY	PPOP	% YoY	PAT	% YoY	P/E	P/B (x)	ROA (%)	ROE(%)
FY24	54,679	21%	28,291	14%	16,048	45%	15.1	2.4	1.6%	17.2%
FY25	60,895	11%	32,123	14%	19,416	21%	12.5	2.0	1.7%	17.7%
FY26	70,229	15%	40,750	27%	25,103	29%	11.6	2.1	2.0%	19.3%
FY27E	73,966	5%	41,603	2%	26,136	4%	11.1	1.8	1.8%	17.1%
FY28E	85,494	16%	48,496	17%	30,858	18%	9.4	1.5	1.8%	17.3%

Source: Company, SMIFS Research Estimates. PPOP = Pre- Provision Operating Profit

Higher NII but lower other income results in lower operating profit. The NII improved by +4.7% QoQ/ +31.8% YoY to ~Rs. 14.2bn in 1QFY27. However, the other income dropped considerably by -28.3% QoQ to ~Rs. 4.4bn. This was driven by (i) Decline of ~Rs. 380mn in core fee income (ii) Lower recoveries from written off accounts sequentially (~Rs. 1130mn lower QoQ) (iii) Decline of ~Rs. 380mn in investment trading profit (iv) One-off recovery of Rs. 550mn in 4QFY26. The management has guided for recoveries in the range of ~Rs. 5-6bn in FY27 with the possibility of sequential fluctuation. The opex increased by 5.7% sequentially primarily driven by a Rs. 470mn increase in the AS-15 provisions triggered by a fall of ~40 bps in the discount rates. Further, the routine salary hikes added ~Rs. 120mn to the employee expenses. The increase in employee expenses was offset to some extent by a sequential reduction in other opex.

Robust advances and deposits growth. The net advances of the bank grew by +6% QoQ and by +17% YoY while the deposits correspondingly grew by +6% and 14.9% respectively. The advances growth was led by RAM advances which grew by 6% QoQ and 18% YoY. The corporate segment grew by 6% QoQ and 12% YoY. The sequential growth in RAM segment was led by commercial and retail banking which grew by 6% each while agri grew by 5%. The newly introduced credit substitutes segment grew by 15% sequentially. The management has guided for the advances to grow at ~100-200 bps above the system going forward. However, they have cautioned that the bank might participate selectively if the system growth is driven by advances to corporates. The sequential growth in deposits was led by demand deposits (+19%). The SA deposits grew by 4% sequentially while the term deposits grew by 5%. The management stated that the call to hike certain special time deposit rates was taken to fund the front-loaded advances growth by the bank. On FCNR(B), the bank has priced deposits at 7% and is targeting smaller tickets (below $1 million) given the absence of a GIFT City or overseas branch, which limits leverage facility access. The current base is ~$130 million, and management is targeting to double the same.

Outlook and Valuation

~1.8% ROA levels seem sustainable

We continue to highlight that the bank's medium-term returns profile has structurally improved from the earlier 1.5–1.6% RoA range to a franchise which can sustain ROA at ~1.8% levels in the medium-term. The bank has already delivered FY26 RoA of 1.81% (1.93% including one-offs; 4QFY26: 2.1%), reinforcing our thesis on the sustainability of stronger profitability.

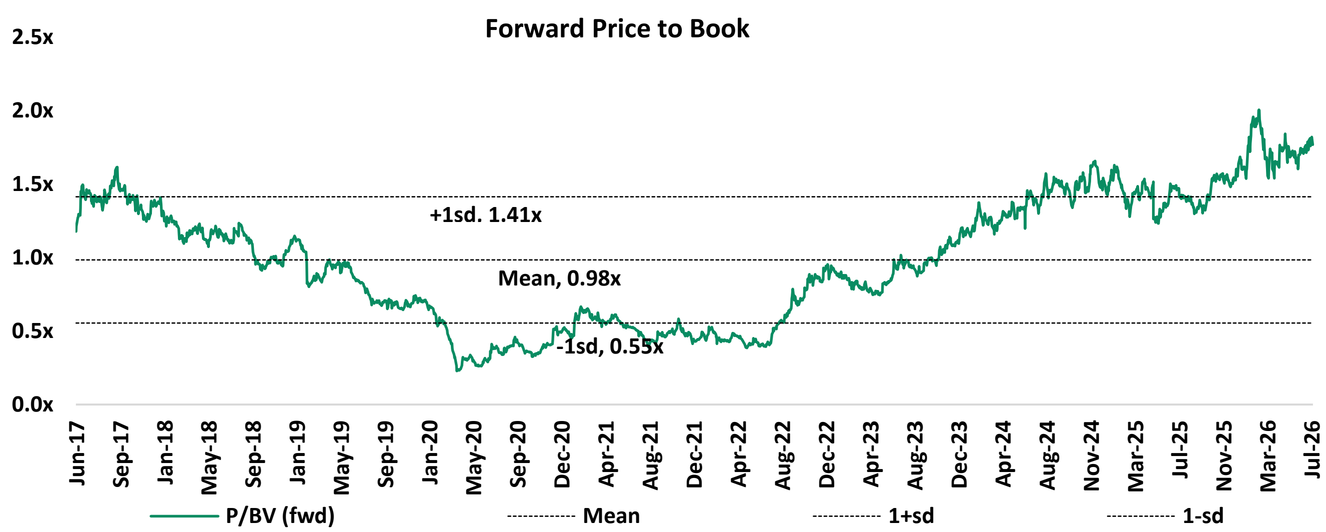
While management has guided for a slightly lower RoA trajectory of 1.7–1.8% in FY27, largely reflecting moderation in NIMs to 3.7%–3.8%, we believe the bank remains well placed to sustain an RoA of ~1.8% over the medium term. This would be supported by multiple offsetting levers, including robust above-system loan growth, higher fees traction, benign asset quality with comfortable provision buffers and continued operating discipline. Considering the management commentary, the business, asset quality and margin outlook, we have changed our estimates and factored in lower margins and slightly lower advances growth (albeit still healthy). Basis these assumptions, we have revised our target price to Rs. 352 (earlier Rs. 365) and maintain our BUY rating. We have moved our valuations to adjusted book value (ABV) per share and are valuing the bank at ~1.8x its FY28E ABV of Rs. 199.

Fig 1: KVB is likely now a 1.8% ROA bank medium term vs 1.6%-1.7% earlier

	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
NII	3.3%	3.5%	3.9%	3.9%	3.8%	3.9%	3.6%	3.7%
Other inc	0.8%	0.8%	0.9%	0.9%	0.9%	0.8%	0.8%	0.7%
Op Income	**4.8%**	**4.5%**	**5.3%**	**5.6%**	**5.4%**	**5.5%**	**5.0%**	**5.0%**
Opex	2.8%	2.4%	2.4%	2.7%	2.6%	2.3%	2.2%	2.1%
Op Profit	**2.0%**	**2.1%**	**2.9%**	**2.9%**	**2.9%**	**3.2%**	**2.8%**	**2.9%**
Prov.	1.3%	0.9%	1.2%	0.7%	0.6%	0.6%	0.5%	0.4%
PBT	**0.7%**	**1.2%**	**1.7%**	**2.1%**	**2.3%**	**2.6%**	**2.4%**	**2.4%**
Tax	0.2%	0.3%	0.4%	0.5%	0.6%	0.6%	0.6%	0.6%
ROA	**0.5%**	**0.9%**	**1.3%**	**1.6%**	**1.7%**	**2.0%**	**1.8%**	**1.8%**
Leverage	10.5x	10.6x	10.5x	10.5x	10.2x	9.8x	9.6x	9.6x
ROE	**5.3%**	**9.3%**	**13.7%**	**17.2%**	**17.7%**	**19.3%**	**17.2%**	**17.7%**

Source: Company, Bloomberg, SMIFS Research Estimates;

Fig 2: Forward Price to Book



Source: Company, Bloomberg, SMIFS Research Estimates

Change in Earnings

We have reduced our earnings estimates by ~5%, primarily reflecting lower NIM assumptions and a moderation in loan growth expectations. We have kept the credit costs relatively unchanged and expect the asset quality to remain healthy but have built in slightly higher GNPA considering the geopolitical uncertainties. Despite the lower earnings trajectory, our RoA estimates remain broadly intact due to a lower projected asset base following moderation in advance growth assumptions.

Fig 3: Change in Estimates

Rs Mn	FY27E			FY28E		
	Current	Previous	% chg.	Current	Previous	% chg.
Net Interest Income	52,971	53,700	-1.4%	62,505	63,527	-1.6%
Other Income	20,994	21,180	-0.9%	22,989	23,451	-2.0%
Operating Income	**73,966**	**74,880**	**-1.2%**	**85,494**	**86,977**	**-1.7%**
Opex	32,363	31,542	2.6%	36,998	36,274	2.0%
Pre Provisions Profit	**41,603**	**43,338**	**-4.0%**	**48,496**	**50,703**	**-4.4%**
Provisions	6,986	6,850	2.0%	7,625	7,570	0.7%
PBT	**34,618**	**36,488**	**-5.1%**	**40,871**	**43,133**	**-5.2%**
Tax	8,481	9,122	-7.0%	10,013	10,783	-7.1%
PAT	**26,136**	**27,366**	**-4.5%**	**30,858**	**32,350**	**-4.6%**
NIM	3.74%	3.79%	(5)bps	3.77%	3.81%	(4)bps
Loans	1,150,794	1,154,276	-0.3%	1,352,183	1,359,840	-0.6%
Loans growth (% yoy)	17.2%	17.6%	-0.4%	17.5%	17.8%	-0.3%
Deposits	1,353,412	1,359,708	-0.5%	1,587,023	1,601,857	-0.9%
Deposit growth (% yoy)	17.0%	17.6%	-0.5%	17.3%	17.8%	-0.5%
Credit costs (bps)	0.70%	0.69%	1bps	0.66%	0.65%	2bps

Risks to our call:

[1] Credit costs worsening due to higher-than-expected slippages. Lower than expected recoveries could also result in higher than anticipated net credit costs.

[2] Higher than expected opex growth on account of enhanced staff hiring, acceleration in new branches count or any new investment initiatives.

[3] Lower than anticipated loan growth due to challenges in RAM segment like slowing down of jewel loans, deceleration in mortgage growth etc, could reduce lower revenue growth

[4] Impact on margins due to any setbacks in sourcing higher yield RAM loans including competition, industry slowdown etc.

Analyst Call highlights

Operational Aspects

- Non-interest income declined 28% QoQ. The Rs. 1.74 bn sequential drop was largely driven by lower write-off recoveries (Rs. 1.03 bn vs Rs. 2.16 bn in Q4), a one-off SR recovery of Rs. 0.55 bn in Q4, lower trading gains (down by Rs 0.32 bn in Q1), and a Rs. 0.38 bn dip in core fee income.
- Opex rose primarily from a Rs. 0.47 bn jump in AS-15 retirement benefit provisioning as discount rates fell over 40 bps during the quarter. Normal salary increase was Rs. 0.12 bn, partially offset by Rs. 0.17 bn reduction in other operating expenses.
- Management expects 25 branches by end-Q2 and the balance before H1-end. Cost-to-income may move ~1-2% with these additions but management stated it will not cross the 45-50% bracket.
- ECLGS 5.0 had no material impact in Q1 with meaningful ECLGS impact will show from Q2 onwards. Around Rs. 1,400 mn has been disbursed in Q2 so far, with Rs. 800 mn to commercial segment and the rest to corporates.
- Management guided annual recovery target of Rs. 5-6 bn from written-off accounts with a possibility of sequential fluctuations.

Advances

- Management guided growth at 100-200 bps above system growth. RAM growth is the first priority, with corporate as a fallback, though the bank will maintain guardrails on corporate given past experience. The recent system growth pickup was largely corporate-driven as companies shifted from bond markets to bank loans.
- Commercial banking disbursements were strong with Small Business Banking up 45% QoQ, led by food processing, retail and wholesale trade, engineering, transport, and CRE. Newer products like GST Surrogate and Open Term Loans are gradually gaining traction.
- Retail growth was driven by gold loans and mortgage loans. Mortgage-focused branches have been increased from 144 to 175. The bank is deliberately staying away from housing loans where PSBs are offering the finest pricing. Average LAP ticket size is Rs. 20-30 mn.
- Corporate and institutional loans posted the highest disbursements in five quarters, driven by new relationships in CRE, capital market participants, and EPC/infrastructure. Credit substitutes grew Rs. 1.71 bn during the quarter with focus on ETB customers and A-rated & above exposure.
- Gold loan LTV is maintained at 63.7% for agricultural and 56.83% for non-agricultural gold loans. Agri outlook is neutral with delayed monsoon onset, with supplemental irrigation programs are underway.
- The credit card offering has been relaunched for existing customers, with plans to extend to NTB customers in H2. The Loan Against Mutual Funds product is expected to launch by end-Q2 with IT integration already completed.
- On the BNPL partnership with Axio, management clarified the recent slowdown was not due to product discomfort but because of Amazon's full takeover of Axio causing internal restructuring. Business is expected to normalise by the festive season.

Deposits

- CASA growth was supported by both ETB (69%) and NTB (31%) customer segments, with better-than-anticipated end-of-quarter inflows into current accounts. The premium NTB customers have contributed ~12% of the 1Q CASA growth.
- The bank increased special TD rates by 40 bps during the quarter to fund front-loaded advances growth. Cost of deposits rose 4 bps QoQ, and management expects a further 5-10 bps increase next quarter as repricing of lower-bucket deposits plays through.
- On FCNR(B), the bank has priced deposits at 7% and is targeting smaller tickets (below $1 million) given the absence of a GIFT City or overseas branch, which limits leverage facility access. The current base is ~$130 million, and management is targeting to double or triple the same.

- The strategic focus going forward is on strengthening retail liabilities while increasing the share from non-financial corporates, MSMEs, and transactional relationships to drive sustainable deposit growth.

Margins

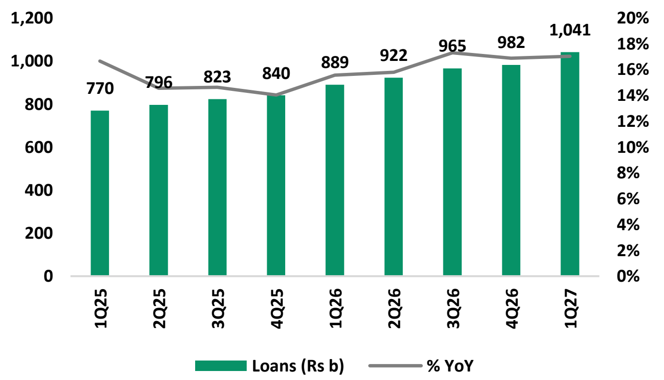
- Management guided NIM at 4%+ for next quarter. The full-year guidance of 3.7-3.8% remains unchanged (but will be reviewed after Q2). NIM stood at 4.26% for Q1 (4.34% including a one-off 8 bps interest recovery).
- The fixed-rate loan book increased to 34% while the MCLR-linked book reduced from to 9%. The EBLR book remained stable at 55%. Management cautioned that the margin support from this mix shift may diminish in coming quarters.
- Management expects a 10 bps reduction in yield on advances next quarter, describing it as a necessity for both acquiring fresh business and retaining existing customers. Corporate loan pricing remains competitive across the industry.
- Yield on investments was stable at 6.83% and management aspires to take it to ~7% by exit quarter through maturity of lower-yielding securities and reinvestment into SDLs and a calibrated ENZLER portfolio build-up.
- The LCR is at 123.61% and the management is comfortable to operate at and LCR in the range of ~115-120%.
- The management stated that majority gold loan portfolio is under Agri loan while retail gold loans constitute a smaller portion of the gold loan portfolio. The yields on this portfolio are in the range of ~11-12%.

Asset Quality

- Annualised credit costs printed in at 0.33%, with Rs. 0.90 bn allocated toward NPA migrations, standard assets, and restructured assets. Management indicated credit cost can be lower than 1% and expects it to come in well below that level.
- SMA-30 spiked from 0.17% to 0.22% sequentially, but management expressed confidence in maintaining the slippage ratio below 1% through ongoing monitoring. Working capital utilisation at 77-80% with no spike provides an additional comfort signal.
- The management opined that the bank's total floating and contingent buffers should be sufficient to absorb the transitory impact of ECL.
- On a run rate basis, the management does not expect the impact of ECL to be material sighting healthy SMA numbers.
- The management has re-iterated its guidance of maintaining the slippages below 1% levels. It has also guided for GNPA to remain below 1.5% levels while NNPA expected to remain below 1% levels.
- The management initially expected sectors like textiles, logistics and ceramics to be impacted to some extent by the geopolitical uncertainties. While the order inflows have slowed down to an extent, the bank has not seen any material signs of stress in these sectors.
- The bank had made a prudent provision of Rs. 1.63bn in 4Q pertaining to the uncertainties induced by the existing geopolitical conditions and continues to retain the same.

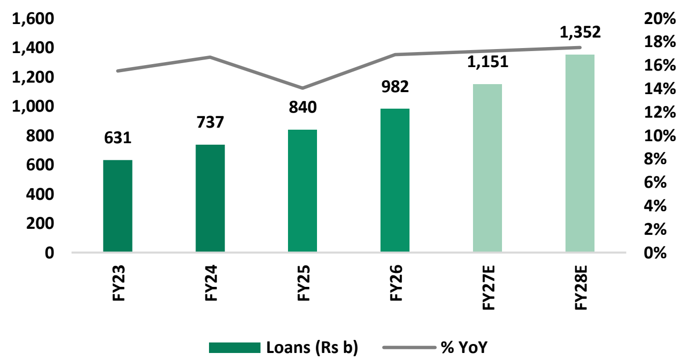
Key Charts

Fig 4: Loan growth remained robust at 6% QoQ/17% YoY



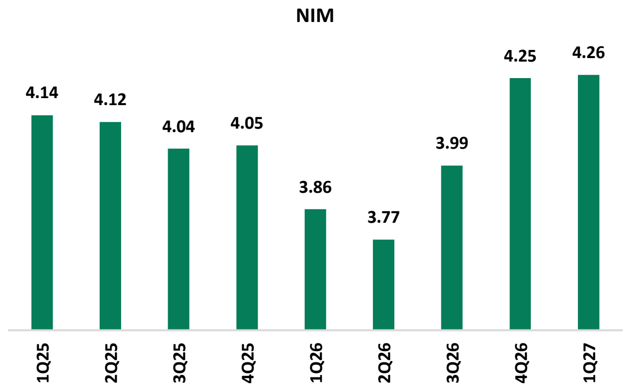
Source: Company, SMIFS Research

Fig 5: We expect strong loan growth momentum to persist



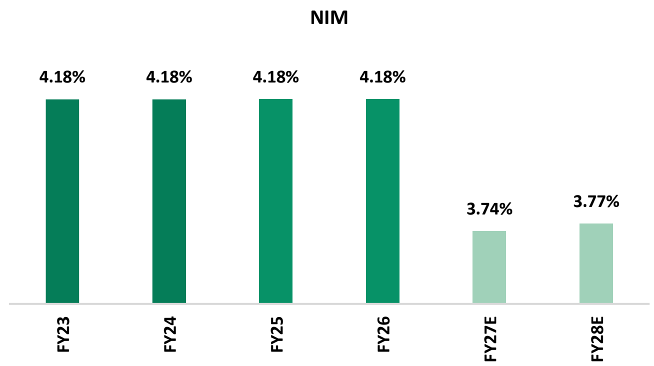
Source: Company, SMIFS Research

Fig 6: NIM improved marginally by 1bp QoQ (+40bps YoY) to 4.26% in 1Q27



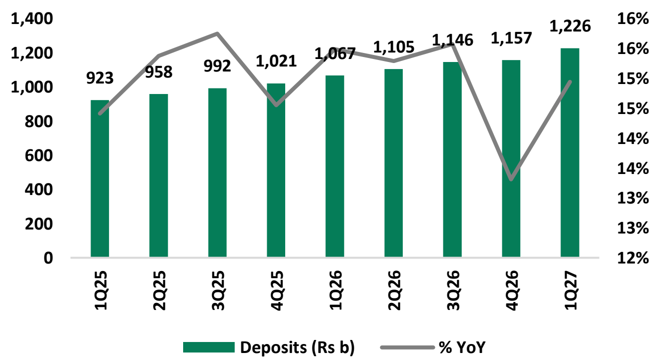
Source: Company, SMIFS Research

Fig 7: NIMs to decline in FY27 with yield of advances compression and cost of funds increase



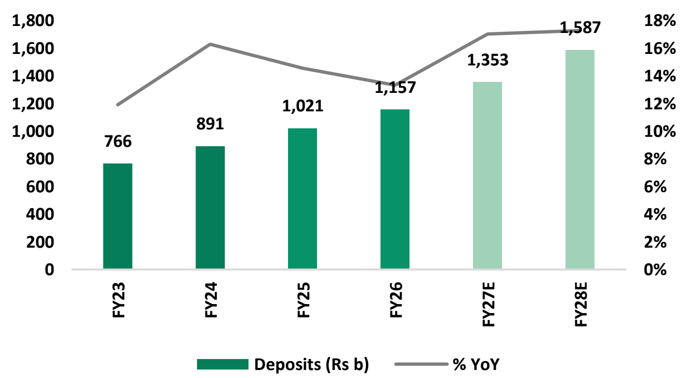
Source: Company, SMIFS Research

Fig 8: Deposit growth kept pace with advances at 6% QoQ, led by demand deposits (+19% QoQ)



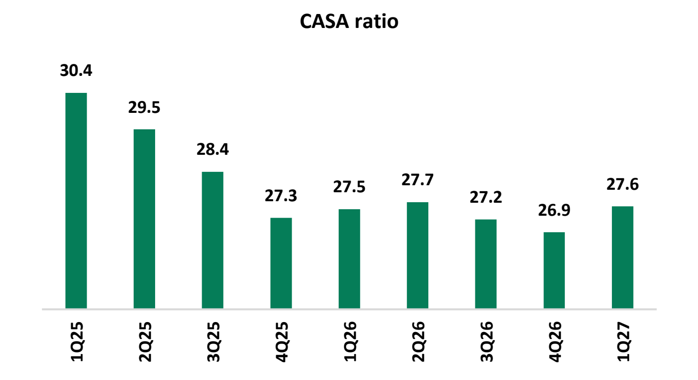
Source: Company, SMIFS Research

Fig 9: …which is set to remain robust



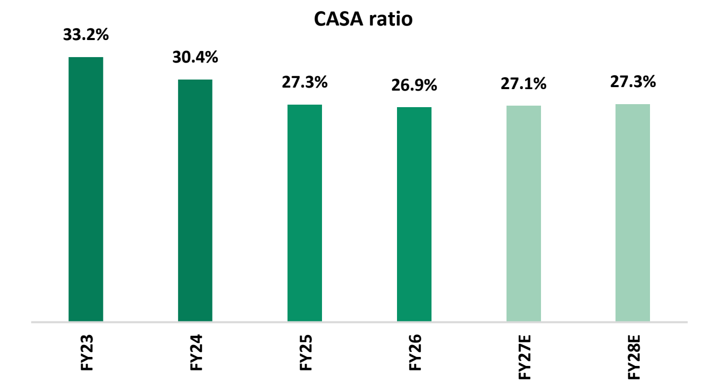
Source: Company, SMIFS Research

Fig 10: CASA ratio improved 64bps QoQ to 27.55% in 1Q27, reversing the recent declining trend



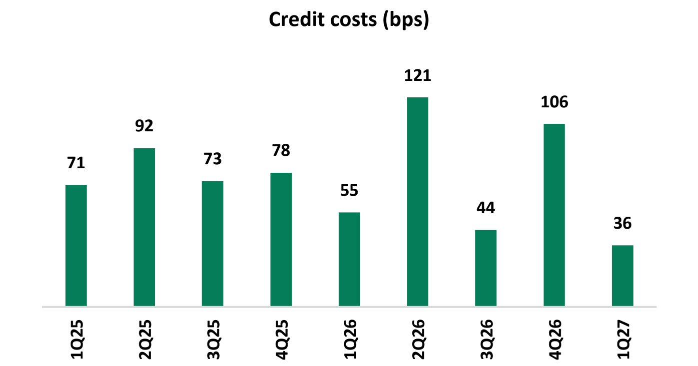
Source: Company, SMIFS Research

Fig 11: We expect CASA ratio to increase in FY27E due to the delayed impact of rate cuts



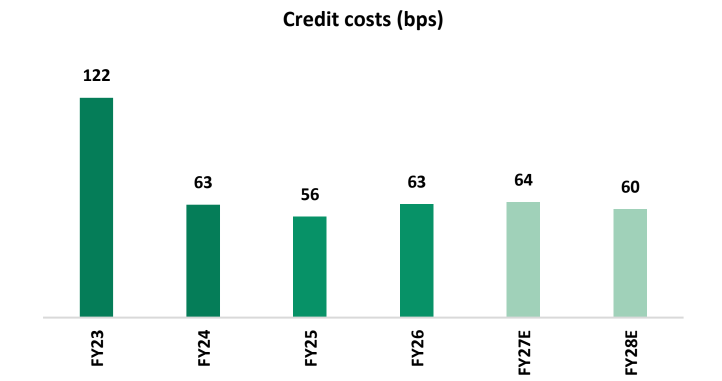
Source: Company, SMIFS Research

Fig 12: Credit costs eased 36bps in 1Q27 as provisions normalized



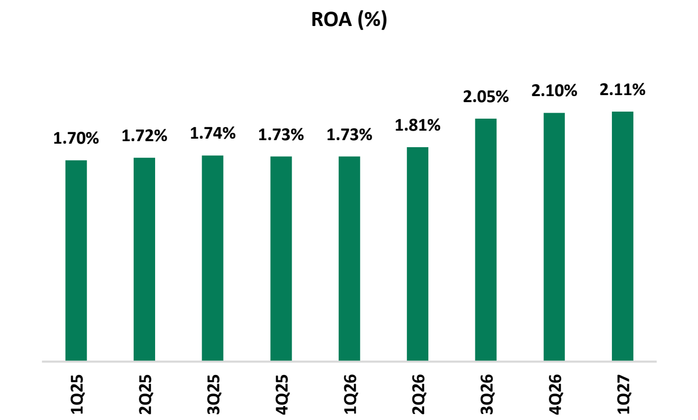
Source: Company, SMIFS Research

Fig 13: We expect credit costs to peak in FY27



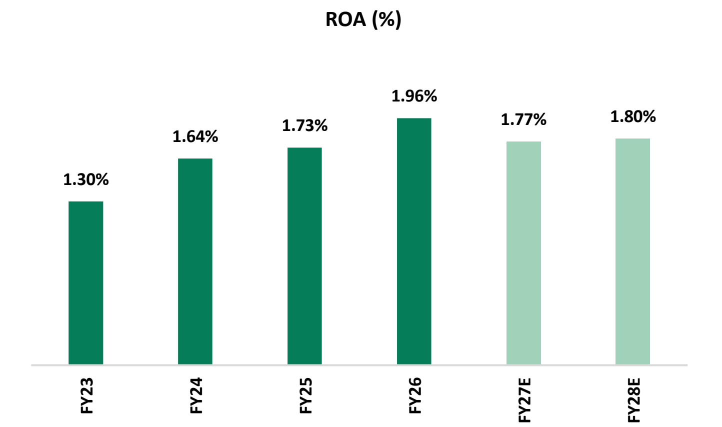
Source: Company, SMIFS Research

Fig 14: ROA improved further to 2.11% in 1Q27, extending the uptrend from 4Q's 2.1%



Source: Company, SMIFS Research; On calculated basis

Fig 15: We expect ~1.8% ROA on medium term



Source: Company, SMIFS Research

Financial Statements

Fig 16: KVB Income Statement, Balance Sheet and Key Figures on Quarterly Basis

Income Statement					
INR mn	1Q26	2Q26	3Q26	4Q26	1Q27
Interest Income	25,686	28,080	27,942	29,037	30,494
Interest Expense	14,892	15,468	15,549	15,449	16,267
Net Interest Income	**10,794**	**12,612**	**12,393**	**13,588**	**14,228**
Non-Interest Income	4,473	5,123	5,090	6,158	4,418
Operating Income	**15,266**	**17,735**	**17,482**	**19,746**	**18,645**
Employee expenses	3,649	3,651	3,632	3,408	3,993
Other expenses	3,562	3,910	3,796	3,871	3,697
Operating expenses	**7,211**	**7,561**	**7,429**	**7,278**	**7,689**
Operating profit	**8,055**	**10,174**	**10,053**	**12,468**	**10,956**
Provisions	1,181	2,744	1,048	2,577	903
PBT	**6,874**	**7,430**	**9,006**	**9,891**	**10,053**
Tax	1,659	1,691	2,106	2,641	2,496
PAT	**5,215**	**5,740**	**6,900**	**7,250**	**7,557**
Basic EPS (₹)	6.48	5.94	7.14	7.50	7.82

Growth % qoq					
INR mn	1Q26	2Q26	3Q26	4Q26	1Q27
Interest Income	2.1%	9.3%	-0.5%	3.9%	5.0%
Interest Expense	4.4%	3.9%	0.5%	-0.6%	5.3%
Net Interest Income	**-0.9%**	**16.8%**	**-1.7%**	**9.6%**	**4.7%**
Non-Interest Income	-12.2%	14.5%	-0.7%	21.0%	-28.3%
Operating Income	**-4.5%**	**16.2%**	**-1.4%**	**12.9%**	**-5.6%**
Employee expenses	-5.2%	0.1%	-0.5%	-6.2%	17.2%
Other expenses	-5.9%	9.8%	-2.9%	2.0%	-4.5%
Operating expenses	**-5.6%**	**4.9%**	**-1.8%**	**-2.0%**	**5.7%**
Operating profit	**-3.5%**	**26.3%**	**-1.2%**	**24.0%**	**-12.1%**
Provisions	-26.8%	132.2%	-61.8%	145.9%	-65.0%
PBT	**2.0%**	**8.1%**	**21.2%**	**9.8%**	**1.6%**
Tax	3.6%	1.9%	24.6%	25.4%	-5.5%
PAT	**1.6%**	**10.1%**	**20.2%**	**5.1%**	**4.2%**
Basic EPS (₹)	1.6%	-8.3%	20.2%	5.0%	4.3%

Balance Sheet					
INR mn	1Q26	2Q26	3Q26	4Q26	1Q27
Cash and balances	72,660	62,060	51,170	53,026	68,720
Investments	2,54,000	2,78,240	2,97,820	2,90,199	2,92,020
Advances	8,89,440	9,21,850	9,65,420	9,81,906	10,40,990
Fixed Assets	4,920	5,110	5,070	5,016	4,930
Other Assets	32,700	33,730	36,190	35,883	36,980
Total Assets	**12,53,720**	**13,00,990**	**13,55,670**	**13,66,031**	**14,43,640**
Capital	1,610	1,930	1,930	1,933	1,930
Reserves and Surplus	1,22,850	1,26,030	1,32,800	1,39,145	1,47,390
Total Equity	**1,24,460**	**1,27,960**	**1,34,730**	**1,41,079**	**1,49,320**
Deposits	10,66,500	11,04,920	11,45,950	11,56,657	12,25,870
Borrowings	18,430	25,170	30,310	26,226	20,770
Other Liabilities	44,320	42,940	44,680	42,069	47,680
Total Liabilities and Equity	**12,53,710**	**13,00,990**	**13,55,670**	**13,66,031**	**14,43,640**
BVPS (₹)	154.6	132.6	139.6	145.9	153.5

Growth % qoq					
INR mn	1Q26	2Q26	3Q26	4Q26	1Q27
Cash and balances	-6.9%	-14.6%	-17.5%	3.6%	29.6%
Investments	6.6%	9.5%	7.0%	-2.6%	0.6%
Advances	5.9%	3.6%	4.7%	1.7%	6.0%
Fixed Assets	0.4%	3.9%	-0.8%	-1.1%	-1.7%
Other Assets	1.1%	3.1%	7.3%	-0.8%	3.1%
Total Assets	**5.0%**	**3.8%**	**4.2%**	**0.8%**	**5.7%**
Capital	0.0%	19.9%	0.0%	0.2%	-0.2%
Reserves and Surplus	4.4%	2.6%	5.4%	4.8%	5.9%
Total Equity	**4.3%**	**2.8%**	**5.3%**	**4.7%**	**5.8%**
Deposits	4.5%	3.6%	3.7%	0.9%	6.0%
Borrowings	51.4%	36.6%	20.4%	-13.5%	-20.8%
Other Liabilities	7.0%	-3.1%	4.1%	-5.8%	13.3%
Total Liabilities and Equity	**5.0%**	**3.8%**	**4.2%**	**0.8%**	**5.7%**
BVPS (₹)	4.3%	-14.2%	5.3%	4.5%	5.2%

Ratios & Key Figures					
%	1Q26	2Q26	3Q26	4Q26	1Q27
CASA and CD Ratio					
CASA Ratio	27.48%	27.65%	27.33%	26.91%	27.55%
CD Ratio (LDR)	83.4%	83.4%	84.2%	84.9%	84.9%
Margins					
Reported NIM	3.86%	3.77%	3.99%	4.25%	4.26%
Calculated NIMs	3.64%	4.07%	3.85%	4.12%	4.09%
Yield on Advances	9.9%	10.3%	9.7%	9.7%	9.7%
Cost of funds	5.6%	5.6%	5.4%	5.2%	5.3%
P&L Ratios					
Core fees % Non-II	56%	49%	52%	45%	61%
Non-II Ratio	29%	29%	29%	31%	24%
Staff costs % opex	51%	48%	49%	47%	52%
CTI	47%	43%	42%	37%	41%
Tax Rate	24%	23%	23%	27%	25%

Ratios & Key Figures					
%	1Q26	2Q26	3Q26	4Q26	1Q27
Capital Ratios					
Tier 1 Ratio	16.3%	16.6%	15.1%	17.7%	18.0%
Capital Adequacy Ratio (%)	17.4%	16.6%	16.1%	18.8%	18.6%
RWA % Advances	78.1%	78.6%	77.6%	77.1%	77.7%
Asset Quality					
Gross NPA Ratio	0.7%	0.8%	0.7%	0.8%	0.7%
Net NPA Ratio	0.2%	0.2%	0.2%	0.2%	0.2%
PCR	71.3%	75.2%	73.3%	75.0%	74.6%
Slippage ratio	0.84%	1.16%	0.63%	0.75%	0.53%
Calc Credit costs	0.54%	0.80%	0.47%	0.77%	0.33%
Returns					
ROA	1.7%	1.8%	2.1%	2.1%	2.1%
ROE	16.8%	17.9%	20.5%	20.6%	20.2%

Source: Company, SMIFS Research; Calculated NIMs or 2Q &4Q includes interest recovery and interest on IT refund

Fig 17: KVB Income Statement, Balance Sheet and Key Figures on Annual Basis

Income Statement					
INR mn	FY24	FY25	FY26	FY27E	FY28E
Interest Income	82,039	96,780	110,744	126,015	148,992
Interest Expense	43,947	54,181	61,358	73,043	86,487
Net Interest Income	**38092**	**42599**	**49385**	**52971**	**62505**
Non-Interest Income	16,587	18,296	20,843	20,994	22,989
Operating Income	**54,679**	**60,895**	**70,229**	**73,966**	**85,494**
Employee expenses	14,610	14,492	14,340	15,834	17,600
Other expenses	11,777	14,279	15,138	16,528	19,398
Operating expenses	**26,388**	**28,771**	**29,479**	**32,363**	**36,998**
Operating profit	**28,291**	**32,123**	**40,750**	**41,603**	**48,496**
Provisions	7290	6495	7642	6986	7625
PBT	**21,002**	**25,628**	**33,108**	**34,618**	**40,871**
Tax	4,954	6,212	8,004	8,481	10,013
PAT	**16,048**	**19,416**	**25,103**	**26,136**	**30,858**
Basic EPS (₹)	19.95	24.12	25.97	27.04	31.92
DPS (₹)	2.40	2.60	2.60	2.70	2.80
Payout Ratio	12.0%	10.8%	10.0%	10.0%	8.8%

Growth % YoY					
INR mn	FY24	FY25	FY26	FY27E	FY28E
Interest Income	25.9%	18.0%	14.4%	13.8%	18.2%
Interest Expense	38.7%	23.3%	13.2%	19.0%	18.4%
Net Interest Income	**13.7%**	**11.8%**	**15.9%**	**7.3%**	**18.0%**
Non-Interest Income	43.1%	10.3%	13.9%	0.7%	9.5%
Operating Income	**21.3%**	**11.4%**	**15.3%**	**5.3%**	**15.6%**
Employee expenses	45.2%	-0.8%	-1.0%	10.4%	11.2%
Other expenses	14.8%	21.2%	6.0%	9.2%	17.4%
Operating expenses	**29.9%**	**9.0%**	**2.5%**	**9.8%**	**14.3%**
Operating profit	**14.3%**	**13.5%**	**26.9%**	**2.1%**	**16.6%**
Provisions	-29.8%	-10.9%	17.7%	-8.6%	9.2%
PBT	**46.2%**	**22.0%**	**29.2%**	**4.6%**	**18.1%**
Tax	49.8%	25.4%	28.9%	6.0%	18.1%
PAT	**45.1%**	**21.0%**	**29.3%**	**4.1%**	**18.1%**
Basic EPS (₹)	44.7%	20.9%	7.7%	4.1%	18.1%
DPS (₹)	20.0%	8.3%	0.0%	3.8%	3.7%
Payout Ratio	-2.5%	-1.2%	-0.8%	0.0%	-1.2%

Balance Sheet					
INR mn	FY24	FY25	FY26	FY27E	FY28E
Cash and balances	56,586	78,067	53,026	61,222	72,747
Investments	2,23,435	2,38,313	2,90,199	3,22,159	3,76,127
Advances	7,36,675	8,40,045	9,81,906	11,50,794	13,52,183
Fixed Assets	4,329	4,902	5,016	5,518	6,070
Other Assets	34,827	32,347	35,883	40,189	45,012
Total Assets	**10,55,852**	**11,93,674**	**13,66,031**	**15,79,882**	**18,52,139**
Capital	1,609	1,610	1,933	1,933	1,933
Reserves and Surplus	98,792	1,17,685	1,39,145	1,62,672	1,90,823
Total Equity	**1,00,401**	**1,19,295**	**1,41,079**	**1,64,605**	**1,92,756**
Deposits	8,91,127	10,20,780	11,56,657	13,53,412	15,87,023
Borrowings	24,784	12,170	26,226	33,826	41,881
Other Liabilities	39,540	41,429	42,069	28,040	30,479
Total Liab and Equity	**10,55,852**	**11,93,674**	**13,66,031**	**15,79,882**	**18,52,139**
BVPS (₹)	124.8	148.2	145.9	170.3	199.4

Growth % YoY					
INR mn	FY24	FY25	FY26	FY27E	FY28E
Cash and balances	20.5%	38.0%	-32.1%	15.5%	18.8%
Investments	18.8%	6.7%	21.8%	11.0%	16.8%
Advances	16.7%	14.0%	16.9%	17.2%	17.5%
Fixed Assets	-0.5%	13.2%	2.3%	10.0%	10.0%
Other Assets	12.1%	-7.1%	10.9%	12.0%	12.0%
Total Assets	**17.1%**	**13.1%**	**14.4%**	**15.7%**	**17.2%**
Capital	0.3%	0.1%	20.1%	0.0%	0.0%
Reserves and Surplus	17.3%	19.1%	18.2%	16.9%	17.3%
Total Equity	**17.0%**	**18.8%**	**18.3%**	**16.7%**	**17.1%**
Deposits	16.3%	14.5%	13.3%	17.0%	17.3%
Borrowings	73.1%	-50.9%	115.5%	29.0%	23.8%
Other Liabilities	12.1%	4.8%	1.5%	-33.3%	8.7%
Total Liab and Equity	**17.1%**	**13.1%**	**14.4%**	**15.7%**	**17.2%**
BVPS (₹)	16.6%	18.7%	-1.5%	16.7%	17.1%

Ratios & Key Figures					
%	FY24	FY25	FY26	FY27E	FY28E
CD and CASA Ratio					
CASA Ratio	30%	27%	27%	27%	27%
CD Ratio (LDR)	83%	82%	85%	85%	85%
Margins					
Reported NIM	4.18%	4.18%	4.18%	3.74%	3.77%
Calculated NIMs	4.23%	4.10%	4.16%	3.85%	3.88%
Yield on Advances	10.0%	10.2%	10.0%	9.8%	9.9%
Cost of funds	5.2%	5.6%	5.5%	5.7%	5.7%
P&L Ratios					
Core fees % Non-II	52%	53%	50%	53%	54%
Non-II Ratio	30%	30%	30%	28%	27%
Staff costs % opex	55%	50%	49%	49%	48%
CTI	48%	47%	42%	44%	43%
Tax Rate	24%	24%	24%	25%	25%
Capital Ratios					
Tier 1 Ratio	15.5%	15.5%	17.7%	17.3%	17.0%
CRAR (%)	16.7%	16.7%	18.8%	18.3%	17.8%
RWA % Advances	83.0%	72.8%	77.1%	78.5%	79.0%

Ratios & Key Figures					
%	FY24	FY25	FY26	FY27E	FY28E
Asset Quality					
Gross NPA Ratio	1.4%	0.8%	0.8%	0.7%	0.7%
Net NPA Ratio	0.4%	0.2%	0.2%	0.2%	0.2%
Slippage ratio	0.7%	0.6%	0.8%	0.7%	0.6%
Calc Credit costs	0.63%	0.56%	0.63%	0.64%	0.60%
Returns					
ROA	1.6%	1.7%	2.0%	1.8%	1.8%
ROE	17.2%	17.7%	19.3%	17.1%	17.3%
Valuation					
P/B	2.4x	2.0x	2.1x	1.8x	1.5x
P/ABV	2.4x	2.0x	2.1x	1.8x	1.5x
P/E	15.1x	12.5x	11.6x	11.1x	9.4x

Source: Company, SMIFS Research

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