"RBL Bank Limited

Q1 FY '24 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to RBL Bank Limited Q1 FY24' Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. R. Subramaniakumar, Managing Director and CEO of RBL Bank. Thank you and over to you, Mr. Kumar.

R. Subramaniakumar: Thank you. Good evening, ladies and gentlemen, and thank you for joining us for a discussion on RBL Bank's Financial Results for the first quarter FY24'. I am as always joined on this call by Mr. Rajeev Ahuja, Mr. Jaideep Iyer, and other members of our management team, who along with me will address any question that you have.

I want to briefly touch upon a few of the key items from our business performance this quarter. Firstly, on growth. I'm happy to report that we have grown our advances in Q1 at 21% Y-o-Y and 4% sequentially. Retail advances have grown at faster pace with the growth of 34% Y-o-Y and 8% sequentially. Wholesale advances grew 8% Y-o-Y.

Despite, Q1 generally being a period of slower growth, we have been able to sustain the momentum in the retail businesses and the retail disbursals. Our disbursals across all of our retail businesses other than the cards was approximately INR 4,100 crores this quarter. Microfinance disbursals are strong at INR 2,150 crores this quarter. Housing saw a disbursal of INR 700 crores and tractors INR 300 crores in the quarter.

The secured business loans have picked up well and saw disbursals of approximately INR 500 crores this quarter. In cards, we saw an issuance of 6.3 lakhs this quarter. In a nutshell, we have been broad-based retail growth this quarter. On deposits, we saw an 8%Y-o-Y growth in overall deposits and a 1% sequential growth. We, however, saw a 20% growth Y-o-Y and 4% sequentially in deposits below INR 2 crores, which now forms 42.8% of the total deposits. CASA deposits grew 12% Y-o-Y and 1% sequentially. CASA ratio was 37.3%.

Growing granular deposits continues to be the key focus for the bank in current financial year. This also allows the banks to grow the customer franchise as the bank is now enabled on multiple asset products to fulfill the customer's borrowing needs. On profitability, we have started FY24' with a healthy financial performance and have improved our quarterly profits sequentially. Our profit after tax for this quarter was INR 288 crores, an increase of 43% Y-o-Y and 6% sequentially. We reported an ROA of 1.01% this quarter up by 26 bps from the same quarter of the last year. Our near-term focus would be to sustain and improve on this performance in the coming quarters.

Our pre-provisioning operating profit this quarter was up 22% Y-o-Y and 9% sequentially at INR647 crores. On asset quality, our GNPA and NNPA are lower Q-o-Q at 3.22% and 1.00% respectively versus 3.37% and 1.10% respectively.

Last quarter end, our provisioning coverage ratio is also up sequentially at 69.6% versus 68.1% last quarter. We have a total slippage of INR555 crores this quarter as against INR681 crores last quarter. Recoveries and upgrades was INR266 crores. Our net slippages were therefore INR289 crores as against 296 crores last quarter. We also had a total recovery of INR65 crores from written-off accounts.

Of the slippages, INR32 crores pertained to the slippages from wholesale and the recoveries of INR65 crores, so that the net slippage in wholesale was negative. In microfinance, our slippages were INR41 crores and recoveries and upgrades INR27 crores. Therefore, our net slippages were INR14 crores. In cards, we had a slippages of INR312 crores and the recoveries and upgrades of INR37 crores, with the net slippages being INR275 crores. Our gross slippages in other retail was INR170 crores. Net slippages in retail were INR32 crores because of the upgrades and recoveries.

Our net restructured advances stood at 1.05% down, down from 1.21% in Q4 FY23'. Provisions, we took a total provisions on advances, which includes NPA restructure and standard assets provisions of INR325 crores in this quarter, which is against INR284 crores of the last quarter.

We had recoveries from written-off accounts of INR65 crores. The net provisions and advances, therefore, was at INR260 crores as against INR182 crores in the last quarter. The credit cost for the quarter were 39 bps as compared to 29 bps in the last quarter. We continue to maintain our credit cost guidance of between 1.5% to 2% this fiscal, though we will aim to close similar to the 1.5% last year, briefly on other aspects of our operating performance.

Our NII was up 21% Y-o-Y and 3% Q-o-Q INR1,246 crores. Our NIMs this quarter was 4.84% as against 5.01% last quarter. NIMS were lower sequentially as a result of the long-term deposits repricing. With the bulk of the repricing done in Q1, while some more increase in the cost of funds will come to in Q2. We believe NIMs will trend upward from here on due to the mix changes in advances as we drive retail growth.

We expect to gradually get close to 5% before inching up further. Other income was INR685 crores for this quarter, which is higher 12% Y-o-Y and 2% sequentially. Core fee income grew 21% Y-o-Y to INR640 crores. Total revenue was 1,932 crores for the quarter, higher 18% Y-o-Y and 2% sequentially. Our opex this quarter was INR1,284 crores, up 15% Y-o-Y and down 1% sequentially. Our cost-to-income ratio was 66.5% this quarter. There would be some lead lag in terms of the cost and the corresponding income increases, given the expected higher business volumes in the next couple of quarters.

In the next couple of quarters, we expect the cost-to-income to marginally climb in the next two quarters before trending down substantially. PPOP of this quarter was at INR647 crores up 22% Y-o-Y and 9% sequentially. Consequently, profit after tax was INR288 crores for the quarter, 43% higher Y-o-Y and 6% higher sequentially.

Lastly, on capital, our total capital was 16.68% and our CET1 ratio was 15.05% as of June end, as against 16.92% and 15.25% as of the last quarter. Before we conclude, I want to share a few thoughts on the progress we have made in the last one year. Last month also marked my first anniversary with the bank. Over the last year, we have significantly picked up on retail growth, including some of our newer products that we have introduced. Our retail asset growth has been 34% over the last four quarters. And we expect to maintain a 5% to 8% sequential growth each quarter.

We continue to see healthy traction in terms of daily leads being generated through our multiple channels, touch points, aided by the conversion through a robust credit engine. We have seen a 158% Y-o-Y growth in the disbursement in our home and the business loan book, and have done significantly better in terms of yields on these businesses. These businesses are well on the path of break-even and profitability as per our plan. We see our newer asset products scale up to critical size and become profitable over the next 12 months to 18 months, which will unlock the profitability at the overall levels.

On rural vehicle finance, we today have an approximate 4% market share in the areas where we operate, and we continue to expand to the newer states. On other vehicle business, our sales and underwriting machinery is in place. Used car, two-wheeler, and new car (the new car product will be launched shortly), and these products will start seeing meaningful tractions in the coming quarters.

The cards and microfinance continue to grow well, given theie size, growth is happening in a more predictable manner as we leverage our competitive advantage in this space. All of this growth and our plans for the future have also meant that we have to do -- we have to significantly enhance our support functions.

Over the last year, we have put in significant work in advancing our underwriting, collections, and credit monitoring framework. We have put in place a range of capabilities, particularly in our retail credit, and the monitoring framework strongly aided by proprietary data analytics and the machine learning tools. We have also seen traction on cross-sell with existing customers contributing meaningfully now towards advances and deposits. But we have barely scratched the surface on the cross-sell and mining our customers for multiple products. We are excited with the opportunities that we see ahead of usas we come out strong post the last couple of years of rebuilding in the bank. One of the most heartening progressions in the last year has been the increase, the branch led retail disbursements, which now are at INR120 crores to INR150 crores monthly run rate. This we feel is a reflection of how well the team is poised to leverage the investments made by the bank in building the distribution infrastructure. We have made most of our branches eligible to sell all of our retail products. We also have an in-house developed propensity model for cross-selling retail assets on our liability, and it is playing out well.

Our analytics is embedded in each of our retail offerings making it more practical for the end users than just being another feature in our repertoires. Similarly, we have worked out a tight model where our BC touchpoints 1,100 approximately will source retail asset leads in Tier 2 and Tier 3 cities, with stronger focus on digitally enabled straight through process. Unlocking in true sense what we call “last mile connectivity is”.

At a bank level, some of the organizational changes that we did has worked extremely well for us, with the business and support teams working with a renewed enthusiasm in pulling in the same direction. What all of this has in particular done is, it has raised the confidence not just of our customers, but also our team on the ground.

Today they feel empowered, more than ever to deliver more than what is expected from them. As I have said it many times earlier in my conversations with various stakeholders, we believe that the digital and the physical service points for our bank need to coexist (it is not an either or) and to this extent, we continue nurturing human relationships through our services amidst the traffic of technology that we all are seeing in today's world.

As you all know, retail is all about detail. It's about the focus on execution, commitment, and trust. We all are geared in this direction to deliver on our guidance given to you at the end of last year. I'll stop here and with this, we'll now take questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Rahil Shah from Crown Capital. Please go ahead.

Rahil Shah: Hello sir, good afternoon. Just one question on your loan book growth targets for this year. What are you expecting and your ROA aspirations? You said you want to improve so if you can just you know give any close number or maybe your targets for the year. Thank you.

R. Subramaniakumar: Yes. Advances will grow at the rate of not less than 20% to 22% overall. With a greater rigor on retail, we'll be grow faster in retail. Within retail, we'll grow in the range of 33% to 35%. At the end of the year, exit ROA will not be less than 1.20%.

Rahil Shah: How much is that, 1 point?

R. Subramaniakumar: Exit, exit.

Rahil Shah: What was the number you said?

R. Subramaniakumar: 1.2%. 1.2%.

Rahil Shah: Okay sir. Okay, thank you for answering, sir, and all the best.

Moderator: Thank you. Thank you. We have the next question from the line of Kunal Shah from Citigroup. Please go ahead.

Kunal Shah: Yes, so the question was on deposits. So in fact, we have highlighted that we would want to grow deposits as well as at more than 20 odd percent. Current run rate, maybe because we would be unwinding some of the high-cost deposits that are relatively on the lower side. But what would be the strategy out there in terms of getting the correction to say five to six or some kind of a sequential growth is now something that will be required. So if you can touch upon that particular aspect, yes.

Jaideep Iyer: Yes, Kunal, Jaideep here. So I think on deposits, our bigger focus clearly is the retail deposits, which we are clearly growing in the 20s. And we will hope to remain there or even improve.

On the overall deposits, we should be effectively toggling at the plus minus CD ratio of about 85% to 87%. We have, in the past, underutilized our opportunity to take refinance at cheaper rates because of the need to grow deposits. I think that we will not now want to kind of give that opportunity up. So deposits in all likelihood at an overall level will probably be a shade below loans.

Kunal Shah: Sorry, will be shade below?

Jaideep Iyer: The loan growth.

Kunal Shah: Okay, okay. But since we'll be getting towards the high teens, including so I'm just talking about the overall deposit growth. So how would that be possible? Maybe what are the strategies out there?

Jaideep Iyer: So see Kunal, we have approximately 42%-43% of our deposits which are extremely granular. And you know, that will, as I said, will grow at more than in 20s. The rest will be bulk deposits, which for our size and scale, I think we are getting far more acceptance, in general, on the bulk side, given what we have gone through over the last one year. So we don't see that as a challenge in terms of growth. I don't think funding is a challenge. Funding at the right price arguably could be a challenge, but generally funding is not a challenge.

Kunal Shah: Okay. And secondly, in terms of repricing, given that larger part of our book is also fixed. So if you can highlight in terms of the kind of rate hikes which we would have taken, say, in MFI and some of the vehicle products as well as housing, just to gauge in terms of what could be the yield improvement as we are clearly seeing that we would strive for a 5 odd percent margins. So how much would be because of the mix change and how much would be because of the inflation benefit?

Jaideep Iyer: So Kunal, honestly, from a repricing standpoint on the asset side, it is pretty much done, right? I mean, repo increases stopped a while back, and all the externally benchmarked loans are already repriced to current reality. So our improvement on the asset side will come largely because of mix. More retail versus wholesale.

Within retail, we will probably do a little more affordable than prime, etcetera, etcetera. So absolute increase in yields, I don't see much on a like-to-like basis happening on the asset side. It is more the mix that will compensate for the last tail left on deposit repricing. So we will add another 10 to 15 basis points on cost of deposits, and we should be able to increase the asset side by more than that due to mixed change.

Kunal Shah: Okay. But overall, when we look at it either based in terms of MFI, that would be with a language, because that would, again, be fixed rate. Even when we look at it for the vehicle finance class, maybe on the corporate, it would be linked to MCLR. So isn't that a repricing which would be left in those segments?

Jaideep Iyer: No, no, for MFI and all did not change pricing. So we've not changed asset pricing on fixed rate products. As I said, wholesale has already got repriced in line with the external liquidity conditions and interest rate conditions a while back. So from here on, the repricing is largely going to be mixed.

Kunal Shah: Okay. Thanks, guys. That is helpful. Thank you and all the best.

Moderator: Thank you. We have the next question from the line of Rajiv Pathak from GeeCee Holdings. Please go ahead.

Rajiv Pathak: Hello, sir. Congratulations on a good set of performance. Sir, just a follow-up to the earlier question of Kunal on the deposits. So while the headline numbers does look a bit subdued, and you would have done good on the retailization part, but if I just were to look at the quarter on quarter traction even in the retail deposits, and that is the retail plus CASA, it would look like around 3% on a run rate basis for a quarter. So where would you target this rate to go up to and eventually as an exit for March, what would be the retail LCR that you guys would be looking at?

Jaideep Iyer: So we will see improvement in the mix of retail LCR as well as all deposits below two crores, approximately 2% to 3% per annum. In terms of the mixed improvement. That's what we are targeting. And I think which means that it will – that particular set of deposits will need to grow at a rate higher than overall deposits, which is really the attempt. And the bulk deposits will grow as required. So as I said, the overall deposits will lag loan growth simply because we will want to take advantage of some refinance borrowings.

On the asset side, we have a lot of assets which are eminently refinance able from SIDBI, NABARD, NHB kind of institutions at rates which are below market because of the asset side mix that we have. And we will want to take advantage of that. They also come with a two-year, three-year, four-year maturity. So it's also good funding.

Rajiv Pathak: Okay. And just to get this clear, I think we indicated that much of the deposit repricing has been effected in the 30 bps cost of fund increases during the quarter and Q2 there will be some more increase, but the delta will be lower than the Q1? Is that what you understand?

Jaideep Iyer: Yes, materially lower. We are looking at no more than maximum of 10 to 15 basis points.

Rajiv Pathak: Okay, and what are your plans for the branch expansion?

R. Subramaniakumar: We are planning around maybe a 70 to 80 branches, which is going to be blended. Some will be the pure RBL branches, some will be an upgradation of some of the RFL branches, which are in the periphery and Tier 2 cities.

Rajiv Pathak: Okay. And sir, any thoughts on the capital raise?

R. Subramaniakumar: Capital, we have adequately capital raised now. We are not interested in raising any capital right now.

Jaideep Iyer: Yes, I mean, I think we are already seeing growth momentum, maybe a little ahead of our expectations. And if we continue to deliver retail asset growth, if the opportunity is there in retail assets to grow above our expectations, then maybe at some point we will need capital, but clearly not in a hurry.

Rajiv Pathak: Okay, okay. Thanks a lot and wish you all the best.

Moderator: Thank you. The next question is from the line of Mona Khetan from Dolat Capital. Please go ahead.

Mona Khetan: Yes. Hi, sir. Good evening. So firstly, on the opex line, so essentially, we have seen relatively muted growth in opex this quarter, versus a 30% plus growth in opex for the last full year. So what sort of trends could we expect going forward, if you could guide us?

R. Subramaniakumar: It will be more or less a similar trend. If you look at the last quarters, our expenditure has been maintained in the same level to great extent and going forward it will be the same range. Maybe a small increase will be there depending on the expansion which we do in terms of the products. If we get into the new geography, the new branches added, to that extent there will be an addition of expenditure. Other than that, our existing one will be continuing it.

Mona Khetan: So is it fair to say that, you know, opex growth, this fiscal would be lower than the loan growth of whatever 20% that you're guiding? Could opex settle at somewhere 16 to 18%?

Jaideep Iyer: No, I think the opex growth will be substantially lower than last year, is where we would want to leave it.

Mona Khetan: Okay, sure. Secondly, on the margin, so against a 4.7% for the full year that we have seen, what sort of margins do you expect for this fiscal?

Jaideep Iyer: So I think we will claw back to, you know, 5% over the next one to two quarters and probably end the year at somewhere between 5 to 5.1. So we should be averaging close to 5. And this is obviously assuming status quo on multiple things in terms of external rate environment.

Mona Khetan: Got it. And just finally, on the current account balances, we have seen very healthy growth in the CA balances over the last few quarters with a 24% year on year growth. So anything you want to highlight here, what's helping the growth?

Jaideep Iyer: So I think, you know, obviously we have a large corporate, mid-corporate business. We are also doing government businesses. We are doing financial institutions, brokerage businesses. So CA, like for every other bank, is a big focus area. And yes, the idea is to kind of see what best we can do in terms of improving that ratio. It is obviously tough in a high interest rate environment and there will be some moderations, but yes, it is a big focus area for the bank.

Mona Khetan: Got it. Thanks. Just one last point. So when I look at the credit card NPA this quarter, it increased pretty sharply. Anything to read into it?

Jaideep Iyer: Not really. I think we should see normalizing trends going forward. There is nothing specific here that we are seeing right now.

Mona Khetan: All right, thank you.

Jaideep Iyer: Thank you.

Moderator: Thank you. We have the next participant, Naysar Parikh from Native Capital with the next question. Please go ahead.

Naysar Parikh: Yes, hi. Thanks for taking the question. My first question is on savings account side. So, you know, given our savings account, our higher interest rate, do we do some kind of analysis to, you know, understand what percentage are using it truly as a savings account? Like what percentage is a transacting or primary savings account?

Jaideep Iyer: From a retail standpoint, substantially a good portion of our savings account will be transacting, but yes, we will continue to churn accounts, accounts do become dormant over a period of time, etcetera. Yes, we continuously do that analysis. We reach out to customers who are, we do propensity analysis where we expect customers to become dormant over a period of time based on behavior and therefore we have early interventions and so on and so forth.

So yes, a lot of analysis and a lot of actions on that. And therefore from a retail standpoint, we've seen reasonable traction on savings. Having said that, given the interest rate environment, it's a little tougher to grow savings in this. And we've chosen not to increase rates till now beyond what we were offering in the past.

Naysar Parikh: Right. I just want to understand what percentage would, for our customers, be like a primary account or a salary account or something like that. Do you have that number? Versus people just use it as a pseudo fixed deposit.

R. Subramaniakumar: I'm sorry. I mean, the percentage we will be able to get back a little later, I don't have the data right now. But looking at the transactions which are happening in these accounts and the number of accounts which are being opened, that has increased quarter on quarter continuously, which indicates that a large section of the people are started using these accounts as a primary bank account.

And one of the indicators for that is that our services for the government business, the direct tax payment, the services for our utility payment have just gone up substantially than what it was a year before, which makes us to believe that there's a good traction there. Exact percentage, I will be able to offer once we have some data.

Naysar Parikh: Well, thank you. Second question was on the credit card side, given our partnership with Bajaj, can you give a sense of out of the spend and advances, what percentage contributes to Bajaj finance for branded cards versus other.

Jaideep Iyer: Yes, so that would be at above 50, both maybe 55 plus minus range in terms of spend and advances.

Naysar Parikh: And has that remained steady or is that increasing? How is it?

Jaideep Iyer: No, it was increasing and now it is kind of steadily, marginally coming down as we have put a lot more focus also on looking at non-Bajaj origination, largely internally to our own customers as well as direct origination of cards. So there is a, so just in terms of number of cards, we are now touching 65,000, 70,000 cards a month for a quarter for non-Bajaj customers, vis-a-vis around 1.4, 1.5 lakhs for Bajaj. Whereas this mix has become 80-20 in favor of Bajaj, let's say, a year, year and a half back.

Naysar Parikh: I've got it. And with the credit quality, can you give, even if you can give index, that is OK. But how is the credit quality, between Bajaj Finance and Bajaj Finance?

Jaideep Iyer: Bikram, probably I'll give that to you to answer.

Bikram Yadav: So the Bajaj portfolio largely is an existing, tested, pre-filtered portfolio. So it performs a little bit, about 50 basis points better than the open market portfolio, but both the portfolios are well within our expected guidelines and are in fact, as you would have seen in the deck, about 50 basis points lower than the industry.

Naysar Parikh: Got it. And if you could give a mix of fixed versus floating, both on the liability and asset side?

Jaideep Iyer: So, liability has pretty much -- I don't think banks really have the option, in the Indian context, to have floating-rate liabilities rather than foreign currency borrowings, which is, of course, miniscule, so pretty much fixed rate. The only thing is that there will be a substantial part of abilities which would be less than 1 year in terms of deposits….

Naysar Parikh: What is that percentage?

Jaideep Iyer: So, blended average deposit, let's say, should be in the 13-month, 14-month range in terms of tenures. So, some will be 2 years. Some will be less than 1 year. Bulk deposits typically will be in the 6 to 9 month range, whereas retail deposits will be closer to 2 years.

In terms of advances, we will have approximately -- headline number would be 55% fixed -- and floating 45%. But within fixed rate, we will also have wholesale fixed, but they will have shorter tenures. So, if I look at a 1-year benchmark, then we'll pretty much have other than cards and microfinance and maybe a small bit of wholesale. Everything else should be floating. That's on advances. Bonds and SLR, of course, are fixed rate.

Naysar Parikh: Got it. And sir, sorry, last question, just on the credit cost side, 40 bps, you would assume, is a bit on the lower side. So what will be your -- going forward, what would be assumed as the normalized credit cost that one should consider for your portfolio?

Jaideep Iyer: So, this year, we said that we will be in the range of 1.5% to 2%, with a target to be on the lower side. So, if I annualize 40 bps, we are around 160 bps and it is not necessarily out of context or out of terms in that sense for the current year.

Moderator: The next question is from the line of Anand Dama from Emkay Global.

Anand Dama: So, I had a few questions. One was that you guided about the margins of about 5% to 5.1% for the full year. What gives you confidence that margins could improve from the current level, barring the mix that you've talked about? And whether the mix also would lead to this kind of margin expansion because, is that -- does that mean that basically, the retail share will be far, far higher than what we see at this point of time by the year-end?

Jaideep Iyer: No. So, if you look at our blended average retail yields, we are in the headline, 14.5%, 15% range, whereas wholesale would be -- rupee yields would be in the headline 9% range. So, as we improve the mix towards more retail versus wholesale, there is that tailwind on margins. Within wholesale also, the attempt is to do more commercial banking than large corporate banking, which should also have some tailwinds. And so, that is predominantly the reason why we are seeing margins in our model -- internal expectations to kind of improve from here on.

Anand Dama: But do you think that any cost benefit also will come in? Like you said something about refinancing options as such.

Jaideep Iyer: No, that's not so material because it also comes with a long tenure, right? So, if I compare 3-year funding, if you are getting it at, let's say, 7.25%, 7.5%, 3-year funding in deposits will be higher. But ultimately, it is still 7-plus, right? So, I don't think -- on a like-for-like basis, refinance is cheaper, given the tenures they come with.

Anand Dama: Okay. And you said that in the retail loans also, particularly microfinance, you have not done any re-pricing of the portfolio, whereas a lot of other players have already increased their yields about 200 basis points, 250 basis points. So, is there any plan that you're going to increase the yields also on the microfinance portfolio and other fixed-rate retail portfolio?

Jaideep Iyer: No, so our predominant fixed rate is microfinance and cards. And I don't think we have -- I mean, cards, of course, has a blended mix of products. So, it will depend on how their revolve mix happens, etcetera, etcetera. But we don't see any material trend there. And microfinance, no, we don't intend to increase, at least as of now.

Anand Dama: And what is the view on card? We have seen that the spend growth has been significantly stronger, but the revolve still is not picking up, right? And this is true for other players as well. So what is the view over there? And secondly, if you look at the industry, I think Mona also asked about it that there is some pickup in the NPAs in the early buckets. So, is there anything to read over there? And is there early signs of the asset quality slipping or like it's more of normalization?

Jaideep Iyer: Bikram

Bikram Yadav: So, I'll take the first question first. With easy availability of formal credit, generally, the revolve across is going low. That has been compensated by the EMI plans, which people are picking up on credit cards. So if you're able to see that there is a steady portfolio, which we are building up, where a fair degree of customers are taking term EMI or what you call purchase finance within the credit card line. In fact, as informed last time that with passage of growth coming back after COVID, as and when portfolio will mature, the revolve rate also is likely to go up.

And we have already seen that it is inching up, not significantly though. But directionally, it is moving up from where it was at its bottom. We haven't seen any stress on the early performance, our portfolio bounces -- on our portfolio as yet, is the answer of your second question.

Anand Dama: But any idea that what would basically lead to some slipping -- slip-up basically in the industry trend?

Bikram Yadav: If you're referring to -- what you're referring to is the small ticket loans being disbursed through tech-oriented platforms, which has seen stress largely. If you have been lending in formal sectors or pre-existing sectors, the stress is a little bit in lines of the expectations, which is not alarming.

Anand Dama: Okay. And lastly, MD sir, basically talked about 1.4%, 1.5% ROA for FY '26. So, what would be the glide path from the current levels? Which are the line items where basically, we will see expansion either in margin cost coming off, credit costs off? If you can just explain basically the glide path to that 1.4%, 1.5% ROA?

Jaideep Iyer: A lot of this is going to come from expansion in income to assets and some benefits from cost to assets, both of that, and therefore, operating profit to assets. I don't think we will have much on credit cost to assets, in general, at least not material. So, it has to come from size and scale, which gives operating profit and operating leverage benefits.

As an example, parts of our retail assets, we are growing home loans. We're growing LAP. We are adding 2-wheeler, 4-wheeler. We added tractors about 2 years back, which is now breaking even. So these assets are today not really throwing back profitability into the bank. This will change as they get to scale.

So, depending on which product ends up at a scale and showing profitability, we will continue to reduce the drag that is today there on the balance sheet due to these products.

Anand Dama: And is it not prudent basically to build some contingent buffers, particularly when we are entering into a lot of these new retail products, even if like affordable housing finance or vehicle finance and so on, whereas we have descent specific feature, but it would be prudent to basically build some contingent buffer as well because larger banks have done that.

Jaideep Iyer: Anand, point taken. We will do that in some time in the near future. In the meanwhile, what we are doing is having pretty aggressive provisioning policies on our portfolio. So, even the new products, while they might be secured, will come up -- come with provisioning, which is far more aggressive. So, we will look at 100% provisions in 6 to 9 months so that we don't carry the baggage of the past. But yes, we will look to build contingent provisions over the next 12 or 18 months.

Moderator: The next question is from the line of Jeetu Panjabi from EM Capital Advisors.

Jeetu Panjabi: So, Subramaniakumar, a pointed question. In your opening comments, you made a comment that you expect the margins over the next few quarters to expand again. So, love to hear the framework of how you get there. The second question is around the fact that -- I just want to check, is there any incremental thinking on strategic alliances or partnerships or any other relationships?

Because I also thought I saw, if I'm not mistaken, a comment in one of your resolutions, which talked about a fund raise. So I just want to understand -- maybe I'm wrong on that, but I just want to check on that point as well?

R. Subramaniakumar: Let me go from the backwards. Regarding the fund pricing, it was made very clear, and Jaideep also said and I also said in the opening remarks, now there is no pressure or necessity for us to look at the fund. If the growth is something which is demanding as we move forward, we may look at it at that time. Now, with the current cushion what we have, we are not looking for raising equity fund right now.

Jaideep Iyer: So, one clarification. What we have taken a Board resolution, which would have been public, is to take an enabling resolution every year for INR3,000 crores of securities, which could be typically a Tier 2 or other kind of bond. It is just an enabling revolution. We might do some Tier 2 during the course of the year, but it's not pertaining to equity, as Mr. Kumar, just clarified.

Jeetu Panjabi: Okay. I think that's a great clarification. Just on that same point, is there any incremental thinking on alliances, partnerships, acquisitions, whatever? Anything in that space?

R. Subramaniakumar: See, we are always open to have a partnership in respect of the businesses which have the right kind of the business model which we're looking at it, which we have been exploring it. And I'll just leave it at that with regard to that partnering because we have quite a good partners. Previously, we have learned the art of partnering, which is beneficial to both. I leave it at that point only.

Jeetu Panjabi: Okay. And on the first question, which was more your confidence on the point you made that margins are going to expand from here?

R. Subramaniakumar: In fact, just now, Jaideep explained in detail about that NIM, which is going to grow as we move forward by 10 bps to 15 bps and averaging around 5%. And you also explained that it is going to come from the fact that the remix of our -- the mix change of advances, which is going to -- see, for example, he mentioned the point that the yield on wholesale is around 9% and yield on retail is somewhere around 15%. If there is a shift of that will be, the remix -- mix of advances will provide us the additional NIM or increase in margins, which we are looking at.

Moderator: The next question is from the line of Nishant Shah from MLP.

Nishant Shah: So, most of my questions have been answered. Just one conceptual thing that I want to understand that our revolve rates have not gone up by much, yet we are seeing some kind of like credit card delinquencies come through. And that is probably not true just for you, but also at the system level. So, how does this happen? Can you kind of like describe the customer behaviour here with the different sets of people? Generally, shouldn't revolve rates go up first before delinquencies start going up?

R. Subramaniakumar: Bikram can answer that.

Bikram Yadav: So, from conventional wisdom standpoint, what you are saying is likely to be true. But what happens is that -- or what we have evidenced on analysis is that the customers who usually turn revolver do not turn delinquent if they have been servicing their minimum amount for a reasonable period of time. So, some amount of resilience is certain for customers who continue to pay minimum amount due.

There was a reasonable coordination into revolve rate and delinquency in earlier days. But now, what we see is that, that correlation is not as direct as you are saying. So, what we are seeing is that because of availability of easy EMI within the card, availability of easy EMI generally through credit availability, people do take funds from alternate sources. And overall, revolve as it used to be say, 5 years back, 10 years back, those kind of revolve rates, you'll not see.

Delinquency usually comes from those customers who do not even pay the minimum revolve and therefore -- they don't even pay the minimum amount due and then eventually go straight through. So, if you're trying to find a correlation that used to arise earlier. But now, with available of formal finance with reasonable yields and from multiple touch points, revolve is being replaced by in-line purchase finance, as I've answered earlier.

So, most people within the card would convert their balances to EMI to not get into revolve. And that also is an interest-earning exposure for us.

Nishant Shah: Understood, sir. And on that point, what percentage of customers, who would have otherwise revolved, are you able to kind of retain internally by providing them EMI finance or like a personal loan to kind of like make sure that the revolve does not get out of hands versus what percentage end up kind of borrowing from outside through whatever other sources? Roughly, if you have like even a ballpark...

Bikram Yadav: It would be very tough to put your thumb on the exact number. So I can give you a directional answer on this, but there's no exact way of finding it out that who is paying by converting to EMIs, so that number I would not have for now.

Nishant Shah: Fair. All right. Okay. That was my only question. All the best, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Jai Mundhra from ICICI Securities. Please go ahead.

Jai Mundhra: Yes. Hi, good evening, sir. And congratulations on 1% ROA. Sir, most of the questions have been answered. Just a small question on the newly launched products, in terms of the loan growth that we have seen in this quarter. So if I see the housing loan book, which was growing very steadily, along with retail, agri and rural vehicle finance, all these three -- sorry, the housing plus retail, agri, that has seen a flattish marginal decline Q-o-Q versus it was rising in a more steady fashion. Is there any seasonality in these businesses or just the high base effect? And at the same time, the business loan, which was stagnant for quite a few period, there has started -- that has seen a sharp rebound. So just your observations here.

Jaideep Iyer: Jai, on housing finance, we actually had an old partnership with a BC, and we terminated that partnership some time back, and we are not happy with that portfolio. So, we managed to kind of exit that portfolio to another NBFC lock, stock and barrel. So that's the noise on housing finance.

And there is some small IBPC purchase that happened for us on the business loan book. So there is some -- a little bit of noise on that. So, both has some peculiarity this quarter. But otherwise, the underlying trend for increase -- from an in-house origination perspective, both are showing very strong trends.

Jai Mundhra: And in terms of -- as of now, these businesses, at least, we are predominantly in-house enforced everything, tight? Or the arrangements such as you both mentioned, is that still, let's say, some significant to any of these businesses?

Jaideep Iyer: Come again? It's not clear.

R. Subramaniakumar: Mr. Jai, is your question how much of home mortgages, both home and business, are being originated through our branches? Is that your question?

Jai Mundhra: Yes.

R. Subramaniakumar: So Jai, I think as we said, we're doing about INR120 crores to INR150 crores per month through branches on home and business mortgages. So, that's roughly about 25% to 35% roughly a quarter. And that was just by way of almost virtually nil till about September of last year. So, we are hoping that, this percentage keeps increasing over the next three quarters, four quarters.

Jai Mundhra: Understood. Yes. That is it. Thank you and all the best.

Moderator: Thank you.

R. Subramaniakumar: And Jai, just to give a comfort to you, as for the disbursement of the housing loan and our LAP is concerned, it is just consistently increasing. So the question of what was the aberration, what Mr. Jaideep brought about it, that is only on a comparison basis. But on a stand-alone basis, if you look at it, the LAP grew by around INR500 crores and housing loan grew by around INR700 crores.

The total of disbursement grew, in the sense, disbursement INR1,200 crores is the total disbursement done, out of which, as Rajiv was telling, substantial portion has started coming from branches, which is around 30%, 35% is what has started coming from the branches. Earlier, a couple of quarters before, it was totally dependent on DSA. Now, it is moving towards the branch-led business as well.

Jai Mundhra: Right. So, just on that, sir, as I see -- you have given the disbursement data also very neatly. So, there's INR700 crores disbursement, which went into housing loan, and still the stock is flat. And you said that, you have terminated the arrangement with that NBFC. So, this would mean that the select stock of the outstanding portfolio also gets liquidated. Is that what you are saying?

Jaideep Iyer: No. Basically, what we said is that, our existing stock, which was originated with BC, which was not -- we were not very happy with that quality in terms of bounces rate, etcetera. We were able to kind of completely parcel out that, with the help of that BC, to be fair, to another NBFC. So, that obviously goes down from the stock.

R. Subramaniakumar: Yes, moved out of the book.

Jaideep Iyer: Understood, sir. Yes, Thanks.

Moderator: Thank you. The next question is from the line of Shubhranshu Mishra from PhillipCapital. Please go ahead.

Shubhranshu Mishra: Hi, sir. Thanks for the opportunity. So, I wanted to check on the Bajaj Finance versus the non-Bajaj Finance sourcing. I think you mentioned it earlier in some question. I missed it. So, what is the total number of cards that we source every month, the gross number? What is the Bajaj and non-Bajaj out of it? And if you can speak on the cost of acquisition of each part and the breakeven time for Bajaj versus non-Bajaj, sir? Thanks.

Jaideep Iyer: So, I'll take a shot at the first, and then maybe I'll take Bikram's help a little bit here. In terms of origination, we are seeing approximately 1.4 lakh to 1.5 lakh per month of Bajaj and about 60,000 to 70,000 non-Bajaj. A good part of that is actually self-origination, including through branches. So, that's the rough mix in terms of origination. In terms of book and spend, we are somewhere in the 55%, 60% range, skewed towards Bajaj.

In terms of breakeven, we are typically a card, irrespective of Bajaj, non-Bajaj, would take anywhere between 15 months to 18 months. Just the one difference, I just want to point out is that, in respect of Bajaj, it's a deeper partnership, where payout is not necessarily only on origination, but also how the card performs in terms of spends, activity, performance, etcetera.

So therefore, the upfront costs are lower in Bajaj as compared to most other partnerships. And self-origination, of course, if it's to our own customers, then the cost of origination is negligible. But we do have a dedicated sales force for also originating cards. I don't know, if I answered your question. If you have anything more specific, then Bikram can...

Shubhranshu Mishra: **S**ir, just one last question, if I can ask. Given you've been speaking about self-origination. How many Cat A corporate salary relationships, we have?

Jaideep Iyer: Well, it depends on how we define Cat A, to be honest. But Deepak?

Deepak Gaddhyan: See, every month, we sign about 20 to 25 relationships, salary relationships. Now, again, Cat A, how you define, I can't -- you have to clarify a bit. Cat A customer is a customer for us.

Shubhranshu Mishra: Cat A would be the like of Infosys and TCS, sir. So, are we on-boarding the likes of...

Deepak Gaddhyan: Frankly, we are not in that area. They have already tied up with bigger banks. Our target is towards midsize and lower-level companies.

Shubhranshu Mishra: So, we are getting 20, 25 corporate salary relationships each month?

Deepak Gaddhyan: Every month, yes. Right.

Shubhranshu Mishra: Thanks, sir. That answers my question. Thanks.

Moderator: Thanks you. The next question is from the line of Krishnan ASV from HDFC Securities. Please go ahead.

Krishnan ASV: Hi, very good evening, This is actually pertaining to something that I picked up from the opening remarks. The CEO mentioned, there are improvements that you -- that have been incorporated in the underwriting and the credit monitoring process. Could you just qualitatively talk about, what these were and what is the line of sight you currently have in terms of seeing that, these are actually working or how you're tweaking this on, say, a monthly basis, given the kind of data prints that you see for yourself? Could you talk us through that?

Jaideep Iyer: Sorry, can you repeat the first part, Krishnan?

Krishnan ASV: I think there was its comment in the opening remarks around improvements in underwriting and credit monitoring across asset classes, especially in retail as well. So, I just wanted to understand, if you could articulate qualitatively also around, what these improvements might be. And how do you assess and evaluate these on a monthly basis, given the kind of data packs that we see for ourselves?

Jaideep Iyer: See, broadly, there is a lot more rigor, Krishnan, when we look at month-on-month each product, what is slipping, what is -- how the recoveries are performing within -- how are the flow rates between 0 DPD to 1 to 30 DPD and so on and so forth. We are also able to use analytics around, which customer has got more propensity to default and go after them through early calling and so on and so forth.

So those are the efforts that we are seeing, and that is resulting in -- when we look at like-to-like comparison on a month-on-month, quarter-on-quarter basis on our own portfolio, on a like-to-like portfolio basis, we are seeing trends, which are quite heartening. And there is a lot of rigor here literally on a week-to-week, month-to-month basis across analytics and collections teams. And we are also putting that feedback into new origination across each product.

R. Subramaniakumar: Just to give a colour to that, I'll just start with the reverse of it. The behaviour of the account is monitored very closely based on the financial parameters first. The financial parameters indicate about what is the slippage, what is the movement of order flow from one bucket to another bucket. That is one important parameter which is monitored.

The moment you see any trend, which is happening right in the bucket X itself, so that is the trigger. We don't wait for the SMA 2 to happen because thereafter it just gets out of hand into

NPA. So, that is the trigger. Whenever it moves that bucket, it just gets into the closer scrutiny. Then second, the entire data is put back to the analytics team. We have a strong analytics team in the back end, who scrub the data, our customer vis-a-vis behaviour of that particularly.

We take three things: one, behaviour of the account, behaviour of the customer with us and with the rest of the world, and behaviour of the segment in which we are operating, if it is a microfinance and card or whatever, and the geography and segment, which you are operating about it, that behaviour of that particular portfolio with our other competitors because these are then scrubbed against our bureau data, and we are able to pull out the probable defaulters looking forward to the next three months to six months' time.

Then our collection is a little more made intrusive, in a sense, instead of the copybook or the conventional recovery method is changing to that kind of accounts for a little more rigorous recovery. And we have seen a good traction in respect of this. Any feedback out of this is just going back to our risk underwriting team, who manages our BRE engines. They tweak the BRE engines once in six months, depending on the feedback. The need for changing it has not been felt so far because we have done around two changes in that.

Going forward, this feedback mechanism will continuously work. And depending on the data behaviour of whatever I explained earlier, the BRE engine is managed or tweaked. If it is going to create a little stress, the BRE or sanction rating will be tightened. And it is also based on, for example, MFI, we have a view with regard to that state. And we also have a data to the extent of district. We haven't gone to the district yet, but the state-level behaviour is also taken into consideration, and we have a different BRE for different states, depending on the portfolio behaviour.

Krishnan ASV: Understood. That's helpful. Just one query on the housing loan portfolio. Just wanted to understand that, it seems from the pricing that you report on your website that, these are largely salaried home loans. I just want to understand how -- where are you seeing successes in terms of right to win? This is also related to some of the earlier queries around how much of the loan book actually sticks with you in terms of the back book that we may have originated in the past. But broadly want to understand, if you are able to hold on to these customers and if there is a vintage that you are seeing in this book?

Jaideep Iyer: Yes. So, Krishnan, I'll take a shot on that. Yes, we being a bank, do have a benefit of pricing standpoint, vis-a-vis NBFCs. So that's something, which allows us to retain a little better. Second, in terms of right to win, one, is we are, of course, in the field out acquiring new customers. We are also having a lot more focus on internal customers. So, if you put together, for example, branch and credit card customers, we will have more than 5 million, 5.5 million customers. And we have done early stages of successful rollout on offers for customers, our own customers.

We also have intelligence around, when a customer is actually looking for a home loan and it happens to be our customer, there are triggers, which come into picture, which allows us to quickly reach out to such customers. So those things are also making a difference in terms of origination.

Krishnan ASV: And do you see this reflecting in the BT out risk also being fairly low, Jaideep?

Jaideep Iyer: Yes, absolutely, correct. And I think now we -- unlike, let's say, a year back or longer, now we typically end up opening multiple products upfront. So typically, we will end up opening a savings account. In most cases, we will give a card. We offer personal loan along, in terms of underwriting, whether the customer takes it or not. So, it's a very different approach vis-a-vis the stand-alone asset business.

R. Subramaniakumar: Krishnan, just to put it in a nutshell, we just want the simple first -- in the first line, acquire the customers through various channels. Then immediately, we just move to the next step of making the customer to have multiple products of us. If it happens, we label the customer. We want to hook on to him to consider the bank as a prime bank by making them use all the equity services.

Once they hook on to that particular services, then the next step is to make -- consider this bank as a -- I mean, sticky customer. So, maybe on the sticky customer, we will move on to that cross-sell what Jaideep explained just now. So we just provide them multiple offers.

What we have seen is that the moment he becomes a sticky customer, the probability of he moving out is becoming lower and lower. And one of the major hooks what we have seen is that, the people who have seen that, insurance, your investment portfolio in respect of your SIP and mutual fund and other things, we're able to put them on. They're looking at an advisory. That advisory service has enabled many of these customers to stand on.

Moderator: Thank you. The next question is from the line of Rakesh Kumar from B&K Securities. Please go ahead.

Rakesh Kumar: So, most of the questions have been answered. So, just wanted to know, what is the increase in the term deposit cost on a sequential basis for this quarter?

Jaideep Iyer: Term deposit cost, would have roughly gone up by about 30 basis points.

Rakesh Kumar: Okay. Was there any change in the savings deposit as you said in your remark that you are not planning to change your SB rate. So was there any increase in SB rate, like just I am asking because...

Jaideep Iyer: No, there's no increase in SA rate. Basically, even our term deposit rate has not increased in the last three months. This is only newer deposits coming at the current rate and the older deposits maturing at a lower rate, which would have record originated 12 months, 18 months, 24 months back.

Deepak Gaddhyan: I would like to add one thing. Recently, we added one product called yield deposit. It is a non-callable deposit for retail segment, where we are paying 20 basis points more. So, there, it is more to have a granular long-term deposit. That is our strategy.

Rakesh Kumar: Okay. So just I was thinking, sir, the LDR is like slightly on the higher side now and we had relatively lower deposit growth this quarter. And the credit growth number is pretty high. So if we increase the deposit growth number, then would not there be some strain on the margin? Already like if we see, the margin guidance that we have is at 5% on an average basis, and we had 4.7% number previous year. So, we are saying like, close to around 45 bps increase in the next three quarters. So in the backdrop of the margin contraction this quarter, can we have this kind of margin expansion in the remaining nine months?

Jaideep Iyer: Yes, I think we will -- what we indicated was that we should claw back about 10 basis points next quarter and then stabilize around 5.05%, 5.10% by the time we exit, so the average should be somewhere close to 5%. And we said that we are also at the fag end of our deposit re-pricing.

We should add, unless of course, rate environment changes, which is -- the underlying assumption here is that the rate environment remains where we are. So the mix improvement in the lending side should take care -- more than take care of the increase that we're seeing next quarter. And after that, the improvement will continue on the asset side, but we don't expect much re-pricing on the deposit side. So, that is the rationale for increasing margins from a sequential basis.

When you talk about LDRs, I said that we have the opportunity to take good quality refinance borrowings, which, therefore, get effectively substituting bulk deposits. We will not compromise on increase in our retail deposits, which, by the way, in the current environment, come at a cost, which is slightly higher than bulk deposits already because bulk deposits typically will be six month to nine month tenures and retail deposits will be on the 15-month, 18-month months to two-year tenures. So, if I keep the tenure argument aside, bulk deposits, ironically, most of the time are cheaper, but we will let go off that because we will want to get more granular on deposit side.

Rakesh Kumar: Got it. And sir, could you help us with the breakup of floating-rate loan in EBLR, MCLR, if you can help?

Jaideep Iyer: Yes, just give me a minute. So, approximately 44% on a headline level is floating.. And the rest will be fixed. But within fixed, I would say that the predominantly fixed-rate loans today, we have in microfinance and cards. Over and above that, we will have some wholesale, which will be fixed rate, but they will not be long tenures.

So, from a re-price ability perspective, because we still don't have a meaningful, let's say, fixed rate retail book, the only fixed-rate retail book that we have today is tractor finance. And as we build our auto loans and two-wheelers, those will be fixed rate. So today, our predominant fixed rate book is limited to card, microfinance, and about INR1,300 crores, INR1,400 crores of tractor finance. As I said, wholesale will have some component of fixed, but should not be materially long term.

Moderator: Thank you. The next question is from the line of Rohan Mandora from Equirus Securities. Please go ahead.

Rohan Mandora: Sir, in one of the earlier comments, you had indicated, on the credit card side, we are seeing a behaviour change and people are getting short-term credit from other fintech lenders. So, should we expect a difference in -- the normalized ROAs in the credit card portfolio to change incrementally than what we were guiding earlier? And if so, what would be the normalized ROAs that we can expect here? That's one.

And similarly, with the branch-based originations that we are doing on various segments now, what normalized ROAs are we looking at for unsecured retail, secured retail and wholesale?

R. Subramaniakumar: Bikram, yes, go ahead.

Bikram Yadav: See, what I have said is that the ROAs which were earlier -- if you were to go five years back, probably the revolve rate was 5% to 10% more than what it exists today, but term penetration at that point in time used to be significantly low. Now, the overall ROAs are getting recalibrated that a large number of customers -- a significant amount of customers take interest-bearing EMI plans within the card after doing a purchase, so the purchase finance penetration is going high. Revolve rate has gone a little down.

But overall, your ability to do more cross-sell to the customer has gone up. So business model is getting reset in certain sense where different lines, different products are being cross sold to the same customers in a digital manner or in a bundled manner. So the interest line, which are coming from revolve, has shifted to term. And there are other cross-sell programs, which also you can run. So overall, there is a balancing act. But in credit cards, the revolves are less likely to go back to the original level as there used to exist five years back.

Rohan Mandora: I was thinking about the impact on ROA is like, because of this, what kind of impact can happen? And also just an added question here was that on the Bajaj portfolio, earlier, we could not cross-sell asset products. So does that limitation still remain, or is there a change there?

Jaideep Iyer: Bikram?

Bikram Yadav: So, the terms of our engagement of the partnerships are largely the same. But once he comes and becomes the Bank's customer through any other channel, then that condition is no longer applicable. So if these customers come and take any other product independent of Bajaj from RBL, whether it is prepaid account or liability account or any other relationship, then the applicable restriction is no longer there.

Jaideep Iyer: Also, our own card base is anyways close to 2 million cards. So, I think there is enough heavy lifting that we have to do on cross-sell to our internal base in addition to the 1 million savings account customers that we have.

Rohan Mandora: Sure. And the second question, sir, on the segmentwise normalized ROA?

Jaideep Iyer: I guess, see, philosophically speaking, unsecured will have a higher ROA during good times and lower ROA during bad times. I think we are really having quite nascent products. They're not scaled up. And therefore, I think to give ROAs at a business level, I think, is a little premature because it will not really reflect anything.

For example, I did mention earlier in the call that some of the secured retail assets, which we are now growing and growing fast, will not be actually even profit making, right now, because we are investing ahead. And once they reach a certain scale, which would happen by next year, they will start throwing back, which is the delta that we will work on the Bank overall ROA. So at a segment level, I think it's a little premature for us to look at giving our disclosures like that.

Rohan Mandora: Sure. And sir, two data keeping questions. What would be the SMA1 and SMA2 in retail and wholesale? And do we have any surplus PSLs? And if so, will we look to monetize them through PSLC sale?

Jaideep Iyer: So SMA2, I remember, for the Bank should be about 0.4% or so, plus minus. That's what I remember. It's not a big number. In terms of PSL, I think we have reached a stage where we are able to comfortably get to our 40%. That itself has been a good transition from falling short on PSL two years back, where we were forced to take RIDF. We don't expect that to happen. Maybe there will be some small opportunity to monetize by selling, but it's not going to be material.

Moderator: Thank you. The next question is from the line of Prashant Sharma from Sunidhi Securities. Please go ahead.

Prashant Sharma: I just wanted a clarification about a market talk. Mahindra Group intends to buy a sizable portion of RBL Bank. So is there any conversation going on between managements? Is there any something, you could give us some colour?

R. Subramaniakumar: As a rule, we don't comment on anything which is of a secondary nature. That's not for us to make -- I mean, it's an open market. So I won't be able to comment anything on that regard, please.

Prashant Sharma: Okay. And the other one -- other question on FLDG, First Loss Default Guarantee provision on the loan books sourced through the fintech partners. So is it applicable on credit card sourced through Bajaj Finance also, or?

R. Subramaniakumar: No, we don't have any FLDG program whatsoever.

Jaideep Iyer: We do not have loan origination through the fintech companies.

Moderator: Thank you. The next question is from the line of Ram Modi from Prabhudas Lilladher. Please go ahead.

Ram Modi: My questions have been answered. Thank you.

Moderator: We now conclude the Q&A session. If you have any further questions, please contact RBL Bank Limited via e-mail at ir@rblbank.com. On behalf of RBL Bank Limited, we thank you for joining us. You may now disconnect your lines.

R. Subramaniakumar: Thank you.