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BSE Limited

Dept. of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

BSE Scrip Code: 541153

National Stock Exchange of India Limited

The Listing Department
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051

NSE Symbol: BANDHANBNK

Dear Sir/Madam,

Sub.: Transcript of the Earnings Call on the Unaudited Financial Results for the quarter (Q2) and half-year ended September 30, 2025

In continuation to the letter bearing Ref. No.: BBL/SEC/134/2025-26 dated October 30, 2025 and pursuant to the provisions of Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed, the transcript of the Earnings Call hosted by Bandhan Bank Limited (the '**Bank**') on Thursday, October 30, 2025, on the Unaudited Financial Results of the Bank, for the quarter (Q2) and half-year ended September 30, 2025. Further, the same has also been uploaded on the Bank's website and can be accessed at the following link:

https://bandhan.bank.in/sites/default/files/2025-11/Q2FY26-Transcript_Bandhan-Bank_4.pdf.

You are requested to take note of the above.

This disclosure is being simultaneously uploaded at the Bank's website, www.bandhan.bank.in.

Thanking you.

Yours faithfully,
for **Bandhan Bank Limited**

Indranil Banerjee
Company Secretary

Encl.: As above



“Bandhan Bank Limited Q2 FY’26 Earning Conference Call”

October 30, 2025



**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 (INVESTOR
RELATIONS), BANDHAN BANK LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Bandhan Bank Q2FY'26 Earning 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 '*' then '0' on your touchtone phone.

I now hand the conference over to Mr. Vikash Mundhra – Head of Investor Relations. Thank you and over to you, sir.

Vikash Mundhra: Thank you, Dhanesh. Good evening everyone and a very warm welcome to all of you. It's a pleasure to have you with us today as we discuss Bandhan Bank's 'Business and Financial Performance' for the Quarter and Half Yearly ended September 2025. We apologize for the late start and appreciate your time and continued interest in the Bank. I also hope you all had a joyous festive season and wish you and your family good health, happiness and prosperity in the months ahead. In today's call, we will take you through our business performance, key achievements and challenges during the quarter.

Joining us on the call today are Mr. Partha Pratim Sengupta – Managing Director and Chief Executive Officer, 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, myself, Vikash Mundhra – Head of Investor Relations and other members of our Senior Management Team.

After the Management's remarks, we will be happy to take your questions and provide any additional clarity on the Quarter's Performance and our Outlook.

With that, I would now like to invite our Managing Director and CEO – Mr. Partha Pratim Sengupta, to share his thoughts on the Bank's performance for the quarter. 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 would like to extend a very warm welcome to all participants on our earnings call for the 2nd Quarter of Financial Year '25-'26. I hope you and your families had a wonderful and fulfilling Diwali. I wish you continued good health and happiness in the festive season ahead.

This quarter's performance reflects a transitional phase for the Bank as we continue to realign our portfolio and operating model in response to the changing environment. The recent 75 basis point repo cut in Q1, which we proactively passed on to our customers from the first day of Q2, had a short-term impact on the margins. However, this is part of the adjustment process that will position us well for sustainable growth ahead. As the repricing of deposits takes place over the

next few quarters, we expect to see the full benefit of lower funding costs, which will help improve margins and support profitability.

Before delving into the quarter's performance, let me begin with a few initiatives we undertook during the quarter to improvise our products and services with innovative solutions and to better serve our customers. We continue to focus on strengthening our granular liability franchise through innovative and targeted offerings.

We have successfully launched the "Grow CASA, Grow Together" campaign, an exclusive CASA drive aimed at promoting current and savings account growth across segments. This initiative is gaining traction and is already yielding encouraging results. This reinforces our commitment to building strong, long-term relationships with our customers.

We further place emphasis on sourcing new corporate salary accounts by leveraging our revamped salary product offering. This initiative allows us to provide a more seamless and rewarding banking experience to employees of partner companies, while expanding our CASA base in a sustainable manner.

The Bank introduced specialized products for HNI individuals, including the Elite, Elite Plus, and Legacy Savings Account. It is designed to meet the unique needs of our HNI customers. These offerings not only enhance our value proposition, but also deepen relationships with this key customer segment. Through this focused initiative, we are confident of driving CASA growth, enhancing customer engagement and delivering long-term value for all stakeholders.

We have made good progress in strengthening our digital and government ecosystem partnerships. I'm pleased to share that Bandhan Bank has successfully integrated with the Central Board of Indirect Taxes and Customs for the collection of customs duties through the corporate internet banking platform. This initiative enhances our role in facilitating seamless digital payments for government collections.

Further, the Bank has also integrated with Khajane-2 payment system, a comprehensive digital platform of the Government of Karnataka. This system enables the state to manage all its financial transactions digitally, including revenue receipts and payments to employees, suppliers, and contractors. Through this integration, Bandhan Bank now becomes part of a unified e-payment gateway that ensures real-time transaction recording, secure processing, and online challan generation for various government dues.

In addition, the Bank is also integrated with the Integrated Financial Management System in the states of Rajasthan and Jharkhand, which allows for efficient registration of bank accounts and real-time reporting of account balances to the respective government departments, further strengthening transparency and efficiency in public finance management. These initiatives reflect our continuous efforts to enhance digital capabilities, deepen relationships with government entities, and support the nation's digital transformation journey.

On the collections front, we continue to focus on enhancing customer convenience and improving the repayment experience. During the quarter, we introduced unique QR codes for our EEB customers and integrated them with the BBPS ecosystem. In addition, we launched a web-based collection module, enabling our customers to repay EMI across products such as personal loans, auto loans, and two-wheeler loans with greater ease. With these initiatives, our customers now have multiple repayment options through the mBandhan app, retail internet banking, or via over 700 partner apps and web links. This step significantly reduces friction, simplifies the repayment process, and enhances the overall customer experience. We believe these enhancements not only improve convenience for our customers but also strengthen collections efficiency and contribute to the Bank's broader focus on digital innovation and customer centricity.

I now move to the performance of Bandhan Bank for the Q2 Financial Year '26 and the First Half of Financial Year '26:

I would like to candidly acknowledge that our Q2 FY'26 performance was somewhat below than our internal expectations. However, the underlying trends and structural improvements give us confidence for an improvement in the second half. There are a few factors that contributed to the softer Q2 FY'26 performance outcome:

- Firstly, the 75 basis points repo cut impacted around 45% of our advances and the 200 basis points reduction in MCLR affected another 5% of our loan book, which moderated the interest income growth during the quarter. We have partly offset this impact through reducing cost of savings accounts, however, the larger benefit from lower cost of term deposits will come through mainly from Q4 onwards
- Secondly, slippages remained elevated, reflecting the ongoing stress in the EEB segment, which was anticipated to get corrected during the quarter, but looks like that it will continue for 1-2 months more
- Thirdly, growth in our EEB portfolio remains subdued, as the full impact of the industry level guardrails is taking longer time to materialize than anticipated and
- Finally, our advances growth came largely during the end of the quarter, mostly during the last month of the quarter, which made limited contribution to the profit and loss in Q2

While these factors moderated our near-term performance, we remain confident in the Bank's underlying strength. The initiatives we have undertaken, including enhanced collection, strengthened risk management and disciplined growth strategies are already in motion. We expect these measures to translate into improved growth and profitability in the upcoming quarter.

On a positive note, there are some encouraging developments during this quarter:

- Firstly, growth in our non-EEB book remains strong, reflecting the resilience and diversification of our loan portfolio. At the same time, the share of our secured assets continues to rise, which strengthens the overall quality of our advances
- We are also seeing renewed momentum in CASA, which is a testament to our focused efforts in building a strong and stable deposit base. In parallel, our reliance on bulk deposits continues to decline, supporting a more granular and sustainable funding profile
- From an operational perspective, our OPEX-to-asset ratio improved during the quarter, highlighting disciplined cost management
- Importantly, in the EEB segment, SMA-1 and SMA-2 balances have declined sequentially, signaling early signs of improvement in asset quality that we expect to see reflected in the coming quarters
- Finally, the Bank's capital and liquidity position remains robust, providing a strong foundation to support future growth and strategic initiatives

Taken together, these developments give us confidence in the resilience, efficiency and long-term growth potential of Bandhan Bank, and we remain optimistic about translating these strengths into improved performance in the quarters ahead. While my colleague and Chief Financial Officer – Mr. Rajeev Mantri, will provide a comprehensive overview of the financials, I would like to take this opportunity to highlight a few key developments and performance indicators from the 2nd Quarter of FY26.

As of September 30, 2025, our gross advances stood at about Rs. 1.40 lakh crores, reflecting a YoY growth of 7%. On the liabilities side, total deposits reached Rs. 1.58 lakh crores, growing by a healthy 11% YoY and, importantly, outpacing the growth in advances. This clearly reflects our strategic emphasis on maintaining a healthy balance sheet that supports sustainable growth.

Our retail term deposits continue to show strong momentum, growing by 38% YoY. This growth reflects the increasing trust and engagement of our individual customers and the effectiveness of our distribution network. Our CASA deposits now account for 28% of the total deposit base and the overall share of retail deposits, including CASA and retail term deposits, improved to 71% compared to 68% in the previous quarter. This demonstrates a strong improvement in the granularity and stability of our deposit base, aligning well with our focus on building a sustainable and customer-driven franchise.

We continue to execute our diversification strategy with steady progress. During the quarter, our secured book recorded a YoY growth of 25%, resulting in an improvement in the secured portfolio mix to 55% compared to 47% a year ago.

Our NIM for Q2FY26 stood at 5.8%, reflecting some pressures, mainly due to the impact of the repo rate moderation. That said, margins continue to remain at a healthy level. For H1FY26, NIM was at 6.1%. Credit costs showed a small improvement sequentially, and we remain

committed to bringing them down further through the year. We also undertook technical write-offs of about Rs. 865 crore during the quarter. Gross and net NPA ratio remained stable QoQ at 5% and 1.4% respectively, while our PCR, including technical write-offs, improved slightly to 87.6%.

For Q2FY26, our net income stood at Rs. 3,135 crore, while operating profit was at Rs. 1,310 crore. The Bank reported a PAT of Rs. 112 crore for the quarter. For H1FY26, ROA and ROE stood at 0.5% and 4% respectively.

Our capital position remains strong. Including Q2FY26 profit the Capital Adequacy Ratio stands at 18.6% and Tier I capital at 17.8%, providing adequate headroom to support future growth. Our branch network expanded to 1,754 branches with the addition of 4 new branches during the quarter.

As the microfinance environment moves towards stability, we remain confident in our ability to leverage the emerging opportunities ahead. Our focus will firmly remain on prudent risk management, disciplined execution, and identifying new avenues of growth — while continuously enhancing operational efficiency to drive sustained performance.

Before I conclude, I would like to reiterate that over the last year we have articulated the Bandhan 2.0 strategy and have taken measures to achieve the same. We have taken steps to transition from a microfinance focussed bank to a full-service commercial bank. The focus of our transformation initiatives has centred around a seamless integrated customer journey and a broad-based presence in various banking segments driven by technology and cost efficiencies. Risk, Compliance and Governance are the pillars on which we are moving ahead. These measures are being taken to achieve long term value creation for our shareholders. However, during a transition we may witness short term pain but I see green shoots and I am confident that in the long run we will achieve balanced profitable growth with a focus on enhancing shareholder value.

With that, I would now like to invite our Chief Financial Officer, Mr. Rajeev Mantri, to take you through the detailed financial performance for the quarter. Thank you all.

Rajeev Mantri:

Thank you, Partha sir. I welcome everyone to the earnings call. We will now move on to the business performance for the quarter. I will walk you through the key financial highlights and provide an overview of how we have performed.

We will start with the advances. As of September 2025, the gross advances stood to Rs. 1.4 lakh crores, reflecting a growth of 7% YoY and on a sequential basis, the growth was healthy at 5%. Our Emerging Entrepreneur Business or EEB portfolio stood at Rs. 51,733 crores as of September 30th, 2025, reflecting a decline of 13% YoY and 2% sequentially. However, if we adjust for the technical write-offs undertaken during the quarter, the portfolio would have remained broadly flat on a sequential basis. This is the result of steps taken to arrest the decline

in EEB book while ensuring that the portfolio controls and guardrails continue to be implemented to manage elevated sectoral risks. With the operating environment showing some signs of recovery, we are expecting to see gradual growth in the EEB portfolio from Q3 onwards, supported by prudent lending, improvement in collections, and strengthened field discipline.

Our non-EEB portfolio continues to deliver strong, broad-based growth. It now accounts for nearly 63% of total advances, up from 60% last quarter and 55% a year ago. The portfolio grew 24% YoY, driven by sustained momentum across both retail assets as well as wholesale banking. Retail assets grew by 66% YoY, led by secured products such as commercial vehicles and equipment loans, auto loans, and gold loans. Wholesale banking also performed well, recording a 27% YoY increase, reflecting strong client engagement and execution. Overall, these results highlight the strength of our diversified growth strategy and continued expansion of our high-quality, non-EEB franchise.

Driven by a focus on diversification and enhancing asset quality, we have further strengthened the secured loan portfolio, driven by wholesale banking, housing, and retail. The secured loan book grew 25% YoY and now accounts for 55% of the total advances, reflecting a steady shift towards a more secure and balanced asset base.

From a business mix perspective, our advances remain well-diversified across the various segments. The EEB group lending accounted for 24% of total advances. SBAL stood at 13%, wholesale banking at 29%, housing at 24%, retail assets at 9%. This balanced distribution highlights our conscious effort to reduce concentration and strengthen the portfolio's stability and resilience.

Moving to liabilities: As of September 30th, 2025, our total deposits stood at Rs. 1.58 lakh crore compared to Rs. 1.43 lakh crore a year ago, reflecting a growth of 11% YoY. The deposit growth continues to outpace the expansion in our advances, underscoring our strategic focus on balance sheet resilience and stable funding base. We remain firmly focused on building a granular and stable deposit base, with emphasis on growing our retail deposits.

Our total retail deposits comprising both CASA and retail term deposits grew by 16% YoY. Within this, term deposits showed strong momentum, recording a robust growth of 38% YoY, reflecting the trust and confidence our customers continue to place in the Bank. The proportion of bulk deposits to total deposits declined to around 29% from 32% a year ago. This downward trend reflects our focus on enhancing stability and granularity of our funding base.

Our CASA deposits stood at Rs. 44,211 crores, reflecting a 6.5% decline YoY. This was primarily due to savings interest rate reduction implemented in Q1, which led to some outflow from savings accounts and some shift towards retail term deposits. However, it has helped us in terms of reducing the cost of funds for savings insurance. During the quarter, we have arrested the decline in savings balances, and savings accounts grew sequentially by 3.2%. Overall, CASA is showing signs of recovery, registering a 5.6% sequential growth.

Moving to collections and asset quality: The Bank's overall collection efficiency, excluding NPAs, stood at 98.0% for Q2FY26, compared to 97.9% in Q1FY26. Within the EEB portfolio, collection efficiency for the month of September was at 97.5%, and for the full quarter of Q2FY26, it was 97.8%, compared to 97.6% for Q1 FY'26. For additional information on collection efficiency, we have a detailed slide 19 in our investor deck.

On the asset quality front, while headline metrics remained largely stable QoQ, gross slippages at the overall Bank level increased slightly to Rs.1,590 crores compared to Rs.1,553 crores in the previous quarter, primarily driven by the EEB segment. Slippages in the EEB portfolio were higher at Rs.1,118 crores during the quarter versus Rs.1,089 crores in the preceding quarter, reflecting ongoing stress in the segment. Recoveries and upgrades during the quarter stood at Rs. 332 crores, marginally better versus Rs. 319 crores recorded in Q1FY26, this is at the overall Bank level.

While we observed some higher slippages in the EEB segment, there are signs of improvement in the SMA-1 and SMA-2 books. As of Q2FY26, the SMA-1 book of EEB has improved to Rs. 527 crores compared to Rs. 532 crores in the previous quarter, and the SMA-2 book stands at Rs. 388 crores versus Rs. 484 crores in the last quarter. The increase, however, in the EEB SMA-0 book is largely due to the impact of raising installment demand on holidays. As we had mentioned earlier, when there is a holiday, we actually see some bit of an increase in the SMA-0 book. If we adjust for this increase in the holiday-related impact, we actually see a sequential improvement in the SMA-0 book as well for EEB. Out of the total EEB SMA-0 book of Rs. 1,582 crores as of the end of Q2FY26 as against Rs. 1,009 crore in Q1FY26 nearly Rs. 650 crores of the increase occurred due to the holiday effect in late September on account of the festive season, and we have already recovered approximately Rs.350 crores during October so far out of this Rs. 650 crores.

Additionally, the Bank undertook technical write-offs amounting to Rs. 865 crores during the quarter, of which write-off in the EEB portfolio was Rs. 799 crores. Consequently, the gross NPA and net NPA ratio at the Bank level were largely stable, QoQ at 5% and 1.4% respectively. Credit costs improved marginally and stand at 3.4% for Q2FY26 versus 3.5% in Q1FY26. The PCR excluding write-offs remained stable, QoQ at 73.7%.

Turning to the quarterly profit loss statement: In Q2FY26, our NII stood at Rs. 2,589 crores, reflecting a YoY moderation of 12%. Our net interest margin came in at 5.8% for Q2FY26, compared to 6.4% in Q1FY26. This movement was mainly on account of the full impact of the 75 basis point repo rate reduction implemented in the current quarter, which had a bearing on our advance yields. In addition, the growing share of secured loans in our portfolio and some continued stress from elevated slippages also influenced the margin trajectory. We have taken proactive steps to mitigate this impact, including a calibrated reduction in the cost of our savings account rates. We expect to see further benefits from lower term deposit costs flowing through from the fourth quarter onwards, which should help support margin improvement going forward.

Our non-interest income moderated by 10% YoY and 25% QoQ, primarily due to lower treasury gains during the quarter, the last quarter we actually had good treasury gains. We continued to make strong progress in diversifying our revenue base. Income from third-party products grew by a robust 48% YoY, underscoring the success of our cross-sale and customer engagement initiatives.

Operating expenses for Q2FY26 remained largely stable at Rs. 1,825 crores, reflecting our continued focus on disciplined cost management. The OPEX-to-Average Assets ratio stood at 3.8% for the quarter, making a sequential improvement of 9 basis points. Operating profit for the quarter was Rs. 1,310 crores. The Bank reported a net profit of Rs. 112 crores for the quarter, as compared to Rs. 937 crores in Q2FY25 and Rs. 372 crores in Q1FY26.

For the half year FY2026, we had NII and operating profit at Rs. 5,346 crores and Rs. 2,979 crores respectively. The net interest margin, operating expense-to-assets ratio, and credit cost were at 6.1%, 3.8%, and 3.4% respectively. The Bank reported a net profit of Rs. 484 crores in H1FY26, with an annualized ROA of 0.5% and ROE of 4%.

Thank you for your time and listening to all our updates. On behalf of the entire management team, I would like to once again thank all the participants for joining us today. We appreciate your continued interest and support.

With that, we will now open the floor for questions.

Moderator:

Thank you so much, sir. We will now begin with the question-and-answer session. The first question comes from the line of Mahrukh Adajania from Nuvama. Please go ahead.

Mahrukh Adajania:

Hello, good evening. I had a couple of questions. Where do you expect the full year and the next year credit costs to settle? I understand that there were holidays, but even so, there is like a 54% increase in SMA-0, which is the sharpest. I know you explained, but even so, where do you see the SMA-0 set and you gave some October number, but where do you see the SMA-0 settling in the third quarter? And also, if you could highlight on the credit cost? That's my first question. My second question is that your PPoP margin, right, PPoP-to-assets has really fallen to a low in the 2nd Quarter. And it hardly cover, I mean, there's very little margin now to cover the credit costs, right? So, how do you strengthen the PPoP margin? Because the book will play out in terms of the change in mix and its impact on margins. So, what are the levers we have to improve the PPoP margin to take care of the volatility in credit cost? And my third question is that in the Bihar election manifestos of opposition parties, debt waiver figures and a lot of soft to self-help groups figures are being talked about. So, how much of that would you expect to rub off to MFI in case these things come through in Bihar? These are my questions. Yes.

Partha Pratim Sengupta:

So, first of all, to answer your query on credit costs, so we have a guidance for the next two, three years, where we have said that we should come to around 2.5%. So, this is a transition phase, as we have already said. During this transition phase, the NPAs are going to rise, as you

have seen that we have done some major accounting changes also. Definitely, for which SMA-0 is one of the condition. We had some effects of the ballooning effects of the accounting system earlier, where actually the overdue were getting ballooned at the end of the EMI schedule, but now we have actually brought it forward. So, that has resulted in some ballooning in NPAs, which is the reason of increasing credit costs. But gradually it is coming down and it will gradually come down. This is the first thing. Second thing is that gross slippages of EEB from the EEB segment. So, these are yet to get arrested. So, till Quarter 2, what was our expectation, it has not happened for definite reasons across the industry. And so, that slippages are now showing some good credence. What Rajeev has recently just said that the SMA-2 figures almost decreased by Rs. 100 crores on a QoQ basis. And the trend is on the similar line. So, we expect that substantial slippages can be arrested. So, with the slippages, if they get arrested, definitely the provision requirement will come down and the credit cost will improve. This is the first thing. So, we are still maintaining our guidance that after 2-3 years, we will be looking at around 2.5%

Rajeev Mantri:

So, just to further supplement and clarify on the first point, what we have said is by FY'27 exit is where we are expecting a credit cost of 2.5% to 3% for EEB on a stable state basis. On an overall Bank basis, we will be looking at a credit cost of 1.5% to 1.6%. And that is because we are improving our secured mix as we have already seen. We will continue to endeavor towards that. And also we expect that the recovery in the EEB environment comes through over the ensuing quarters.

Partha Pratim Sengupta: So, second part, your SMA-0, as you have already said, that if holidays are there, we cannot help because demands are generated, but people are not there in the field for collection. But Rajeev has already given a trend that almost 350 cr of the amount of SMA-0 in the EEB segment has already been recovered during the first month of this. Whenever it is due, we expect that this will also come down, but it will definitely depend on the holiday period. As regarding your PPoP margin, so the effect of the reduced cost of funds, that will come into a balance sheet almost on a large basis. A partial will come in Q3, but a major will come in Q4. And Q1 of next quarter, we will see a substantial impact of this cost of reduction of our interest rates, the moderation of interest rates, and definitely that will also improve our margin. Further, we are also taking steps to increase our other income. So, recently we have also revised some of our service charges and we are taking many more steps to increase our other income. The treasury operations, which has given us a huge profit in the Q1, obviously because of the increasing rates, it has not happened during this quarter. So, we are also looking if we can make some treasury gains. So, these are the steps we are taking to improve our PPoP margin. And the fourth one is regarding Bihar elections. So, we find that during election manifestos, many political parties do come with debt waiver. But we have also seen that most political parties have realized that this is not a permanent solution and even the state do not have the capacity actually to fulfill this commitment. So, we'll look into it, but I don't see a major problem because Bihar has been one of the good states compared to many other MFIs, at least for Bandhan Bank, the recovery has been quite good.

- Rajeev Mantri:** I think just to supplement the PPoP margin, because the full brunt of the repo rate impact came through in this quarter on the advances book. While we have taken action to reduce the savings count rates, which has immediately given some benefits, the reduction in the term deposit rates will take a bit of time depending on when the deposits come for renewal. And that's what we said from Q4, we should start to see. So, effectively, this net interest margin will be sort of the lower point. And from this coming quarter onward, we should start to see some improvement in the net interest margins.
- Mahrugh Adajania:** How much did you cut your MCLR by, say since April?
- Rajeev Mantri:** So, roughly 200 basis points.
- Mahrugh Adajania:** But has anyone cut MCLR so sharply, or you are higher than peers?
- Partha Pratim Sengupta:** No, we have just moderated the calculation. So, earlier, what was the basis of the parameters of doing MCLR, because we took this opportunity, we are one of the outliers. So, we had an MCLR of almost 11.5% compared to the next one in the line in the queue with around 9.5% or 9.7%. So, we did a recalculation and we thought that it should be prudent enough that we make the correction at one time, because it may be a requirement going forward. So, that has impacted almost Rs. 5,000 crores of our housing loan.
- Mahrugh Adajania:** Okay. But as in, change the way you calculate what in MCLR, like cost of funds is a given, right?
- Partha Pratim Sengupta:** Yes. So, definitely. So, some of the service charges, which we are actually recovering from the customer, so that was the basis for that year. So, that was, since we are recovering it, we have not taken it as the cost of funds.
- Rajeev Mantri:** I think some of the elements is just broadly aligned with the way the market actually computes it. So, we aligned it with the market.
- Mahrugh Adajania:** Okay. Thank you. Thanks a lot.
- Moderator:** Thank you so much. Our next question comes from the line of Abhishek Murarka from HSBC Bank. Please go ahead.
- Abhishek Murarka:** Hi, good evening, sir. So, I have a follow-up question on the microfinance business. So, in Bihar, has the MFIN stepped in or have you or some of the large lenders, have you all made some representations or at least issued some guidelines so that your field agents etc. can work without any hindrance? Or if customers tell them that it's going to be waived, they have some official document to show saying that right now you have to service your loans. So, just the reaction from the industry and the support that you might be getting or might not be getting from the

government, if you can comment on that? So, that's question one. I'll come back on question two, actually.

Partha Pratim Sengupta: So, Bihar, again, I'm telling you that if you look at our portfolio, the delinquency trend is a very acceptable level, I can say for that. So, 30 dpd industry trend is 5.14% against which our trend is 3.8%. If you look at the 90 plus delinquency trend, the industry trend is 3.0%, ours is 2.04%. If you look at 180 plus delinquency trend, 12.54% is the industry trend and ours is 6.84%. So, we are little bit comfortably placed than what the industry is doing for the day. And this election manifesto, each time, whenever it happens in any state, I think, many of the political parties do come up. But till now, at least no major political party, we have not seen that they'll come with these manifestos. But Vishal, if you want to add.

Vishal Wadhwa: Yes, this is Vishal here. In terms of the Bihar, we are watching it very closely in terms of the impact in the last one month or so. In our portfolio, as such, we have seen regular collection, that means the way it's been happening in the previous quarter. Though we have taken the cognizance in terms of the knowledge which is going around in the political environment out there, but that's one of the things which is always getting highlighted whenever a state election is happening. We are closely tracking. It's been performing as expectation and in fact, in the same manner it was performing in the previous quarter as well. So, I don't think, as of now, we see a challenge that we are cognizant of being keeping a very close eye in terms of how things are progressing there.

Abhishek Murarka: So, some pre-emptive steps have still not been taken or you have not felt the need to take? MFIN has not taken?

Vishal Wadhwa: No, preemptive steps has been taken. We also liaison with MFIN lobby and the directive from them given to all our relationship officers to carry it along and explain that these waivers talk and all is not sustainable and not rightful and that is given and shared with all the ROs which are the relationship officers who travel. In the weekly meetings, they make the customer very much understand whoever comes up with that query. We haven't seen that far so much of customer noise saying that waive our loan amount or we would not like to pay because there is people who are saying, we are going to pay on behalf of us. Those things have really not come up. There have been very small, one or two group meetings in which it has come up and we'll explain. We haven't seen much of a number, difference of connections. In fact, much better than the industry.

Partha Pratim Sengupta: So, even the MFIN has given us, you know, one pager to inform all our customers in terms of during the election time and that's only specific to Bihar. Whenever state elections are there, MFIN has given a common guideline given to all of us in terms of how do we, you know, explain to the customers who are raising this point of political interferences and waivers for the loan.

Abhishek Murarka: Understood. Okay. Thank you for that. The second question is, I see your disbursements in EEB have gone up. And obviously, a couple of states, there is still an increase in SMA 1, 2, etc. And you have also said in your opening remark that stress may continue in EEB for 1 or 3 quarters.

So, which geography have you been comfortable in lending? That is what I wanted to understand. Where has this disbursement happened?

Rajeev Mantri: Abhishek, just to clarify what MD sir mentioned was, just to probably continue for 1 or 2 more months and thereafter we should see more recovery just to clarify.

Abhishek Murarka: Yes, sure. Okay. But the question still stands. So, where have you found comfort in increasing your disbursements and lending more? So, definitely, I can say the eastern part is doing reasonably well.

Vishal Wadhwa: So, West Bengal, Assam, Bihar, all these states. In the other parts also, we are seeing delinquencies are improving. The collection efficiency has improved. But see, like MD sir spoke about West Bengal, Bihar, Assam continues to be our strength area. And that is where we have seen growth also coming in. We have a large existing base. So, that is a renewal every 12 months or 18 months. So, that is where we really, for the good customer of ours, we really focus upon and try to get that renewal. So, West Bengal, Assam, Bihar, in that order, keeps on doing well. We have also seen some traction happening now in parts of Odisha and Madhya Pradesh, though not in that scale of what Eastern India is going around. The places where we are really not able to go because of the guardrails are Tamil Nadu and Karnataka because of the late entrant of us. Otherwise, we see decent renewals coming in and you would have seen by the numbers, disbursement of EEB in last quarter, Quarter on Quarter, has been almost back to the levels of Q2FY25 levels. It is almost there. That is one good trend. That is one confident statement which we get when we see that the disbursements are picking up because the business runs both ways. Disbursement and collection goes hand in hand. So, in September month we crossed 5,000 crores of disbursement.

Abhishek Murarka: Understood. Okay. All right. Thank you, sir. Thank you for the clarification and all the best.

Partha Pratim Sengupta: Thank you.

Moderator: Thank you so much. Our next question comes from the line of Aravind Ravichandran from Sundaram Alternates. Please go ahead.

Aravind Ravichandran: Thank you so much for the opportunity. I was trying to understand, in the housing category also, sequentially NPA has moved up, NPA percentage. Is it again because of the holidays or is there something else in the play here? Because growth is also very strong in the housing category, despite the NPA percentage move up sequentially. I could just like to understand what is...?

Rajeev Mantri: Yes, so I think if I could understand, sorry, the audio is still in and out, but your question is around the housing NPA and the SMA, right? As to what is actually driving that?

Aravind Ravichandran: Yes, housing NPA sequentially moved up, despite being higher growth, like having higher growth. I just would like to understand what is happening there.

- Rajeev Mantri:** Sure. So, I think, like MD sir had mentioned earlier, there had been some sort of ballooning related sort of NPA recognition, which had happened sometime back. And we do assessment of that on a quarterly basis, which affects some bit of the housing. However, even if the SMA book has slightly gone up and we've seen that the credit cost and the final recovery that comes through are commensurate. And therefore, the net credit cost that comes through is aligned to the industry standards. The little bit of an increase that we've seen coming through the housing pertains to some of the underlying portfolio in the affordable segment, but the Bank is taking efforts to make sure that the recovery comes through within that. So, we are not seeing any kind of a material trend, per se, which is causing a significant risk. But there are basically certain areas and certain sectors or sections within the housing, where we've seen the risk emanating a little bit more. But the Bank is taking actions to make sure that the collection efforts increase on that particular front. But overall, on a net basis, after the recovery, if you look at the credit cost, it's actually quite commensurate with what we see in the industry.
- Partha Pratim Sengupta:** So, slippages have gone to 2.4%, so that is in the housing loan segment. But at the same time, recovery is around 15%. So, the NPA to the total advances stands at 2.8% during the quarter.
- Aravind Ravichandran:** Okay. And just one more question. Within the EEB portfolio, Bandhan plus more than three lenders, it has been actually stable for the past few quarters. What is happening there? Are you finding it difficult to run down the portfolio? What is happening there?
- Vishal Wadhwa:** So, see, we put the guardrails on April 2nd for FY26, that means it's been six months since the time the guardrail has been put into effect for three lender norm. I think we'll have to wait for two more quarters and gradually it will speed up. Because as of now, you have to compare in the first two quarters, the three lender plus has gone down by 50 bps or 100 bps, 1% it has come down from an 11% to a 9.5%, right? So, this 9.5% now will go at a speeder pace from Quarter 3, Quarter 4 onwards. So, come March, because our loans also run for 12, 18, 24 months. So, come March'26, you will see this number of 9.5% going down to a 7%-6% is what when we checked out, it will become that way. And below 5, maybe a Q1FY27.
- Rajeev Mantri:** So, but what we are seeing, obviously 100 bps has come down already in the last two quarters. And you will see the traction really picking up now because whatever has been booked for the last 18 months, it will start maturing now in 12 months and so on and so forth. So, all three lender norms will speed enough compared to what it has been up to. The numbers will keep on going down from there.
- Aravind Ravichandran:** Understood, sir.
- Moderator:** Thank you. Our next question comes from the line of Anish Rai from UBS. Please go ahead.
- Anish Rai:** Hello. Thanks for taking my question. So, I have a question around your net new EEB customer accretion. So, that has been hovering at the same level for quite a while now, I think for the last 2-3 years now. So, I just wanted to check, do you still believe there's an increasing penetration

story there or you think that the market there has sort of saturated and now it's all going to market share gains? And the related question is, so when you think about growth for the microfinance industry or for the Bank, where do you see that growth coming from? So, how do you see that growth without that increase in customer accretion? So, that is my question. Thank you.

Rajeev Mantri: Sorry, Anish, your question just to understand, is the increase in customers or increase in advances?

Anish Rai: No, net EEB customers, active customers, you disclose it, net EEB active customer number, right?

Rajeev Mantri: Got it.

Vishal Wadhwa: So, you're right that we have stagnated in terms of the new borrowers coming in month on month. But as we see, even today, we keep on adding up 1,30,000 - 1,40,000 customers, on an average and in a quarter we add up to 3,50,000-4,00,000 customers. What we also realize when we go for new customers, there are lots of rejects which have increased in the industry due to delinquency and that's why we are also not able to really work upon in terms of getting the new borrowers because they are being rejected on account of the performance outside Bandhan Bank as well. And that's the industry trend. The good news is that on the renewal side, we have been working very closely with analytics to ensure that the good customers of ours, which have been with us for a longer time, are all getting renewed and all getting rolled for the new loans as well. So, this fraction we will keep on seeing for the next 1 or 2 quarters and once the industry stabilizes and the leverage issue is completely lift off, we will try and get further new customers. Currently, if you see and go by the industry number, around about 23%-24% of the overall industry customers are ineligible to take loans going by the government. I hope I am able to answer the query.

Anish Rai: Yes, thank you, sir.

Moderator: Thank you, sir. Our next question comes from the line of Param Subramanian from Investec. Please go ahead, sir.

Param Subramanian: Good evening. Thanks for taking my question. Firstly, on funding cost. So, quarter-to-quarter, your cost of funds is, as there is not much movement. Why is that the case? Because your CASA ratio is up. We have taken substantial cuts in our savings rate as well. So, why is cost of funds not yet showing improvement? And related to that, how to think about NIMs going into second half and next year? Because I think at the beginning of the cycle, we had called out that because of the mix shift, the Bank would lose 70-80 basis point of NIMs. And it looks like we are already there. So, how to think about NIMS from here on?

Partha Pratim Sengupta: So, the funding cost, what we have already explained that a moderation in the savings Bank has come. So, my funding cost of savings Bank has almost like 200 basis point has come down. But

the fixed deposits are yet to come. So, we have got almost close to almost 75,000 close of retail term deposits and also fixed deposits, bulk deposits are also there. So, there is the moderation will take place as and when this gets renewed. So, it will take two more actually to...

Param Subramanian: Your CASA ratio is up, quarter-on-quarter and there is a savings cost reduction...

Partha Pratim Sengupta: Quarter-on-quarter, it is marginally up. Yes, we have 28%. It increased from 27.1% to 28%. We are marginally up. But the main thing is that because of the fixed deposits, which were adding a very high rate of interest. So, that needs to get moderated and that will get moderated only at the time of renewal for which we need to wait till Quarter 4. A little bit positive impact will come in Q3, but not much. So, Q4 actually the major impact will come.

Rajeev Mantri: Just to share some numbers, for instance, our savings account, the cost has come down from an average of 5.52% last year or even in Mar'25, 5.5% to almost 4.2% for this quarter. And in fact, September month was almost down to 4%. So, we have done substantial reduction in savings cost, which will continue to give us benefit going forward as well. The term deposit rate reduction that we have done will take some time to affect because of the renewal date of the TDs coming in largely in Q4. Some will come in Q3, mostly in Q4. Some will come in the first half of next year.

Partha Pratim Sengupta: The second question regarding the NIM, we have already indicated that as we are moving towards more secured books, the NIM would get impacted. It has got further impacted because of the upfronting of the repo cut, which we were not expecting beginning of the year. But again, the moderation definitely will continue. But our guidance is that we should have it around 6%. So, we are working towards it. It is not that EEB will not grow. So, whatever the degrowth in the EEB has taken place, I think it will be arrested. And from Q3 onwards, we will be witnessing the growth. So, that will definitely help us in actually achieving our NIM target. So, currently, we are around 6.1% if we look at the half year. So, already another 10-basis point moderation we have already taken into account. And probably, with the EEB segment going up, we will be able to achieve it.

Rajeev Mantri: Yes, I think just to supplement, the NIMs for the quarter were 5.8%. And what we expect as the renewals for the TDs come through, the margin should improve from these levels. So, we actually expect an upward trajectory from here. And this could be sort of the bottom point, at least during this financial year.

Param Subramanian: Okay. So, from here on, it improves. And even from a mix perspective, right? So, our strategy, we initially highlighted that we want secured in the loan mix of about 55%. I think we are broadly there. Even microfinance, I mean, including the individual loan is 36%-37%. We seem to be already there, right? So, how to think about mix going forward for the next, going into FY'27? Is microfinance going to grow from here? And has it bottomed out in the mix?

- Partha Pratim Sengupta:** So, that is our strategy. So, if we grow in microfinance, our growth in the non-microfinance will be much more at a much higher rate. So, this ratio will be maintained or a little bit, it will dip down.
- Rajeev Mantri:** Yes. So, I think the secured mix could actually increase further by rather say 2-3 percentage points through the next 6 to 7 quarters. But the degrowth in the EEB book is what we are trying to arrest, so that we can actually start having a moderate bit of a growth. That is where we are trying to get the mix.
- Param Subramanian:** Okay. So, 55% can move towards something like 52% or broadly, right? Is what you are saying 2-3 percentage points?
- Rajeev Mantri:** No, what we are saying is 55% could move down further to say 57%-58% over the next 7 quarters. But during that particular period, we will also try and get the growth back into EEB, so the ratio could move between these ranges effectively.
- Moderator:** Thank you. The next question come from the line of Anand Dama from Emkay Global Financial Service Limited. Please go ahead, sir.
- Anand Dama:** Sir, thank you for the opportunity. Sir, this MCLR cut that we have done 200 basis point, is that something to do with RBI telling us or is it basically we have done it according to Reddy.
- Partha Pratim Sengupta:** No, nothing. Let me make it very clear that it has got nothing to do with RBI.
- Anand Dama:** Okay. So, basically, I am sure that this year's RBI supervision would be nearly over. Any address comments that basically came through in the RBI report?
- Partha Pratim Sengupta:** I think that we cannot pinpoint that. All banks do have a report. But I would say that the major regulatory issues which were there have been already addressed. And where technology dependence is there, these are on the process of getting addressed. So, that much I can say. So, the major regulatory issues what was there, we have already addressed those things. But definitely, whenever you are in any banking operations, there will be some observations from the regulator. We will address as and when required.
- Anand Dama:** Just to confirm, basically, we will not have any further shocks in terms of any PSL classification or anything that would come from RBI.
- Rajeev Mantri:** No, nothing as such we have received in the supervisory report.
- Anand Dama:** So, secondly, on Bihar, I think it's the opposition manifesto which has talked about some kind of waivers and so on. The ruling party hasn't. But is there any difficulty in terms of approaching the customer in terms of collections now, given that the elections are around or we are able to reach to the customer, conduct center meetings and so on?

- Partha Pratim Sengupta:** As of now, we are cognizant of the issues raised by the opposition. However, we haven't seen any material change in our collections as for today as well, till date. But we are keeping a close watch. And it's been a part of the business of us now. Whenever there's a state election, these things have been spoken about and slowly it settles down and stabilizes. We haven't seen any disruption as of now. So, customer visits are happening, book center meetings are happening in a normal way.
- Anand Dama:** Sure, sir. That's very helpful, sir. Thanks a lot.
- Moderator:** Thank you, sir. Our next question comes from the line of Hardik Shah from ICICI Securities. Please go ahead.
- Hardik Shah:** Hi, sir. Good evening. Sir, if you can quantify the MFI slippages in this quarter. And sir, any qualitative reason why the situation did not pan out the way it should have been? Because other banks, all banks which have MFI segment, they have seen 20%, 30%, 40% decline in slippages. So, is this a geographical thing which is a bit of an adverse thing for us? Or why is it that the slippages seems to be elevated or not improved significantly versus others?
- Rajeev Mantri:** So, maybe I'll answer both. So, firstly, on the number, the slippages for the EEB, which is Group Loan Service as well both, was Rs. 1,118 crores. This was the gross slippage. And the net slippage was 984 crores. The gross slippage increased marginally from 1,089 to 1,118 during the quarter. On your second question, I think, look, from our perspective, the Bank had already been following the guardrails to a large extent. If you look at it, for us, the Bandhan Plus 2 portfolio was almost close to 90%. And the overleveraging portfolio portion of the EEB was only around 10%. So, that also has improved further down to 9.5%. However, the industry number used to be much larger. And what we see from the Bureau report, the industry almost a year back was 19%. And over the period, they have tried to come down. So, you will probably see the reduction more in the industry because they're coming from a position of a much higher delinquencies to a lower delinquency. From our standpoint, our delinquency levels were lower, and we have been doing better than the industry. However, at the same time, we are trying to put in efforts to make sure that our collection rate and recovery efforts go up, and also that we have lower slippages come through, which is what we are expecting sometime in Q3 onwards for the recovery to come through.
- Vishal Wadhwa:** Quickly I will just supplement in terms of what you spoke about the industry, I'll give you the figures, which is reported by the Bureau end of September, 180 plus delinquency, which is typically at an industry level is at 15.26% and we are at 7% at a 180 level. At a 90 to 180 dpd, industry is at 3.27% and we are at 2.08%. So, comparatively, both 90 plus and 180 plus, we are far, far superior compared to the industry. So, even if they have said slippages have reduced, maybe for this quarter, they have already been at a very high end of 180 and 90 already in the previous quarter. The current quarter, if I stand in point, if I see in the month of September, there's a large difference between both 90 plus and 180 plus. So, I'm not sure about whether you're getting the figures of slippages of the industry overall improving by 20 basis points.

Maybe some other banks, because they have a very small amount of this EEB book. So, maybe they must have percentage-wise have shown a better improvement compared to us, because we have a large base. So, on this large base, the percentage improvement is difficult to predict.

Hardik Shah:

Okay. Sure. And secondly, sir, this 650 crores of SMA-0, which was because of bunched up holidays, that you have managed to recover 350 crores of them. Ideally, it should have been even much more, right? I mean, is that the understanding or the 650 crores of bunched up holiday, of course, the holiday season is over and then 2H for October should be a decent active month. You have only managed to recover 350 crores. Is that what, I mean, this is what you said, right? That you have managed to recover 350 crores. You have managed to regularize Rs. 350 crores out of 650 crores bunched up, right?

Vishal Wadhwa:

Let me explain this holiday demand for your understanding. What happened was, because we have got a predominantly 53,000 crore of our portfolio in EEB and September 29th and 30th being holidays, there is an impact of holiday demand in which we collected 92% of our customers. 92% of the customers on the days of 29th and 30th we were able to collect. 8% of the customers, which was because we have weekly installment, we were not able to collect. And the following week, we are able to collect 95% of the remaining 8% of the customers. But what happens is, because of the 8% of the customers, that totals up to close to Rs. 650 odd crores of the principal outstanding, which moves to 1 DPD, 1 to 7 DPD or 7 to 15 DPDs. If there are two Monday holidays, like in this month of October, there have been three holidays on Monday, which is being a Monday weekly installment, but we have to take advance, we take 92%-93%, 7%-8% are flown to the next weekly cycle and which we collect again in the next weekly cycle. So whatever flows like this Rs. 650 crores, which had happened earlier and specifically on the last day of the month, we are able to collect 92%-93% in the advance, 7%-8% in the following week. And that is a proof of the testament that when you see SMA-1 and 2, there is no increment, even from April to September or October, but SMA-0 gets elevated temporarily for a week primarily and slowly, slowly it keeps on coming down week by week. So as I speak, this approx. 1,500 crores which is reported here as SMA 0 would have been 1,200 crores odd 3-4 days back. So this number will slowly come down to a below 1,000 crores, which was there in Quarter 2 and so on and so forth in the next one month, because there are no more holidays in November and December and nothing coming at the end of the month. The last day of a holiday in the last day of the month becomes a bigger problem because we don't have time to collect for that particular one. And September 29th, 30th, 1st and 2nd were holidays. So they were continuous holidays for that period. But like what Rajeev explained, bulk of it has already got collected in October and whatever is still that one week pending will further get collected in November. So I don't see a risk in SMA-0 formation, that risk is very temporary for 2-3 weeks and that is stabilized. This particular month, because of 3 Monday holiday, it is taking maybe 1 week or 2 weeks more. Come November and I think that PAR 1 to 30 will stabilize back to the normal number of June quarter. I hope I made everybody clear on this point. Because it is a temporary blip because of the last day being a holiday in a month.

- Hardik Shah:** Sir, I just wanted to check this Wholesale Banking ABG book and erstwhile SEL book, what is the reason for the rise in GNPA there? Thank you.
- Rajeev Mantri:** You are talking about the erstwhile SEL, which is ABG book, the increase in NPA? Is that the question?
- Hardik Shah:** Yes.
- Vishal Wadhwa:** Okay. See, the SEL erstwhile book, the denominator impact is there. We have gone a little slow in terms of the growth in SEL and we are planning to change our policies and making it far more robust. For that reason, there has been an impact of denominator growth in SEL. Otherwise, the slippage pattern of ABG has been on the similar numbers month-on-month, the way it was there also in the previous quarters or so. But because of the denominator coming down in the growth, we are trying to make it in a more robust manner. That is why you will see that impact of the NPA is elevated and the percentage is going higher.
- Hardik Shah:** Sir, I was referring to absolute number only, Rs. 730 crores of GNPA has become Rs. 870 crores on a quarter-to-quarter basis in wholesale banking. And the GNPA in wholesale banking, Rs. 730 crores has become Rs. 870 crores.
- Rajeev Mantri:** Yes, the wholesale banking book includes the ABG portfolio. I think if you look at the wholesale banking NPA levels, excluding the ABG, it is quite low, almost like 0.5% or 0.8%. But ABG has a slightly higher NPA primarily because the book actually has been degrowing and the denominator effect, like Vishal mentioned, is affecting the NPA percentage. But there are certain underlying risks, which the team is actually looking at in terms of improving the collections. It has been an unsecured portfolio, which actually has had some bit of an NPA level, but the team is focused in terms of making sure that the collections come through within that.
- Hardik Shah:** Okay, so this is unsecured business banking, right? I mean, what we see at other Bank is , business banking.
- Rajeev Mantri:** That is correct.
- Hardik Shah:** And this is not a LAP, right? This is business banking, unsecured working.
- Partha Pratim Sengupta:** Not a LAP.
- Rajeev Mantri:** It is unsecured.
- Moderator:** Thank you. The next question comes from the line of Vatsal Parag Shah from Knightstone Capital Management. Please go ahead.

- Vatsal Parag Shah:** Thanks for taking my question. So my question is regarding MFI. So we are seeing that Madhya Pradesh and Bihar and Maharashtra also have some difficulty in collections from some other players. So are you seeing any stress there?
- Vishal Wadhwa:** So like I said, Bihar is doing reasonably well for us. For us, like I said, Tamil Nadu, Karnataka is a little stressed. Maharashtra is doing reasonably okay for us as far as we are concerned, though I see there is an industry difference from our portfolio compared to the industry portfolio. Industry doesn't do that well. For us, Gujarat is a little, compared to the industry, a little cause of concern, but not that much to worry because our portfolio in Gujarat and Southern states are much lower if you have to compare. So we are keeping ourselves abreast in terms of and watching Gujarat portfolio more qualitatively. Maharashtra is still holding for us the way it was earlier. I hope the question was answered.
- Vatsal Parag Shah:** Yes. So my next question was more forward-looking in nature. So for H2, we were banking on the growth being higher in MFI and the asset quality improving. But next year in Q4, West Bengal and Assam, both will have their elections. So just wanted to understand historically in the past 2-3 election cycles for West Bengal and Assam, what has been the trend and disbursement in asset quality? Do they significantly deteriorate or we can Bank on H2 being significantly better than H1 despite the election months being dead?
- Partha Pratim Sengupta:** In fact, five years back when the election took place, the portfolio quality was much better. There were no issues at all for them. In West Bengal, there is no election, no political party gives a campaign that no labor required there. I don't think that's going to happen in any way. But Assam also, there was post-election that has come up earlier. But I don't think in Bengal specifically, anything of this has been even spoken at this point of time. But like I said, this business is such that there is a political infringement and we are aware of how to manage it even now because we have been doing it for a long time across the industry. And like I said, this business is also, microfinance has been H2 is far superior than H1 in terms of both disbursement, growth, and stability in terms of quality of the book as well. So, we are optimistic that Quarter 3-Quarter 4 will have better trends in terms of both growth and quality of the asset book.
- Rajeev Mantri:** And also, I think because of the various guardrails and the communication, borrowers are also well aware now of the need for a discipline in terms of repayments.
- Vatsal Parag Shah:** Okay, got it. And lastly, have you taken any price hikes in group loan?
- Partha Pratim Sengupta:** No, we have not increased any price.
- Vatsal Parag Shah:** Okay, got it. Thank you.
- Rajeev Mantri:** Thank you.

- Moderator:** Thank you. Our next question comes from the line of Aravind Ravichandran from Sundaram Alternates. Please go ahead.
- Aravind Ravichandran:** I have this question, like, because we have seen different players, because of the risk-based pricing in MFI, they have inched up the yields, like 75 basis points, 100 basis points, different lenders have done different things. But based on the past several quarters, they felt like there is a need to raise yields. Don't you see any need like that in raising yields for JLG notes, MFI notes? That is my first question.
- Vishal Wadhwa:** We are not looking at moving any risk-based pricing, because the group concept is cohesive. So, it's difficult to implement risk-based pricing in a group in many ways. So, we want to continue the way it is in terms of ensuring that we get the right quality book rather than looking at a risk-based pricing, because the group concept is very cohesive when we form a group, and it is very difficult to implement on the ground that we have different risk-based pricing and explain in a particular group. And so, we have been keeping the way in terms of keeping a flat rate at a group level. And we haven't increased the prices or yields in the recent past.
- Rajeev Mantri:** Yes, I think there is no plan to hike the rates in the MFI.
- Rajinder Kumar Babbar:** The rural market, basically, is a very sensitive market, because one customer is getting a particular rate, another is getting another rate, then there is basically a disconnect. So, most of them, they want the similar rate. If they have taken a loan of Rs. 50,000, in the fixed installment, I am paying so much amount to the Bank.
- Partha Pratim Sengupta:** So, if you look at the risk profile of this customer, the risk profile is also the same. It is very similar, except that some are paying on time and some are paying with some delay or some are not paying for the day. But if you look at the risk profile for anything, whether on the basis of income, or whether the basis of the schemes, the unstructured information, the risk profile almost is very similar in respect of this particular segment of customers.
- Aravind Ravichandran:** I was trying to understand, branch addition has been particularly slow in the last few quarters. So, if we want to get back the growth in the subsequent years, is this enough? Are we going to significantly accelerate the branch expansion rather than investments? I understand that you mentioned that we need to make investments.
- Partha Pratim Sengupta:** So, we have already a plan for branch expansion during the next one year. So, we are just going ahead with that plan only. But our motto is not that we would grow very aggressively in branch expansion. Rather, we are focusing on the digital strength capability of the Bank. But definitely, geographies where our presence is very less. So, we are focusing now on the south. We are also focusing a little bit on the north. But definitely, much lesser focus on the east.
- Aravind Ravichandran:** Understood. Thank you.

Moderator: Thank you, sir. And this question comes from the line of Mahrukh Adajania from Nuvama. Please go ahead.

Mahrukh Adajania: Thank you for giving me one more chance at asking questions. I just had one clarification that ECL will be implemented now. So, what would be your overall SMA pool, because that will determine the stage 2 provisions, right? In terms of even other loans. Obviously, you have been transparent enough and you are disclosing the EEB pool regularly, which is very helpful. But what is the total SMA pool including non-EEB? Like say for 0, 1, and 2?

Partha Pratim Sengupta: You want the figures as of September 30th or what you want?

Mahrukh Adajania: No, September 30, the total SMA.

Rajeev Mantri: Are you asking for the SMA as per the current books or SMA as per IndAS new guidelines?

Mahrukh Adajania: You can give either. I mean, you can give both.

Rajeev Mantri: No. So, look, we are assessing and evaluating. I think the draft guidelines have come through. We are looking at what exactly it would mean for the Bank. I think at this stage, that process is still on. So, currently, I think whatever we have in terms of the DPD books, in terms of the SMA 1, 2, etc., we've already included in the investor deck for EEB. So, I think you will be able to see the details there. But the assessment for the new guidelines of ECL is still under process. So, we will not be able to have the details of that.

Mahrukh Adajania: Sure. But IndGAAP, would you be able to share the total SMA pool under IndGAAP? Including non-EEB?

Rajeev Mantri: Sorry, Marukh, we will not have the figures for IndAS right now. Not for the ECL as per the new guidelines.

Mahrukh Adajania: Okay. IND GAAP also you won't have?

Partha Pratim Sengupta: Yes, we can share it later. We can engage subsequently and then have a conversation.

Mahrukh Adajania: All right. Thank you so much. Thanks.

Rajeev Mantri: Yes, we will connect with you.

Mahrukh Adajania: Thank you.

Moderator: Thank you. In the interest of the time, that was the last question. I now hand the conference over to the management for the closing comments. Thank you.

Rajeev Mantri:

Thank you everyone for joining for the investor call and for patiently listening to the various updates as well as for asking the various questions. And thank you for reposing the trust in the Bank. Thank you so much.

Moderator:

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