



“Bandhan Bank Limited Q4FY26 Earnings Conference Call”

April 28, 2026



MANAGEMENT: **MR. PARTHA PRATIM SENGUPTA** – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER–BANDHAN BANK LIMITED
MR. RATAN KUMAR KESH – EXECUTIVE DIRECTOR AND CHIEF
OPERATING OFFICER – BANDHAN BANK LIMITED
MR. RAJINDER KUMAR BABBAR – EXECUTIVE DIRECTOR AND
CHIEF BUSINESS OFFICER – BANDHAN BANK LIMITED
MR. RAJEEV MANTRI – CHIEF FINANCIAL OFFICER –
BANDHAN BANK LIMITED
MR. VIKASH MUNDHRA – HEAD OF INVESTOR RELATIONS –
BANDHAN BANK LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Bandhan Bank Limited Q4FY26 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'll now hand the conference over to Mr. Vikash Mundhra, Head of Investor Relations for opening remarks. Thank you, and over to you.

Vikash Mundhra: Thank you, Ryan. Good evening, everyone and welcome to Bandhan Bank's earning call to discuss our business and financial performance for the quarter and full year ended 31st Mar, 2026. Thank you for joining us today. We truly appreciate your time and participation. Within today's we will walk you through our operating performance, key developments during the period and our strategic priorities going ahead, along with our view on the operating environment.

Joining us this evening are **Mr. Partha Pratim Sengupta** - Managing Director and CEO; **Mr. Ratan Kumar Kesh** - Executive Director and Chief Operating Officer; **Mr. Rajinder Kumar Babbar** - Executive Director and Chief Business Officer; **Mr. Rajeev Mantri** - Chief Financial Officer and other members of the senior management team. I'm Vikash Mundhra, Head of Investor Relations. Following the management's remarks, we will be happy to take your questions on the quarter's performance and our outlook.

With that, I would now invite our Managing Director and CEO, Partha Sir to share his opening comments. Over to you, sir.

Partha Pratim Sengupta: Thank you, Vikash. Good evening, everyone, and thank you for joining us today. On behalf of Bandhan Bank, I am pleased to welcome you to our earnings call to discuss the financial performance for the fourth quarter and full year of FY26. We appreciate your continued trust on us. This has been an important and challenging year for the bank. And we look forward to sharing our perspectives on the quarter, the evolving operating environment and our priorities going forward.

This quarter marked an improvement across many key parameters, reflecting strengthening fundamentals across our core businesses. We saw encouraging momentum build through the quarter, underpinned by disciplined execution and a sharp focus on balance sheet quality.

On the **asset side**, advances continued to grow at a healthy pace. The EEB segment has not only stabilized but also delivered good sequential growth, reinforcing our confidence in the portfolio. At the same time, our secured book continued its strong growth trajectory, adding resilience to the overall loan portfolio.

On the **liability side**, we made meaningful progress in improving the quality and granularity of our deposits. CASA growth was strong during the quarter, and retail deposit mobilization continued to grow at an elevated trajectory. In parallel, we consciously reduced the share of high-cost bulk deposits, which has helped strengthen the liability profile and improve granularity going forward.

These actions are reflecting in our profitability metrics as well. Margins showed an encouraging upward trend during the quarter, supported by the sustained reduction in the cost of funds. Fee income also saw a healthy pickup, led by the strong growth in recurring and predictable streams such as processing fees and third-party products income, further enhancing the stability of our revenue profile.

Asset quality trends during the quarter were constructive. We saw not only a decline in slippages on a sequential basis, but also a meaningful improvement across SMA buckets. This reflects improving portfolio behaviour and the effectiveness of our early warning & monitoring mechanisms and improved collection efficiency.

While the progress this quarter has been encouraging, we remain clear on the areas where we are sharpening our focus further. Granular deposit growth, including CASA, continues to be a key priority, and we are intensifying efforts to deepen customer engagement, create digital journeys and enhance product propositions to further strengthen our liability franchise. Operating expenses were elevated during the quarter due to some non-recurring items, and we remain focused on driving tighter cost discipline and improving operating leverage over the coming periods. Additionally, even as slippages and SMA trends improve, we continue to place strong emphasis on recovery efforts, limiting incremental stress and moving steadily towards our medium-term credit cost aspirations. This remains a core area of management focus.

Overall, the quarter reflects improving fundamentals, strengthening business momentum and continued balance sheet resilience. We believe the actions we are taking today will position the bank well for sustainable, profitable growth over the medium term. While my colleague and CFO, Mr. Rajeev Mantri, will shortly walk you through the financials in detail, I would like to highlight a few key performance indicators from the fourth quarter of FY26.

At the end of FY26, our gross advances stood close to INR 1.54 lakh crores, delivering a healthy 13% YoY growth. Deposit balances scaled up to Rs 1.66 lakh crores, supported by strong traction in retail and CASA deposits, reflecting our strategy of strengthening the quality and sustainability of our liabilities. Retail term deposits continued to scale up at a strong pace, recording growth of over 30% YoY, reflecting growing customer confidence and the effectiveness of our branch-centric distribution strategy. CASA balances strengthened sequentially and now account for 29% of total deposits. Consequently, the overall retail deposit composition, including CASA and retail term deposits, improved further to 74%, reinforcing the stability and granularity of our deposit base.

Our focus on optimizing the composition of the loan book continued, with the share of secured lending remaining largely stable over the quarter. The pace of growth of the secured book over the last year has been strong, enabling us to achieve our targeted portfolio alignment earlier than planned. We expect to sustain the current mix in the near to medium term with gradual increase.

The quarter saw healthy margin expansion, with NIMs improving sequentially to 6.2% as funding costs softened. Credit costs continued their downward trajectory and asset quality metrics strengthened, with gross and net NPA at 3.3% and 1.0%, respectively, and provision coverage at 85% including technical write-offs.

For Q4FY26, our net total income stood at INR 3,566 crores, while our operating profit was INR 1,441 crores. I am pleased to inform that the bank reported a PAT of INR 534 crores for the quarter, depicting a growth of 68% YoY.

Our capital position remains robust. The capital adequacy ratio improved and stood at 18.0% and Tier 1 capital at 17.3%. This provides ample headroom to support the future growth.

We also continued to expand our distribution footprint, taking the branch network to 1,955 branches. During the year, apart from adding new branches, we have upgraded most of our housing finance centers to full-fledged banking branches, and some of them also got merged with the existing branches. Further, we also have 4,400 EEB banking units spread across the country. This expansion and reach enhance and further strengthens our ability to serve customers more effectively.

Furthermore, I am pleased to inform you that the Board of Directors has recommended a dividend of INR 1.50 per share, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

To conclude, the performance this quarter reflects the tangible progress we have made across growth, profitability, asset quality and balance sheet strength. The improvement we are seeing is broad-based and driven by clear strategic direction, disciplined execution and a sustained focus on building a resilient and sustainable franchise.

While we remain mindful of the external environment and are assessing its implications, our priorities remain unchanged - strengthening our core businesses, improving the quality of growth, driving efficiency and consistently enhancing shareholders' value. With a strong capital position, improving fundamentals and a clear roadmap ahead, we believe Bandhan Bank is well-positioned to deliver steady and sustainable performance going forward.

With that, I would now like to hand over the call to our Chief Financial Officer, Shri Rajeev Mantri, who will take you through the financial performance in greater detail. After that, we will be happy to take your questions. Thank you.

Rajeev Mantri:

Thank you, Partha sir, and a warm welcome to everyone on the call. We'll begin by reviewing the bank's operating performance for the quarter. I will briefly cover the key financial highlights along with it will also discuss our business progress over the period.

We'll start with the **advance's portfolio**, where the development this quarter underscores the steady headway, we are making in repositioning and strengthening the balance sheet. As of 31st Mar, 2026, the loan book stood at INR 1.54 lakh crores, delivering 13% YoY growth and a healthy 6% sequential expansion, supported by momentum across all major businesses.

The EEB portfolio at INR 53,906 crores remains lower on a yearly comparison, which was an industry-wide phenomenon, but it posted a strong sequential growth of 8% during the quarter. Growth in the non-EEB segments remains robust, with the portfolio expanding 25% YoY. This book represents close to two-thirds of total advances, reflecting continued progress in portfolio diversification.

Within the non-EEB book, retail assets recorded strong growth of 46% YoY, driven largely by secured products such as commercial vehicles, construction equipment, auto loans and gold loans. Wholesale banking also delivered solid expansion of 33% YoY, aided by deeper client engagement and disciplined execution.

The secured book grew 25% YoY and now forms nearly 56% of the overall portfolio, supporting further improvement in the asset quality and risk resilience. Overall, the advance mix is more balanced and de-concentrated, with no single segment dominating the book. EEB group lending accounts for 23% of advances, small business and agri loans at 12%, wholesale banking - 31%, housing - 23% and retail loans nearly 11% of total advances.

Turning to liabilities, the total deposits stood at INR 1.66 lakh crores as of 31st Mar, 2026, reflecting a 10% increase over last year and a sequential growth of 6% compared to the previous quarter, which was broadly tracking the expansion in advances. Growth was consciously moderated as we focused on strengthening retail-led deposits without tapping incremental bulk funding.

A key highlight has been the continued moderation of bulk deposits, which declined 7% YoY. The share of bulk deposits now stands at about 26% of total deposits, down from 31% last year, reflecting a clear and deliberate move away from higher cost, less stable funding sources towards a more resilient and granular liability structure. Within our bulk deposit base, it is also important to highlight that around 89% of these deposits are non-callable in nature. This provides meaningful visibility and stability to our funding profile.

Our retail deposit franchise continues to scale well. Retail balances, including CASA and retail term deposits, grew 18% YoY. Retail term deposits, in particular, showed strong traction with 30% YoY growth, underscoring customer confidence and deeper engagement with the franchise.

On CASA, balances increased to INR 48,752 crores, delivering strong 14.1% sequential growth, driven largely by a sharp pickup in the current accounts. Savings balances also moved up 7% during the quarter. As a result, the CASA ratio improved to 29.3%, up by nearly 200 bps QoQ.

Let me now turn to **asset quality**, where we continue to see consistent improvement across the key parameters, reflecting better portfolio behaviour and disciplined execution.

Starting with collections, performance strengthened further during the quarter. Overall collection efficiency, excluding NPA, improved to 98.9% in March 2026, up from 98.1% in December 2025. Within the EEB portfolio, collections remained strong, with quarter-wide efficiency at 99.3% versus 98.2% in Q3FY26. And for the month of March specifically, it was 98.6%, up from 98.0% in December. This represents the collection efficiency ex-NPA. Additional details for this are available in Slide 22 of our investor deck.

If we talk about the collection efficiency ex-bucket, that reflects even a better trajectory. It used to be at 99.3% in Q3FY26, has improved to 99.6% for Q4FY26, and in fact, for the month of March, it was at 99.7%.

Improvements are equally evident in slippage trends. Gross slippages at the bank level declined sharply to INR 1,028 crores in Q4 compared to INR 1,314 crores in the previous quarter. This moderation was largely driven by the EEB segment, where slippages reduced meaningfully to INR 690 crores compared to INR 942 crores in Q3FY26. At the same time, recoveries and upgrades improved sequentially, though marginally, taking the total to INR 360 crores during the quarter.

Early delinquency indicators are also moving in the right direction. In the EEB book, the 0 to 90 DPD pool declined to about 3.1% of advances, down from 4.6% in the prior quarter, with the sharpest reduction seen in the SMA 0 category. Please refer Slide 23 of the investor deck for more details.

As a result of these trends, inherent asset quality metrics strengthened further. Gross NPAs remained stable at 3.3%, while net NPAs improved marginally to 1.0%. Credit cost moderated to 2% for the quarter compared to 3.3% in Q3FY26 and stood at 3% for the full year of FY26. Provisioning coverage remains comfortable, with PCR at 71.1%, which rises to 74.2% if we include the provisions against security receipts, and it rises to 84.9% when adjusted for technical write-offs, which means including technical write-offs.

With that, I move on to the **financial performance** for the quarter, beginning with net interest income. NII for the quarter stood at INR 2,796 crores, reflecting a 1.4% YoY growth and a 4% sequential increase. This was accompanied by strong expansion in margins, with NIMs improving to 6.2% up from 5.9% in Q3. The margin uplift was primarily driven by nearly a 23 basis points QoQ reduction in deposit costs, along with a 14 basis points improvement in advances yields.

Turning to other income, performance was encouraging with growth of 10% YoY and sharp 12% increase over the previous quarter. Within this, the third-party products distribution income rose significantly by 34% YoY, reflecting improved branch level penetration and stronger cross-sell execution. Processing fee income also rebounded, supported by higher disbursement volumes, especially within the EEB portfolio.

Moving to expenses, the operating cost for the quarter came in at INR 2,125 crores, representing a 10% increase sequentially. This was largely attributable to non-recurring items, namely PSLC-related costs and technology expenditures. On a full-year basis, however, operating cost growth remained well-contained at 9% YoY, while the opex to average assets ratio rose to 4.4% for the quarter due to these few non-recurring items. For the full year FY26, the opex to average assets ratio remained within our guided level and was at around 4%.

Consequently, operating profit for Q4 stood at INR 1,441 crores. After accounting for provisions and taxes, the net profit for Q4 was INR 534 crores, representing a 68% increase over the same period last year and 159% increase over the previous quarter. Return metrics for the quarter also strengthened, with return on assets for the quarter was at 1.1% and the return on equity was at 9%, reflecting improved operating efficiency underlying profitability.

Briefly turning to the **full-year performance**, NII for FY26 stood at INR 10,830 crores, decline of 5.8% YoY on account of moderation in NIM led by continued expansion of secured book and impact of the repo rate cut. Operating profit stood at INR 5,855 crores, reflecting resilience in core earnings. NIM, opex to assets and credit cost for FY26 were 6.1%, 4.0% and 3.0%, respectively. Higher credit cost was on account of pressure on the EEB book – an industry-wide phenomenon, that we saw play out during the year. Net profit for the full year FY26 was INR 1,224 crores, resulting in an annualized ROA of 0.6% and ROE of 5%.

To summarize, the quarter reflects steady progress across growth, asset quality, margins and balance sheet resilience. Our actions over the past few quarters are translating into a more stable portfolio, improving profitability, while staying disciplined on risk and cost. We remain focused on sustainable growth, strengthening the liability franchise and further improving the return metrics.

With that, I'll now hand it back to the moderator, and we'll be happy to take your questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Piran Engineer from CLSA. Please go ahead.

Piran Engineer: Yes. Hi, good evening. So just first question is what led to the strong average CA growth this quarter?

Rajeev Mantri: We will have Suresh answer this.

- Suresh Chandran:** We had focused on current account affluent segment where we could manage a good growth in the current account at the granular level month-on-month, which has resulted in the total growth, which has happened throughout the year.
- Piran Engineer:** Okay. So, there's no seasonality in this, right? It won't fall in 1Q?
- Suresh Chandran:** These are small SME customers who have opened the current accounts with us. There is no major seasonality linkage.
- Partha Pratim Sengupta:** And our staff department has also continued to show deposits from the various trust that has also added.
- Rajeev Mantri:** So, Piran the results of all the business initiatives and efforts, geared towards improving the current accounts.
- Piran Engineer:** And is there any particular target CA ratio that we have in mind?
- Partha Pratim Sengupta:** So, we'll continue to improve. We have not yet crystallized the target to what percentage we'll come. But definitely, our focus is that we will continue to improve. Last year also, on CASA, we were at 31%. The sooner we achieve this milestone to set up a goal to fix our next target.
- Rajeev Mantri:** Yes, I think our overall CASA if you see has gone up from 27.3% to 29.3%, within that CA has improved further. As Partha sir mentioned, we'll continue to improve it further. We are also broad basing and introducing more products within the table of current accounts and savings that will help us in terms of improving the CASA further.
- Piran Engineer:** Understood. Okay. Fair enough. Secondly, how are we thinking about neutralizing our PSL shortfall and go back to that era of selling PSLC rather than purchasing PSLC?
- Rajeev Mantri:** So, a number of steps have been taken in this regard. This year, PSL cost has been definitely quite high. And in the Q4 also, we had to incur a cost of around INR 150 crores, INR 60 crores higher vs. last quarter. So, what we have done is that we have revamped our entire credit process in our EEB segment to quality more portfolio in the PSL and also incremental focus on our direct agriculture loans. The effect of these is going to come, as in this year, we are expecting that the PSL cost would come down by almost 50% to what we have incurred in FY26. That is our aim this year. Going forward, next year, it will be almost neutralized or coming to zero. And after that, we will continue to earn from this PSL portfolio.
- Piran Engineer:** And sir, this is all from direct agri loans?
- Partha Pratim Sengupta:** It will be more from the EEB segment also where allied agri loans will be covered and also the agri loan and also the small marginal farmers that is what I expect is.

- Rajeev Mantri:** So, we have improved the process that we have for microfinance loans for EEB segment and the percentage of EEB loans for PSL has been improving steadily, which will also help us going forward.
- Piran Engineer:** Okay. But then, Rajeev, what sort of EEB loans today do not classify for PSL and going forward, they will classify, like what is the change, if you can?
- Partha Pratim Sengupta:** No. Again, I'm telling you that it is more of a revamping of a process. So currently, what was there the agriculture of the allied agriculture loans that we're giving it are not getting captured into our system. So, we have made that available and I can tell you that currently, a year ago, it was only 10% or 15% of the EEBs, which was coming under the PSL, qualifying for PSL. Now it has already increased to 40%.
- Going forward, it will increase to 60%, 65%. So, the revamping has already been done. And you see for the RBI also in the circular clearly mandates that banks have to follow a certain process and procedures to get them qualified. So those steps have been taken, and we are now already seeing the green shoots. As I told you that almost 40% now have been covered on the EEB segment. So going forward, this percentage would increase. And apart from that, we are also focusing on the agriculture loans. That is a direct to agriculture which will have the PSL effect.
- Piran Engineer:** Understood. And sir, my next question is about the vehicle business. Vehicle finance now with the book is INR 5,000 – INR 6,000 crores. It's a decent size. Can you talk a bit about it? How much -- firstly, who is our typical customer who comes to us? Secondly, how much of the cross-sell happens to own deposit customers versus open market and is this entirely car loans or is it 2wheelers EV, etcetera, also?
- Partha Pratim Sengupta:** Yes. So Hirak will be answering, he's our Retail Head.
- Hirak Joshi:** So, this is to answer your first question, the vehicle loans include 2-wheeler as well as car loans and the customer segment is salaried and self-employed mix, but majorly it is salaried segment. When it comes to other vehicle finance which we talked about is commercial vehicle and construction equipment, where our major focus currently is on a strategic and super strategic customer and some portions say about 9% - 10% of our customers in the CV/CE are retail who are holding the fleet of less than 10 vehicles. And about the cross-selling, so currently about almost 20% of our volume comes from our own customers, which we call it in an existing branch customer.
- Piran Engineer:** Okay. Sir, just broadly, what is the mix of loans between CV, PV, 2-wheelers?
- Hirak Joshi:** Okay. So, about INR 3,000 crores is commercial vehicles, about INR 1,700 crores is construction equipment, about INR 1,800 crores is car loans and about INR 900 crores are 2-wheelers loans.
- Piran Engineer:** Okay. This is perfect. That's it from my end. Thanks and wish you all the best.

- Moderator:** Thank you. We'll take the next question from the line of Zhixuan Gao from Schonfeld. Please go ahead.
- Zhixuan Gao:** Hi, thank you for opportunity. Just on the operating expenses, you mentioned there are some multiple one-offs. Do you mind giving some colour on quantifying those please?
- Partha Pratim Sengupta:** There is some disturbance. Can you just repeat your question?
- Zhixuan Gao:** Okay. On the operating expenses, you mentioned there are one-off factors. Do you mind quantifying those one-off factors and which were they?
- Rajeev Mantri:** Yes. So, I think during the quarter, we had a couple of items which actually do not appear to be recurring. So, one is the PSLC cost, the Priority Sector Lending Certificate cost, which as we said that we have taken actions that this should go -- will get reduced. So, during the quarter, we had roughly around INR 60 crores of increase vs. last quarter that came through because of the PSLC costs.
- Apart from that, we had an increase in the IT expenses also, which was also amounting to a similar level of around INR 50 crores. Within this, there are a number of items which were more timing-related issues and therefore we don't expect that to get repeated immediately. These two, I think, are a couple of the recurring items, which came through during the quarter, roughly amounting to about INR 120 crores.
- Zhixuan Gao:** Got it. And then the next question is opportunity about, I know the macro concern, assuming kind of relatively stable environment, how should we think about ROA for FY27?
- Rajeev Mantri:** Sorry, the audio wasn't very clear. We couldn't understand the question.
- Partha Pratim Sengupta:** Your voice is breaking actually. If you can speak a little bit slowly I think it will be better.
- Zhixuan Gao:** Okay. Any thought on FY27 ROA?
- Partha Pratim Sengupta:** On the ROA.
- Zhixuan Gao:** Yes.
- Rajeev Mantri:** ROA, we saw a improvement from 0.4% in Q3 to 1.1% in Q4 and the reason for this is one is we have seen improvement in the income as we had highlighted the cost of deposits have come down and also the other income has seen an improvement. Apart from this, we have seen a reduction in the slippages, which led to a reduction in the provisioning of the credit costs. And these factors, despite a bit of a partial offset through increase in expenses, overall, we still saw the overall profitability improved sequentially.
- And going forward, as we have been guiding the market, we will be working towards seeing how we can gradually keep on improving the ROA towards the guided level of between 1.6% to 1.7% ROA by the exit of FY27, give or take 10 basis points.

So we intend to make sequential improvement towards that aided by multiple factors and also further sort of improvement in cost of fund that we envisage.

Partha Pratim Sengupta: So just to give more clarity on it, the major. One of the major factors is that we could reduce our credit cost. So, 2%, number one. Number two is the NIM has increased as we've seen to 6.2%. And these are the 2 major factors. And definitely, the other income has also gone up. This is the third one. And the fourth is that despite an increase in the operating costs, the RoA have increased, so the trajectory of 1.1%+ has been maintained.

Zhixuan Gao: Got it thank you so much.

Moderator: Thank you. We take the next question from the line of Jayant Kharote from Axis Capital. Please go ahead.

Jayant Kharote: Thank you for the opportunity. So, first question is on the month of April, now that elections are almost closing in tomorrow. Anything that we should, I mean, I think this time, we didn't have any interruption, so to say, from collections. So fair to say the collection trends would have held up in -through the events of April as well?

Partha Pratim Sengupta: So let me tell you a clear picture that till now, there is no adverse effect on collection on account of, I would say, either election or middle east war. The collection efficiency, what Rajeev has stated is continuing. But definitely a few basis point, it comes down in the month of April, but which is quite common for the days. But on the ground, no adverse effect is being seen. And we are hopeful and expecting that this trend will continue.

Jayant Kharote: Great, sir. Sir, second question is on the RBI ECL impact. I don't know if you already spoken in the past about this but given that the direct. I mean, the final guidelines are exactly as what the draft was, you would have had some time to calculate. So how would your steady state credit costs look like? I'm not concerned about the onetime impact. I'm asking about the steady state credit cost. And just a corollary to that question also, on your unsecured book, what is the standard asset provisioning that you currently do?

Rajeev Mantri: So, Rajeev here. I think on the ECL, we do have the transition impact, which is based on the December 2025 portfolio based on the earlier draft circular. Yes, I think the latest circular came through yesterday. We are still going through if there are any further changes to that and what will be the implications of it.

But based on the earlier draft circular in December 2025 portfolio, the transition that we expect is to be roughly around INR 1,250 crores, which as we are allowed to transition it or spread it over 5 years would translate to about INR 250 crores per year impact.

Given the latest circular talks about this can be passed through the retained earnings or capital results, we expect roughly 16 to 17 basis points of impact on the CRAR every year for those 5 years. So that's the implication based on the transition.

The flow impact is still being computed. We don't have a number as of yet. As that gets computed, we'll have to assess the new circular implications and then we'll be able to come back to what the flow impact should be. But as of now, this is the range of impact based on the transition that I can share with you.

Jayant Kharote: Is there more to add on the standard asset provisioning?

Partha Pratim Sengupta: Standard asset provisioning.

Rajeev Mantri: Yes. On the standard asset provision, we basically, on the unsecured portfolio, which is, let's say, micro finance, which is the largest one.

Partha Pratim Sengupta: So correctly, we are having around INR 1,072 crores provisions on all the standard assets. So that entails actually that includes 2 additional provisions. One is that upon the standard assets, we take an additional 0.75%. And also, we have got an additional provision of around INR 136 crores. So with this, I think INR 1,072 provisions are already there in our books. So, our impact on the ECL going forward, the flowed is 5% in most of the cases, expecting some where the flowed is a little bit less.

But since we are already continuing to make 1% additional provision on the standard assets, which is 75 basis points higher than what is now required as per direct norms for the day. So, in fact, might be that will be 4% on the March value for the day. But I think that going forward, the way we are managing our assets if we can manage our SMA-1 and SMA-2 books much more prudently, this requirement will not have that much of effect on our credit cost.

Rajeev Mantri: And I think if I can translate these 2 percentages, for EEB, the requirement is 0.25%. We maintained 1%, which is 75 basis points higher, like Partha sir, mentioned. On personal loans and on ABG, it's around 0.4%, in line with the added requirements.

Jayant Kharote: So just to rehash everything, EEB, you're already maintaining 1%, non-EEB unsecured is the only portion where you have to go from 40 bps to 1%?

Rajeev Mantri: That's correct. That's right.

Jayant Kharote: Great. Thank you sir and congrats once again.

Rajeev Mantri: Thank you.

Moderator: Thank you. We take the next question from the line of Ankit Bihani from Nomura. Please go ahead.

Ankit Bihani: Hi thank you for the opportunity. I wanted to know that what proportion of your deposits would be government related? And the second question is, how should one think of margin trajectory from here on? Should we see improvement or a 4Q, generally, 4Q is the seasonally strong quarter, so can hear the moderation from here?

- Partha Pratim Sengupta:** Suresh, our Head of Branch Banking is answering this.
- Suresh Chandran:** So, our government deposits on the CASA side will be around INR 6,000 crores out of the total deposits that we have CASA deposits that we have.
- Partha Pratim Sengupta:** The retail composition is overall 74%, as you are seeing for that year, we have improved 69% last year. So, we have improved to 74%. We have reduced dependence on bulk deposits and majority of these bulk deposits used to come from the government departments also. So that portion, we have reduced it.
- Rajeev Mantri:** So, the CASA share works out to around 12%, 12% of CASA is from the government deposits.
- Ankit Bihani:** And on the margin side trajectory, just adding on to that. So TD repricing is largely done or we should see cost of funds benefit following through in the coming quarters as well?
- Rajeev Mantri:** Yes. I think as we have guided, we expected the cost of funds to continue to improve in Q4, Q1 and Q2. We have seen the improvement comes in Q1. The term deposit repricing has happened. And therefore, we had seen sequential improvement. And as a result, the margins have gone up from 5.9% to 6.2%, it's a 30 basis points increase, largely driven by the cost of funds, partly also due to the impact of lower slippages, resulting in lower interest reversals
- As we go through the next 2 quarters, we do expect further improvement because there are further term deposits coming in for renewals. So, we do expect at least another 10 to 20 basis points of improvement over the next 2 to 3 quarters.
- Ankit Bihani:** 10 to 20 basis improvement on cost of fund is it?
- Rajeev Mantri:** Yes, based on the cost of funds, improvement on the NIMs.
- Ankit Bihani:** And on the credit cost front, how should one think? Should we consider 4Q as our base? Or again, as you highlighted, there were lower due to lower slippages. So do you see the slippage trend moderate from here or we could see it slightly inch up in 1Q on the MFI business.
- Rajeev Mantri:** Yes, I think we have, as I mentioned, our X bucket collection efficiency has improved to 99.6% for the quarter and in fact March months, it was 99.7%. If we are able to maintain these levels, we definitely expect these slippages to continue to remain at these levels.
- We of course need to be wary of the implications of the war that's happening, what exactly happens on that front as well as any other externalities. But based on the efforts that the team has taken and the improvement in the collection efficiency, we do expect these slippages to hold at these levels and maybe improve marginally as well.
- Partha Pratim Sengupta:** What I was telling is that EEB has made a remarkable improvement. So, the slippages have been most, last quarter, it was INR 1,314 crores, it has come down to INR 1028 in Q4. And also

in the slippages, even if you see the EEB slippages has also reduced from INR 942 cores to INR 690 crores. So, the improvement trend is continuing.

Rajeev Mantri: Yes. I think this is an important point. The overall DPD pool also, we have seen an improvement. The EEB DPD pool has come down from 4.6% to 3.1% across SMA-0, SMA-1 and SMA-2. This is the biggest reduction in SMA-0. And that will also help us in terms of trailing to slippage for the next quarter at similar levels.

Ankit Bihani: Okay. And any growth outlook on the deposit and loan growth front? As I remember earlier, we had guided that deposits will continue to grow faster than advances, but currently, we are lagging. So how do you think deposit environment panning out? And what would be your guidance, given our balance sheet, we are still running at a lower rate versus the industry loan growth. What could be outlook for FY27, FY28 for the loan under volume growth?

Partha Pratim Sengupta: So, our guidance remains the same here. We are particularly aiming a growth of around 14% - 15% in the credit. And the endeavour would be to have a better deposit growth rate. But yes, a challenging factor is that the entire industry has now reversed. If you look at from November onwards, incremental credit growth is more than the incremental deposits growth. So, we have to also look into the industry scenario accordingly also. But definitely, the, take whatever the guidance about there, so it will continue.

Rajeev Mantri: Also, to highlight on our credit growth, whilst the overall number is around 13%. If we exclude EEB, I think the non-EEB book has gone to almost 25%. And we know that the EEB has gone through a cycle year-on-year, it's been a contraction. We have been able to reduce the contraction to only about 5% year-on-year compared to the industry, which actually has been contracting much larger. So therefore, actually, in EEB our market share has improved even further during this last year as well.

So, our numbers are not exactly comparable with the peer group because of a little larger portion of micro finance that we have in our books. And on the deposit front, we have consistently shown higher deposit growth in advances. But this time, as we mentioned, consciously, we have reduced the bulk deposit share. And if we exclude the bulk deposit, our retail deposits have grown almost 17.8% or roughly 18%, which shows a very healthy growth rate.

Ankit Bihani: And on the deposit market front, are we seeing any competition, intense competition there? Or is there a chance of TD rates rising across the banking sector? Term Deposit repricing across the banking sector?

Rajeev Mantri: I think the deposit competition is definitely intense, and we did see in the month of March itself, the deposit rates go up quite significantly being offered by the competition. And therefore, we have been focusing on improving the structural granular retail deposits, and that's where the focus has been, and we want to remain steady on that particular strategy. And

therefore, we took a call to not grow the bulk deposit significantly during the Q4. And that should help us going forward in terms of optimizing our cost of funds.

Ankit Bihani: And lastly, what was your average LCR for the quarter?

Rajeev Mantri: Our period end LCR was around 131%. Average LCR, I think would have been ranged from between 130% to 140%.

Ankit Bihani: Okay. So basically, your margins might have been supported by some liquidity, LCR coming down as well? Because as far as I remember, 1Q, we had an LCR of about 200% odd. So that has come down gradually to 130% odd, right?

Rajeev Mantri: Yes, it's a result of the bulk deposits coming down, which is helping us on the LCR also.

Ankit Bihani: Okay, sure sir. Thank you for answering my questions.

Moderator: Thank you. We take the next question from the line of Anand Dama from Emkay Global. Please go ahead.

Anand Dama: Sir, thank you for the opportunity. Sir, one question that I had was on your credit costs. So, this year, should we expect a credit cost somewhere about 1.5%, 1.6%? Now that the EEB stress obviously is easing out, and I think initial impact will be largely taken through the balance sheet. So, is that a fair assumption in terms of credit cost for FY27?

Partha Pratim Sengupta: We are keeping our guidance unchanged. So, the credit costs have substantially improved, and we have ended up at 2% in Q4 and going by the current trends in the EEB, especially in the EEB segment the rate of recovery and the collection efficiency for that year, I think that there will be some improvement in the credit cost going forward. But yes, definitely, there are certain concerns like the impact of the middle east war. We don't know the impact. How will it come? And how will it impact the economy, the fuel price, availability and then the cascading effects on the other sectors of the economy which is there.

But as on, you said that going by the current trend, the economy is moving and the portfolio of our bank is also showing signs of a lot of green shoots. I think that we can keep that guidance, and we will be trying to achieve as close to that.

Rajeev Mantri: So, our guidance, we have mentioned was between 1.6% to 1.7% by the exit of FY27, which is by Q4FY27. And we will still endeavour to work towards that.

Anand Dama: Okay. And are we largely done with the sale of NPAs pull now?

Partha Pratim Sengupta: So, it is an option. See it is a part of the NPA management. Option is neither closed nor we are following up also. So, we have not yet crystalized anything. So, if there's some opportunities we will be looking. If we get some good prices of our books we may prepone the cash flow, that's the only thing. That is the only advantage that happens, you know as you said. So. it is

something as a part of management, it is till now, I can say that we are not crystallized on that, but at the same time, an option is available.

Rajeev Mantri: I think the two other factors, the NPA, the slippages have come down. The collection efficiency has picked up. The ARC sale that we did in Q3 prior to that we did 3 years ago. So, it's not something that will be done every quarter. But as Partha Sir has mentioned, this is an option that is available for the bank. And we will look at it whenever we need to do any kind of an NPA management, but there are no immediate plans as of now.

Anand Dama: And sir, lastly, in FY27, with that, the credit cost will come down. Should we expect an ROA above 1%?

Partha Pratim Sengupta: So, we have started the trajectory that much we can say. So, you see that from 0.2% in September, we improved to 0.4% in December and now 1.1%. The endeavour is there. We have not yet changed the guidance and going by whatever the green shoots, we are happy, we're seeing in the EEB segment, if that continues, and we are also focusing on the other income front, especially in the wholesale segment. With all these things and by reducing the operating costs, I think that we will try to achieve as near to the guided range of 1.6% - 1.7%. That much I can say. Definitely, a challenge, but we are not changing the guidance as of now.

Rajeev Mantri: Just to reiterate the guidance, we had said it was 1.6% to 1.8% of ROA by the exit FY27, which is Q4FY27, give or take 10 basis points. So, we will work towards meeting those numbers.

Anand Dama: That's very helpful sir. Thanks a lot.

Moderator: Thank you. We take the next question from the line of Nitin Aggarwal from Motilal Oswal Financial Services Limited. Please go ahead.

Nitin Aggarwal: Hi, good evening everyone and congrats on a good quarter. A few questions I have. Like, firstly, on the NII growth itself, if I see like NII growth this quarter is at 4% QoQ growth. And this has come in despite pretty strong advances growth this quarter, even the previous quarter, we had a decent pickup and margins have improved in both the quarters. So, any reason why this growth is lacking the advances growth despite such a margin expansion?

Partha Pratim Sengupta: Let me just tell you, the NII, first of all, the interest income last year was affected due to the repo rate cut. So almost 125 basis point that cuts were there in the repo rates. Number two is that we also rationalized our own MCLR. So that was, the effect was almost 200 basis points on that account for the day.

And if you look at the balance sheet, the advances have taken place mostly the incremental growth, 50% of the incremental yearly grown has taken place in the last quarter. So, for the day the effect, we will, we have not got in that quarter itself because many loans were disbursed say, in the month of March or end of March for the day. So, the effect of that was not given on that yet.

But one good thing is that we could actually arrest the declining trend of the repo cut, if you look at the entire figure for that year. So, because January also, there was a 25 basis point repo cut was there I have to pass on to all the borrowers. But still that we maintained at the same level at INR 5,428, vis-à-vis INR 5,431 during the previous quarter. So, the effect of this increase, what you are saying is that we will be seeing in during this quarter, I can say.

Rajeev Mantri:

Yes, I think specifically for your question Nitin, three-four points. One is the advances growth came but that growth was rear-ended, so we will see the benefit of that in the coming quarter. The second is, you know, this quarter had roughly two days less. I think just from a day's count perspective, there is an implication as well.

Third is the repo rate reduction that happened in December of 25 basis points, which had an 11 basis points impact on our book, roughly 46% of the book got impacted. But of course, partly offset by the growth that we saw, the momentum we saw especially in the EEB growth that came through. I think these are three or four factors leading to the 4% improvement in the NII for this quarter.

Nitin Aggarwal:

Okay, got it. The other observation is around the collection efficiency. If I see like for the month of March and for the quarter, the gap has widened. Like while there used to be like a say last quarter was a 20 basis point gap if I look at the collection efficiency excluding arrears at 98% and 98.2%. This time for the month of March it has stood at 98.6% versus 99.3% for the quarter. So how should one look at it? Has March deteriorated over the three months of, of this quarter or how should we read this?

Rajeev Mantri:

No, So I think the way it can be read is that we actually saw improvement in the collection efficiency started to come through the month of November last year. So, last year October was impacted quite heavily because the over-leveraging saga was still playing out, but from November onwards and mid of November is when we started seeing the improvement come through. and therefore, I think, you know, we are seeing the difference between the quarter versus difference between the months to have a difference in the basis points, right?

Vishal Wadhwa:

Nitin, can I just add to what Rajeev spoke? In our month of November onwards, we have been clocking current ex-bucket collection at 99.6% onwards and we did January and February month at 99.65% and 99.7%. March last day was a holiday which impacted as we have a holiday billing and that resulted into 98.9% number or something and that overall, we finished the quarter at a much better number on the current bucket number at a 99.6%.

So overall there is nothing to worry in terms of the March overall not holding compared to the entire quarter, but the quarter numbers of ours are together if I have to compare it to quarter three.

Rajeev Mantri:

Yes, because November, December, December also saw an improved position and therefore December to March you may not see a big delta, but quarter-on-quarter you see a bigger delta.

Partha Pratim Sengupta: Till, I think, 15th November the situation was not that much better, but definitely from 15th November onwards the collection efficiency has improved a lot and steadily being maintained. And that also you can see as part of your SMA 0 improvement in EEB business across SMA 1 and 2 as well. All the buckets have come—come down including the slippage number. That clearly shows from the November month the progress has been so significant that all the buckets including the slippages overall has come down to a substantial amount.

Nitin Aggarwal: Right. And the other question is around the profitability overall wherein we are indicating 1.6% to 1.8% ROA by Q4FY27. So how much of this improvement is hinged around MFI now that the collection efficiency has already improved to like near normalized levels now already and how much of it is like a further expansion break-even and recovery in the non-MFI businesses? So, can you give some profitability of non-MFI business therefore by some split or some color around that to understand this improvement in ROA better?

Rajeev Mantri: Yes, so I think three or four key factors, broad factors. One is the credit cost improvement as we mentioned from the current 2% level to 1.6% -1.7%. So, we do see the credit cost itself to provide further uplift on the ROA. Second is as Partha sir mentioned, we are focusing on generating higher other income and this will be the result of further capabilities which are coming in our secured asset businesses, especially wholesale banking.

So, as these come in, we should be able to see some improvement there. We are also expecting as disbursements pick up, improvement in the processing fees and the momentum on the third-party products income to continue. So, I think other income will be one of the key drivers. We do expect at least about 10 basis points to come through there in the other income. And operating expenses as we mentioned like PSLC cost itself, if that reduces, I think we should be able to get some delta from there. So, these are the two or three key factors.

Overall business momentum is important and I think we'll continue to maintain that momentum. The good thing also is that as we had set up a target of around 58% secured mix by March '27, we are almost near that now itself. So, we met that—that target nearly that a year in advance and therefore our growth rates across EEB and non-EEB can start to converge to some extent.

Nitin Aggarwal: Right. And Rajeev, one, like curious question curiosity that I have is around the LCR ratio rather because we have been able to maintain one of the better LCRs in the industry, even this quarter after this decline at 130-140 average that you talked about is also a very, healthy number?

So, what really differentiates Bandhan Bank LCR versus the other large private bank because if I compare on the retail mix of deposits or CD ratio, there is not much of a difference. So why the LCR numbers are so much better not just in this quarter but mostly even in the previous?

Partha Pratim Sengupta: I can say that one is that I would say the immediate answer is that our dependence on the bulk deposits have come down. So, the volatility has been contained or has been arrested to a large extent requiring less amount of LCR to be maintained.

- Rajeev Mantri:** Yes, I think the, the other factor is that we, we have a large portion of deposits coming from retail. So, our retail deposit share is much larger and that has a much lower run-off factor as you know between a 5% to 10%. We have a lower share from corporate deposits which have a higher run-off factor of 40% or 75% or 100%. Therefore, I think to that extent there will be difference in terms of comparability across the different banks.
- Partha Pratim Sengupta:** And if you add the non-callable part of the bulk deposits, so retail plus non-callable has got to more than 95%. So, the fluctuation and the volatility is concentrated more on the balance 5%. So that dependence has come down and that has helped us to maintain a better LCR for the day.
- Nitin Aggarwal:** Got it. Thank you so much. Thanks for all the insights.
- Moderator:** Thank you. We take the next question from the line of Suhani Goyal from ICICI Securities. Please go ahead.
- Jai Mundhra:** Yes, hi sir. This is Jai Mundhra. So, Rajeev I heard your opening comments on ECL shortfall?
- Moderator:** Mr. Mundhra, I do apologize to interrupt you there. Your audio is not clear. Could you please use your handset?
- Jai Mundhra:** So, Rajeev, my question is you mentioned that there is a shortfall of let's say INR 1250 crores odd in ECL transition and we have a credit cost guidance of 1.6%-1.7%. Given that now ECL provides that the transition can be adjusted through reserves, would you be, I mean, would you be, let's say if you have buffer, you can still flow in the P&L and then you can adjust in the reserves or you would still like to minimize that shortfall? I just wanted to understand your thoughts on those?
- Rajeev Mantri:** No, so I think we are as we said, we are assessing. Look, the latest circular came yesterday, so we are actually evaluating what the latest circular allows as we understand is to take it through the retained earnings and also allows a period of five years in which it could be spread out. Therefore, you know, we will look at the flexibility that that offers and how exactly it impacts the balance sheet.
- Also, the assessment we did of the number we shared was based on December balance sheet. We'll have to reassess based on the latest balance sheet and of course how structurally we are able to change the balance sheet over the course of the year. So, these are the various factors that we'll have to assess to be able to take the final approach on the same.
- Jai Mundhra:** Okay. Now as I mean, now the circular allows you to adjust through reserves, would you be keen to minimize the shortfall or would you be keen to adjust it through reserves because that is allowed? I mean, that is the broad question.
- Rajeev Mantri:** I think this will also depend upon the profitability appetite that comes through during the year. Of course, wherever there's opportunity existing, we will try to shore up our provisions. But as of now, this is what is the broad approach.

Partha Pratim Sengupta: INR 1,250 crores is a estimate roughly on the basis of Q3FY26, so this is a December number. So, March number and going forward also it needs to be crystallized. Maybe that we actually may have a lesser effect.

Jai Mundhra: Right. Secondly, sir, on your write-off and provisioning, so let's say if INR 100 slips out of EEB, is there any set provisioning, set provisioning policy because I think you have to provide 100 by year end in 365 days. So, do you follow 25%, 25% or is there any pattern, is there any provisioning policy for MFI?

Rajeev Mantri: We do have a provisioning policy but we just maintain the PCR. If you look at our is that PCR including the SRs for the day we are maintained at 74.5%. So that, that is the crux we want to maintain it and to maintain that PCR, whatever the additional provisions are required, we do it once we write off our portfolio. So that is the way.

The main theme is that we keep the PCR as the target point that need to be maintained and based on that, whatever the shortfall in provisions on account of write-offs are there, so it deserves merit for the day. We take a more conservative position than what the IRAC requires. I think for us broadly I think at 180 DPD itself we take almost a 100% provision for the EEB portfolio.

Jai Mundhra: Right, that is good. And sir, lastly, the revised circular says that if there is any exposure which has government guaranteed linkages, it can have very small Stage 1, Stage 2 provisions. So any of your EEB portfolio, either through CGFMU or some other scheme, do they qualify for that kind of a status or, or no?

Rajeev Mantri: So, for EEB portfolio currently we do not have any government-backed guarantee, but we are evaluating in terms of how do we want to progress it from here. As of now, there is nothing which is guaranteed backed by the government side currently. We don't have any CGFMU coverage for EEB. That option is open for us, so we'll be evaluating.

Jai Mundhra: Sure. And lastly, Vishal, since you are there on the call, if you can talk about your resignation. I thought everything is going on very well. I mean, you have reached almost turnaround or almost normalized level of slippages, so what happened? Thank you.

Vishal Wadhwa: I'll take you offline on this one. There is nothing, it's a personal career advancement, nothing beyond. Yes.

Partha Pratim Sengupta: So, bank is now I would say much, much more process-driven rather than person-driven. I would say that we should look at it for the day. We have brought many changes in the EEB, rather we have transformed the model of the EEB business and lot of technology and other inputs have been made and Vishal has implemented it very meticulously. It is his personal career growth he has aspired for and we wish him all the best.

Jai Mundhra: Sure, sir. Sorry sir, if I can ask one more question. There was a media reports on some activity going at promoter level. Is there any -- anything that you can add?

- Partha Pratim Sengupta:** So, these are all rumors. I have already -- we have already said that these are all rumors and nothing is going at the Holdco level, nothing is going to affect the shareholding pattern of the bank. If something is going at the CIC level, that is their call. It anyway is not going to affect the bank.
- Jai Mundhra:** Right. Very, very clear sir. Thank you and all the very best.
- Partha Pratim Sengupta:** Thank you, thank you.
- Moderator:** Thank you. We take the next question from the line of Rahul Kumar from Vaikarya Fund. Please go ahead.
- Rahul Kumar:** Yes. Hi Rajeev, just one question on this employee cost as well. I think if I exclude the base quarter number from the 3Q, the impact of Labor Code, I think I see a 14% increase in the employee cost QoQ. So what led to that?
- Partha Pratim Sengupta:** I can say that INR 73 crores additional employee cost was there during this quarter. This has come on account number one is that yes, definitely this month there were large number of holidays and we have kept the bank open because to reduce for the collections and here we have kept the bank open for 2-3 days for which we have to pay some additional salaries to the employees as per the rules of the bank. So that has actually increased in the employee cost for the day. Otherwise, the all other costs are in line with what we have incurred in the previous quarters.
- Rajeev Mantri:** Regarding the new Labor Code related impact we had already taken in Q3. In Q3, there was no incremental impact that came through in Q4. So as Partha sir mentioned, this was because of a couple of days additional that people had worked and the salary impact of that and some normal salary expenses.
- Rahul Kumar:** Okay, okay, okay. And if I look at the reported yields actually, they have increased in this quarter versus the 3Q despite the repo cut impact. So what drove that?
- Rajeev Mantri:** Yes, so I think there are two things. One is as we had done the ARC sale in Q3, a large chunk of the NPA portfolio had gone away and therefore you get the immediate benefit on the yield on the overall portfolio in the next quarter, right? Because the NPA book was actually suppressing the yield. So that was one of the key reasons.
- Apart from that, there was as we mentioned improvement in the EEB disbursement as well. And as the EEB book increased by almost 8% on a quarter-on-quarter basis, total advances increased by 6% on a quarter-on-quarter basis, which meant that overall mix perspective there was some further benefit that came through on the yield. I think those are the two key reasons.
- Rahul Kumar:** Okay, okay, fair enough. And the last question which I have was on the slippages front. I think even though the ex-bucket collection efficiency has improved quarter-on-quarter in this, but you were trying to guide us on the slippages front that it will be similar to what it is -- it was in

Q4. So is there something on the ground which is different versus what, you know, which you expect to be worsening in this quarter?

Rajeev Mantri: No, so we, we mentioned that slippages will basically hold to improve, right? So that's the range that we have given. We would expect to have some gradual further improvement as well come through. But we are also wary as we mentioned of some of the external risks which are coming through, especially we don't know fully if the war-related impact will come through in what shape and form.

So, we are keeping some bit of conservatism there. But at the end of the day, based on the collection efficiency improvement, we are fairly confident on the level of slippages that we have achieved as well as what further we can improve.

Rahul Kumar: Okay. Okay. Thank you.

Moderator: Thank you. We take the next question from the line of Piran Engineer from CLSA. Please go ahead.

Piran Engineer: Yes, hi. Thanks for the follow-up. Just to reconfirm what Partha sir said, MFI slippages were INR 690 crores this quarter?

Partha Pratim Sengupta: Yes. Gross slippages INR 690 crores and recoveries were INR 142 crores, so net slippages is INR 548 crores.

Piran Engineer: Okay, okay. Yes, that's it from my end. Thank you.

Moderator: Thank you. We take the next question from the line of Jayant Kharote from Axis Capital. Please go ahead.

Jayant Kharote: Thanks for the follow-up. Sir, sorry if this question has been asked previously. When you say the margins can improve by another 15 to 20 basis points, that is on the 4Q number or that is on the full-year number? Full-year number being 6.1%. And just a corollary to that question, it means if your loans are growing at 14%-15%, NII growth next year should be ahead of that. Is, is that a fair assumption?

Rajeev Mantri: NIM improvement that I mentioned was sequentially on quarter numbers. So, our quarter numbers are 6.2% and on that we expect 10 to 20 basis points improvement spread over the next two to three quarters.

The guidance as we had been mentioning is by the exit of FY27, we expect NIMs to be around 6% on total assets, which means on earning assets basis it will be around 6.5%. We do have a line of sight of the next 10 to 20 basis points, we need to find another 10 basis points. So that's the aim that we're working on, of course on a best effort basis.

- Jayant Kharote:** Thank you sir. Just, just if I do the math, 10 to 15 or even 20 basis points on NIMs, 10 on fees, another 20 on credit cost, is there something I'm missing because we need 70 bps post-tax which is almost 90 pre-tax. So is there something I'm missing for the ROA waterfall?
- Rajeev Mantri:** ROA as we said we already touched 1.1% and our aim is to reach 1.6% to 1.8% give or take 10 basis points by Q4FY27. So say there's a journey of about 50 to 60 basis points further that we need to climb. Some of these components that we mentioned are the ones which will help us, right, in terms of meeting that.
- The timing of which will depend upon every quarter to quarter how exactly we make a progress. But we have to also be aware of any kind of external shocks or risks etcetera that could come through or any headwinds that could come through. So, we will definitely try and see how we can get through these numbers despite those headwinds.
- Jayant Kharote:** Thank you sir and all the best.
- Rajeev Mantri:** Thank you.
- Moderator:** Thank you. We take the next question from the line of Dev from Horse Power Securities. Please go ahead.
- Dev:** Yes, good afternoon gentlemen. Congratulations on the excellent set of numbers. Can you listen to my voice?
- Partha Pratim Sengupta:** Yes, Dev. Thank you, Dev.
- Dev:** Yes. So as far as my knowledge goes and I -- how far I understand, that you are trying to increase your share of secured book, right? So by the end of FY27, are you trying to target increased share of secured books in your total book portfolio and what would be that percentage?
- And if you intend to increase the secured portion of your portfolio in comparison to other EEB books or whatever that unsecured portions are, what would be the effect on your NIMs? Is it going to come down from 6.2 or something?
- Partha Pratim Sengupta:** So, let me make it very clear.
- Dev:** Because I mean if you are trying to increase your secured loan book portfolio share like the other banking units or banking companies, their NIMs are far below your -- from your NIM. So if you are trying to converge into that path, is your NIM going to come down?
- Partha Pratim Sengupta:** So, let me just explain. So, first of all, we had a target of doing a secured-unsecured business of 58%-42%. So that's what our goal at FY27. Exit of FY27, we have projected a secured book of 58% and 42% unsecured. So, we have already achieved that or near to achieving that. As if you see my Q4 results, we are already at 56% and another 44% is unsecured for the day.

The second part is that so 56% to 58% will not have much impact on the NIM. Let me tell you that we are keeping our trajectory or the aim that our EEB will continue to be one-third of our total portfolio. In both ways, the unsecured book, the EEB book will also grow and the secured books will also grow.

The question as the NIM, as for the NIM is concerned for the day, the EEB book, the main major problem of the EEB book if you look in the past year was the delinquency level or the NPA level and because that where the interest reversals took place and where the NIM was largely affected.

If we can continue even with this 35% share and maintain the present, I would say, the NPA level or the SMA book and the delinquency level and if we continue to improve it further, it will not have any much impact on the NIM as for the day.

So again, if there is any shortfall, let me again tell you about our direction for the day that we are now focusing on the other income of the secured book. So if in there is any shortfall in the NIM on account of the growth of the secured book, it will get compensated on the other income.

So overall NIM plus other income what we have projected is around 6.0% and 1.5% on assets. I think 6% and 1.5%, so total of 7.5% on assets. So that will remain intact, that is our aim. So if somewhere if we say that if we have come out at 5.9% or 5.8% on our NIM on assets, so the other income will also go by 20-30 basis point more in that segment. So overall that trajectory of 7.5%, we will try our best to maintain it.

Dev: Okay. And for going forward, say within 5 years, do you continue to stick with that proportion of 58%, 42% or there would be something I mean long-term any goal or target that you are continuously pursuing to achieve 42 to what?

Partha Pratim Sengupta: Currently that ratio remains. It is again the experience that we will see, we will have to strategize or we have to change our strategy at that point of time. The reason for going to secular growth as we have told that there were two-three reasons. The first one was that we were too much on the unsecured books and we are a universal bank.

The depositors' confidence is very important. So that's why a secular growth in all the advances comprising secured and unsecured books is necessary. This is the first thing why we have shifted. Number two, because now my portfolio is also becoming much, much stronger than what we had been a year or two years before for the day. This is one thing.

So currently, definitely, we have not thought, but again, it will all depend on our experience. So, we hope that things like Corona or other things will not happen or even this war would also end, there will not any impact. So it will depend -- it will completely depend on the experience that we gather going forward.

But as of now, as I've told you that we want to be remain a leader in the EEB segment and we continue to do that. So EEB segment is definitely a focus area, so we have seen an 8% growth QoQ, but definitely our secured book has grown at 25%.

So the focus this year is on the other income part from the secured book, not only on the interest income, and along with a reasonable growth in the EEB segment also. And with the improved credit cost. And with the improved credit cost, yes. And with the improved credit cost. Yes.

Dev: Thank you, sir.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

Rajeev Mantri: Thank you, everyone, for joining and we hope that you continue to place the trust on our bank. Thank you so much.

Partha Pratim Sengupta: Thank you.

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