



“RBL Bank Limited Q3 FY21 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the RBL Bank Limited Q3 FY'21 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Vishwavir Ahuja, Managing Director and CEO of RBL Bank Limited. Thank you and over to you, Mr. Ahuja.

Vishwavir Ahuja: Thank you. Good evening, ladies and gentlemen, and thank you for joining us for a discussion on RBL Bank's Financial Results for the Third Quarter of FY'21.

I hope you and your families are safe in these times. I am joined on this call by my other colleagues who along with me will address any questions that you all may have.

On the macro front, it's good to see high frequency indicators forecasting for sharper recovery of GDP growth in FY'22, and lower than expected contraction in FY'21, helped possibly by growth in the fourth quarter of this year.

The key monitorable all of us will be watching for as we go along this calendar year, would be the success of the vaccination efforts in our country.

On the business front, we continue to see uptick in certain segments. Within our various businesses, the wholesale banking book demonstrated good stability and continuous improvement. And the credit cards portfolio has also behaved according to expectations. However, the challenges in credit costs associated with respect to retail business loans in the MSME segment, and to some extent in micro banking have been somewhat higher.

To elaborate a bit, in wholesale banking, we are now satisfied with the stability and quality of the book, giving us confidence to start growing again in a prudent manner.

On credit cards, we have bounced back well. And new business traction is at pre-COVID levels.

On micro banking, while the industry at large and our bank have seen challenges in certain geographies, the rest of the book is shaping well. While we remain cautious, we do expect normalcy to settle in the next quarter or so.

Retail business loans to the MSME segment was most impacted by the pandemic, relatively speaking.

We have taken all measures to cushion its impact and new business has been deliberately slowed down till the economy picks up and trends in this business segment improve.

What has been most heartening has been the great improvement in our deposit franchise since March. And that trend has continued in this quarter also. Granular deposit traction is strong and better than pre-COVID levels. The branch and the people expansion that we did in this business over the last 18-months is clearly bearing fruit.

I will now briefly start commenting on the performance parameters for this quarter.

Total deposits grew 4% sequentially to Rs.67,184 crores. Retail LCR deposit in fact grew 10% quarter-on-quarter and 24% year-on-year to Rs.24,413 crores. This is now 36.3% of total deposits as compared to 31.4% in December '19.

Similarly, liquidity position continues to be strong with our overall liquidity coverage ratio at 164% for the quarter. Cost of deposits for the quarter was 5.71%, 27 basis points lower quarter-on-quarter and 100 basis points lower year-on-year.

CASA deposits growth was also strong at 24% year-on-year and 4% sequentially. CASA percentage was at 31.1% in third quarter '21 as against 26.8% same time last year.

In fact, incremental growth in savings from our branches has been 2.5x higher for the nine months of this financial year as compared to last year. Similarly, customer acquisition both through physical and digital channel is 2x year-on-year. Debit card spends have increased 30% quarter-on-quarter. Insurance business is up 22% year-on-year in a COVID affected year.

In terms of advances, retail advances grew 16% year-on-year and 2% sequentially, whereas wholesale advances were almost flat to last quarter.

The retail wholesale advances mix now stands at 58:42, retail 58, wholesale 42.

Year-on-year in this quarter revenue growth was 6%, NII degrew 2% and other income was up 19%. NII and other income was impacted by interest and fee reversals in Q2 and Q3 on the proforma slippages as was planned and stated in our last quarterly call.

As a result of this, NIMs were subdued at 4.19% for the quarter. Over the next few months, NIMs and other income trajectory should start to reflect pre-COVID run rates.

Our pre-provision operating profit was at an all-time high of Rs.805 crores, up 12% year-on-year and 12% sequentially.

As a result of the above and after taking this to the provisions, the profit after tax of the quarter was Rs.147 crores, 110% over the same quarter last year.

On asset quality, reported slippages this quarter was nil. Our gross NPA reported was 1.84% compared to 3.33% last year, and net NPA was 0.71% compared to 2.07% last year. Our

reported PCR including write-offs was 86.4% against 74.8% at the end of last quarter and 58.1% same time last year. However, on a pro forma basis pending the Supreme Court's final decision, slippages for the quarter, 90-days plus DPD would be Rs.1,470 crores, on which we have taken full NPA equivalent provisioning.

Again, on a pro forma basis, our GNPA would have been 4.57% and our net NPA 2.37%. As per expectation, bulk of the slippage is approximately Rs.1,300 crores out of the Rs.1,470 crores, are on account of retail businesses.

Total restructuring so far has been approximately Rs.550 crores for the bank, again, primarily in retail. The final restructuring book for the bank as a whole is expected to be within 1.5% of advances by the end of this financial year.

“Distribution Network.” We ended the quarter with 403 bank branches, 398 last quarter, up five branches, 1,344 BC branches, 1,219 in September and 412 ATMs, 402 in September, and we expect to add 70 to 80 branches more in this calendar year.

On our capital position, we ended the quarter with the capital adequacy ratio at 17.9%, and with a CET-1 of 17.1%.

I will now hand over to Harjeet to take you through some Details on the retail businesses.

Harjeet Toor:

Thank you, sir and good evening, ladies, and gentlemen. I will now give you the highlights for the quarter and market trends as seen by us in the retail segments. Let me begin by talking about the Credit Card Business. The new card business growth is now back to pre-COVID levels. We are now at a new card issuance run rate of around 1.2 lakhs per month. Our market share thereby has increased to 4.8%, up 40 basis points year-on-year. We also saw our card spend cross pre-COVID levels. The spend growth for the quarter registered a growth of 23% quarter-on-quarter and 4% year-on-year. Here again, we have shown a 40 basis points gain in market share year-on-year. The per card spends were at Rs.10,400 per month. While the active rate improved over previous quarter to 49%, it is still below the pre-COVID level. This is on account of the bulge in the delinquent pool where cards are blocked for spend. Once this washes out, the active rate should revert back to normal. The spend per active card however is better than pre-COVID level at Rs.21,173 despite the travel and hotel spend category being much weak. We are still operating with a stringent credit acceptance criteria and will do so for at least a few more months till the bureau start showing four to six months data post-moratorium.

Briefly on the portfolio quality of the cards book. We had previously indicated credit costs of approximately 10% for the year. While we are tracking to that number for the year, for the nine months FY'21, the credit costs are around 7.4%. The pro forma GNPA is at 5.7%, expected to remain stable for the remainder of the year, assuming charge-off of the pool which reaches 180

DPD as per our write off policy. Thereafter, we expect the GNPA's to start coming down. In addition, we restructured around 4% of our book across 53,600 customers, bulk of which happened in November and December.

If we look at other portfolio parameters, we see that the entry rate into delinquency, equivalent to bounce rate in loans is slightly better than pre-COVID levels. And the collection efficiencies are also back to pre-COVID levels. This indicates that the stress is confined now to be identified stress book that is flowing through and would get written off over the next two quarters, post which we would return to normalized GNPA and annualize credit costs in the range of 5% to 5.5%.

Now let me move to the "Microfinance Segment." In our last call in October 2020, we had mentioned that while the market had started showing signs of normalcy, we were seeing stress in Assam, West Bengal, Punjab, and pockets of Maharashtra. Therefore, new business originations were being done in a cautious manner, and focus was more on collections and engagement with the customer. Our collection efficiency today is stable at 92%. However, we did not see any material improvement in the stress pockets I talked about. And focus on collection continues and the new disbursements are being undertaken in a conservative manner, largely to existing customers or in areas where collection efficiencies are good.

On the ground, we have seen a trend where some customers have been erratic in paying their EMIs. They pay for a couple of months and then skip a month and then again pay for the next month. This is quite unlike the typical repayment behavior seen in microfinance. It basically indicates that while customers have an intention to pay, however, their business activity levels are not yet back to normal. In the initial months, they started off early, resuming their payments despite the moratorium, but the activity level got somehow hit later as infection levels and sporadic lockdown restrictions hit these geographies from August onwards. Also, this has been more pronounced in areas which were hit by natural calamity before COVID like West Bengal, Odisha and the Kohlapur and Sangli area of Maharashtra.

In Assam, where the proposed bill on microfinance had impacted customer repayments. We had stopped our disbursements much early from November 2019 onwards. The portfolio has been running down and today is at 2.4% versus 4% a year back.

In West Bengal, disbursements have been very limited to existing customers. And we expect this to continue for a few more months till we see a clear trend on repayments is available.

Post June, we've added around Rs.2,200 crores to the microfinance book, which is around 33% of our portfolio. This book continues to operate at close to 99% collection efficiency. We would want to see this for a little while more and expect disbursements and growth to pick up from March onwards.

In FY' 21, we expect GNPA levels of around 5% to 5.5%. Today, we are around 2.6%. And credit costs for the full year in the region of around 2.5%.

“Business Loan Segment.” The MSME segment as we have said before has borne the brunt of COVID-related economic stress. It has still not recovered and perhaps will take much longer and will depend on the effects of economic revival reaching the small businesses. Notwithstanding the above, the bounce rate of EMIs are now slightly elevated still at about 1.2x pre-COVID levels, but better than 1.5x that we saw in October. As mentioned earlier, the government scheme around ECLGS was helpful to the segment. As a bank, we have disbursed a total of Rs.655 crores ECLGS loans by 31st December 2020. Around Rs.500 crores of these were to the MSME segment in the retail segment. We also extended the MSME restructuring scheme to this segment. As of December end, around Rs.50 crores of loans were restructured. The collection efficiency in this business is now around 96% of pre-COVID level. We expect GNPA for this year to be in the region of around 6%, which today are in the region of around 4.5%. Since majority of these loans are secured and backed by high quality self-owned residential or business premises as collateral, the loss given default is likely to be low as experienced in the past. In fact, average LTV in the 90-plus DPD pool is below 65%. Therefore, there is a lot of skin in the game for the customer. We are however waiting for the Supreme Court restrictions on classifying these loans as NPA to be lifted, so that legal action under SARFAESI can begin. It usually takes seven to 10 months for us to resolve the issue, during which time most customers come to a mutually agreed settlement. Keeping the above in mind, the new business has been deliberately slowed down till the economy picks up. And therefore it is safe to assume that Q4 2021 will remain muted.

To sum up, credit cards business is back on track in terms of new business and spend. There is a stress portfolio which has been dimensioned and will get charged off over the next few quarters. The entry delinquency rates are back to pre-COVID levels. In microfinance, we continue to be watchful in the stress geographies. In other places, we should see disbursements in growth picking up in this quarter. The MSME segment has just some time to recover. And the new business is being done with tightened acquisition filters.

I will now hand over to Mr. Vishwvir Ahuja for his concluding remarks.

Vishwvir Ahuja:

Thanks, Harjeet. To briefly summarize, how we see things going forward.

On liquidity, deposits, and cost of funds, we expect granular growth in deposits to continue handsomely. We expect to see further improvement in retail LCR metrics as we bridge the gap to our larger peers. Cost of funds has come down significantly and we should see this trend continuing and therefore enhancing our lending competitiveness.

On the advances side, on wholesale, we are only focusing on better rated corporates now. As you will notice 75% plus is now in the A and Better category. We have had continued success

in managing the BBB and below portfolio, which has not shown any adverse trends. In this segment also, we will now start positioning for some growth.

We will continue growing market share in our leading businesses, now with a stronger balance sheet, that is especially on a credit cards business we expect market share gains to steadily increase. On the rest of retail, like Harjeet said, the challenges in credit costs have been somewhat higher than expected, largely in the MSME, and to some extent in the micro banking business. However, we see the stress peaking and normalcy returning going into the next financial year.

Going forward, there'll be greater focus as part of our strategy to grow the secured annuity businesses of the bank. As you know, about a year ago, we started doing affordable housing and low-cost mortgages. In the affordable housing, we have put up 65 branches thus far and another 10 will be added in this fiscal year itself. In the next year, we plan to add another 75 branches.

As we enter FY'22, we will look to take advantage of opportunities in our rural businesses, as things normalize and introduce the complete bouquet of products including home loans and tractor loans there. Similarly, expanding the branch footprint in urban areas will also help improve the cross-sell potential as it continues to grow as an important feeder into the retail assets and card business. As such, on an overall basis, we expect not only to reduce the inherent risk in our business model, but also improve the predictability of the earnings profile going forward. The above will be of course supported by a strategy to always remain well capitalized and maintain sufficient liquidity buffers.

In conclusion, I'd only like to say that our operating performance this quarter has been rather satisfactory. Our capital and liquidity levels continue to be robust. It is heartening to see the growth in the deposit franchise, and we continue to grow granular deposits and reduce our funding and operating costs, such that the bank as a whole becomes much more competitive. This should stand us in good stead, particularly as we have a couple of market leading businesses where we see growth revival happening. Having said that, we are of course monitoring the recovery in the economy, and I'm cautiously optimistic.

Thank you.

With that, we'll now open up the call for question-and-answer.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Adarsh Parasrampurua from CLSA. Please go ahead.

- A Parasrampuria:** First question on micro finance. Just wanted to understand, did you indicate credit costs of 250 basis points?
- Vishwavir Ahuja:** Yes.
- A Parasrampuria:** That is seemingly quite low vis-à-vis problems that we are seeing. So is it because of our FLDG or there is usually it is alright in the context of the commentary that we've got about problems in specific districts in certain states. Can you elaborate on that a little bit more?
- Harjeet Toor:** So, this is not on account of FLDG or anything, FLDG is still to kick in. Basically, our exposure in some of the markets which have been hit are much lower, for example, Assam, we were able to bring down the exposure to only 2.4%, as a result of which the stress pools are still much lower. And therefore, you may find it lower when you compare to the market. We expect by the end of this year, GNPA to be in the region of around 5.5% . GNPA today is 2.7%, expected to go to 5.5% by the end of this year.
- A Parasrampuria:** Harjeet, if you can just talk about data about collections in MFI, that gives us some sense, what we are seeing and even the industry bodies represented, that there was a steady improvement in collections till let's say November, and post that things have kind of been flattish on collections, right, so it's not really going back to those 98, 99 on a state level?
- Harjeet Toor:** Overall collection which we said was 92%. Whether we talk of West Bengal, Punjab, Maharashtra, Orissa, they're all in the region of about 88% to 90%. Assam is in the region of about 60%.
- A Parasrampuria:** Harjeet, I still find it difficult that how does this add up to 2%, 2.5%? Ideally, it's a fast charge of business. So if collections are closer to 88, 90, you should be having a very fast charge off policy, right, in this business, so ideally, the credit costs should be higher, right, because collections are about 6%, 7%, 8% below pre-COVID, and we're talking about 2%, 2.5% credit costs?
- Harjeet Toor:** The way it will happen is there was a moratorium till August end. Customers started paying in between. So if you look at there is only about 2% of the customers who have not paid at all, customers resumed their payment during moratorium itself, and hence their flow into 90 DPD is much lower. But when your collection efficiency over a period of time runs into this, that is the reason why by March the GNPA pool will go to about 5.5%.
- A Parasrampuria:** The second question was on the reversal of income from NII. Are we through with the impact because if I remember right, we started accounting for it in the second quarter, and that we will account for majority of that in the second and the third quarter, and the impact this quarter seems to be a little more than the second quarter, at least looking at the NII trend? How does one look at it forward?

Jaideep Iyer: I think the reversal in this quarter was slightly higher than last quarter, which therefore means we have clearly hit the lows of the year and now we should start climbing back where Q4 should be in our judgment better than Q3, but not necessarily all the way up which will happen by Q1 of next financial year.

A Parasrampuria: And my last question is to Harjeet. Usually, there is a correlation between card fees and the non-employee OPEX, right, because a lot of it is paid in benefits to customers. Are you seeing a trend where the benefit that card is lower than usual, you're getting to spend income, but the benefits pay back and lesser people are using that lesser, I mean, reward points?

Harjeet Toor: So there are two types of benefits which is typically given cards; one is reward points, and one is the offers which we give. The reward points have been lower for a simple reason that reward points for delinquent customers which flow through are reversed. So that expenses are lower. We also took a conscious call during this period not to run very aggressive customer offers. And that has worked in our favor because our spends are usually around the daily spend category. And that is where most of the buildup of our spends happen. So yes, from a cost point of view, that cost is lower. Also, what we've seen is that on our cards, we did have some benefits like a lounge access or free movie ticket, etc., which have not been used in the normal manner during these months because travel is lower, cinema also not yet fully open.

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

Kunal Shah: Firstly, in terms of this entire BB and below pool, if we look for this particular quarter, it's gone up by another four-odd percentage points, and now it's like almost 15% of the portfolio. So, why is it actually happening and how do we read that? Maybe we articulated that we are pretty confident in terms of the behavior of the corporate pool now stabilizing.

Vishwvir Ahuja: On slide #18, BB is lower, it is at 6.5% ie Rs. 3,380 crore.

Kunal Shah: And this is despite the write offs which are there. So I think we see a significant write-off which have happened on the corporate side. And I think that definitely would be 100% provided and all.

Vishwvir Ahuja: These are all Standard assets.

Jaideep Iyer: NPA anyway gets excluded.

Kunal Shah: So this is only on our entire standard pool which is there?

Vishwvir Ahuja: That is right. These are all standard assets. And the comment I made, and I want to emphasize that is that actually, while there is always concern and circumspection on this amount, but that

6%-odd number is pretty stable, and the slippages from there over time have been minimal. In other words, the comment I was trying to make in my commentary, as this has held up very well over time. I mean, these are those small, medium sized businesses, which are the better-quality ones, which tend to sort of stay within that category of BB, BB-plus, BBB-minus. But at the same time, they are good ongoing concerns. And the repayment track record is also pretty decent. So the credit profile, from a rating perspective, may not be that high because of the nature, size, scale of the companies. But actually speaking, that portfolio has been behaving pretty well and it remains very well contained. That's the first part. And when you actually add the facility structure, the security profile, all of that, it comes down to as little as 3.5% because typically, the facility ratings are superior. And as we've commented on the next slide, if you take into account more than half of that is investment grade, add the facility, structure and therefore, take the rating on the basis of that, they've moved to investment grade category.

Kunal Shah:

Secondly, in terms of the overall SMA-2 and SMA-1 pool, if we can just get the pro forma slippages, it's been quite high, How about the SMA-1 and SMA-2 pool? Given that we have been guiding for credit costs are very much in line with the last year's average, maybe a few percentage points plus/minus, but given the deterioration which we have seen particularly on the retail side, on the MSME, which you articulated, does this make us to revise the guidance as such? We had given it on individual businesses side, but cumulatively, how would it finally look?

Vishwvir Ahuja:

The slippages in the quarter as we said much of it is coming from the retail side, When you look at corporate slippages it is not material from that point of view, less than 150, 170 crores, which is pretty standard for running bank of our size. From the retail point of view, we gave segment-by-segment. I mean, if you take cards, I mean, we had said six months ago, and we said it again last quarter, that during the COVID year, we expect total delinquency to be around 10%, and we will stay within that or around that number. So it's very much gone according to expectation. And we expect the GNPA in that portfolio by the end of the year in the 5%, 5.5% range. Similar is a range when it comes to as Harjeet just explained on the micro banking side, and on the retail business loans to MSMEs, that may be slightly higher, may go up to 6%. Because that segment, as you said, is more impacted. So that's the run through in terms of the NPA impact. And the slippage is just a reflection of that, that number as it's flowing through.

Kunal Shah:

In terms of the provisioning, if you can just give the breakup, have we drawn up on any of the contingency buffer and what was the overall breakup of the provisioning for this quarter and write offs as well?

Jaideep Iyer:

The write-off number is Rs.700 crores.

Vishwvir Ahuja:

So that's on slide 22. So, the philosophy, yes, we have partly used the COVID provisioning. But at the same time, we have made sure that we are more than adequately provisioned as an

institution. So, for the entire pro forma book, we have taken more than adequate NPA equivalent provisioning. In addition, we have increased our PCR. So, additional provisioning has gone into PCR also. So on the reported book, that has now gone up to 86%, and on the pro forma book, now, our PCR has gone up to 71%. So, that is the way we look at the situation. Even if you take the pro forma book, we have 71% PCR, which is more than adequate going forward. But yeah, so that's the way we have looked at it.

Jaideep Iyer: Kunal, we have taken borrower wise classification. So completely followed IRAC for the pro forma GNPA.

Kunal Shah: Just in terms of like overall specific pro forma provisioning towards the restructured asset and drawdown from the buffer, if we can just get the breakup of that, and finally getting to this provisioning number which we had reported, that would be very helpful?

Vishwavir Ahuja: We'll try and share that with you separately.

Jaideep Iyer: I don't have that handy.

Moderator: Thank you. The next question is from the line of Vivek Ramakrishnan from DSP Mutual Fund. Please go ahead.

Vivek Ramakrishnan: I have four sets of questions. I'll just quickly ask them in sequence so that you can pace your answer. First is in the microfinance business, is the difference in collection efficiency, and GNPA in one hand that actual credit loss on the other hand, is it because the customers are paying two installments and not paying one installment, so it's more of an accounting issue than a customer behavior issue? That's question number one. In a credit card business, do you have data on how many of your card customers are actually your savings bank customers also, because it will be like a cross-sell data, and you'd also better be able to measure their wellbeing, especially because you said he would tighten some norms. So if you could just give us some flavor on what you mean by tighten norms in the entry point of customers that will be useful for us? Business installment loans, is it unsecured or secured? Because normally, people use unsecured. I think you mentioned secure. And the last question is on corporate loans. We see that because good corporate being not that many were borrowing, there's a crowding out, and lending interest rates to them are falling, especially with this MIBOR link rates and all, so what is the profitability in the segment?

Harjeet Toor: On the MFI side, the reason I mentioned that was that the customer intention looks good, they had started paying from June, July onwards, they are paying as and when they have money. So while they are erratic, the payment keep coming, which means that they are not straight flowing into 90-plus and hence the reason for what the GNPA number we shared with you today. But we expect that to improve and the collection efficiency seems to be holding. Now, your second question was on the card side, where you said, how many of the customers are

from savings banks. Roughly about I think about 7%-odd of the total portfolio are saving bank customers. But if you recall, we've always said that the way we build this business is by looking at data from our partners to be able to better profile the customers and understand their credit quality. Understand that roughly a little over 60% of these customers come from the Bajaj partnership where we have a lot more details around their profile and their credit behavior. And that is what helps us in being able to forecast and control the risk in the portfolio. During this moratorium period, we've further enhanced our scorecards by looking at other data as well. So, we looked at some alternate data in terms of how customers are performing on our partner businesses, for example, if it was Zomato, then, what they are dealing with it or if it was anything else, we were getting some information from there. We also found that the customer had taken moratorium on other loans, and to the extent they had taken also a very good surrogate in terms of the risk on the customer. It not only helped us in classifying risk and therefore dealing with it in our existing base, it also became a very important underwriting criteria which went into the scorecard. And then therefore that is now critical, irrespective of let's say the bureau score of the customer, how many trade lines, the leverage, the payment rate, moratorium taken, not taken, what percentage of the loans moratorium taken, all those become an element to this. And that's how the cards portfolio delinquencies have been kept in control. On the business loan side, as you rightly said, most of them are secured, backed by property as collateral. So even if you look at our portfolio which had gone to 90-plus, the LTVs are well within 65%.

Vishwvir Ahuja:

The COVID has thrown up, you know many challenges across the board for all the various economic pockets and segments. In the wholesale banking business, we have a very credible presence, we have the full product suite of not just the balance sheet, but also the trade finance capability, the foreign exchange capability, the capability in terms of cash management and payment services and digital services. So, money is made not just in terms of interest income, but it's made from the full bouquet of services that we tend to extend to a corporate client, time and again, that in terms of our business model, we look at multi-product relationship on the corporate side, If it's a balance sheet only kind of a relationship, we are likely to stay away, and so on and so forth. So typically, the interest income is embellished or enhanced by the collateral earnings from the relationship so that the relationship return is at least positive and decent. So, that's the way we look at it. So, surely, if you look at the balance sheet income, you will not see that as a very profitable activity, particularly doing business with highly rated companies, and obviously, the rates have come off dramatically in the last few months. So, I mean, in substance, all I can say is that our strategy with respect to this space, in the last 12 months has been one of conservatism. As you know, pre-COVID last year, around four or five handful of corporate accounts, we did experience challenges and stress. And we had to deal with that. So what we did is we dealt with the entire wholesale balance sheet. And we've talked about that sufficiently in terms of the steps we took to derisk that balance sheet in terms of increasing granularization, removing concentration, tightening underwriting standards, etc., and moving the entire portfolio up the rating scale. So we did all that. The idea was to have safety. Thank god, we did that. In a way that having come to us a year earlier, getting into

COVID, honestly, on the wholesale side, we've not had new stress on the wholesale side caused by COVID, whereas for many other institutions, that may be also the case. So we were able to ride through this phase, staying safe, although making lower returns, but at least making positive returns in this space, and taking this opportunity to at least bring that portfolio to a shape and quality, which at least, and in the meantime, not diluting our relative position with these high quality customers. So today, if you see whether with our cost of funds going down pretty nicely, as you will notice, we are becoming more and more competitive as an institution even in the wholesale lending space, notwithstanding the fact that we make other sources of income from the wholesale space. So the point being this has given us a time and space to work on the liability side, to widen and deepen our retail franchise on the liability side to basically bring down cost of funds and improve our competitiveness. And actually coming out of COVID, I think we are much strongly positioned to even revive, doing more business on the wholesale side. So I see this as a big positive development for the bank in terms of going forward. Retail was a high growth area for the bank. I mean, we talked about it so much. And these are high ROA businesses, the card, the micro banking, etc., So yes, they were riding the economy. Yes, COVID has impacted them little more in that sense. But the costs have been such that we are able to absorb them. And now having done everything in the last 9, 10-months, I think we are reaching the tail end now, i.e., the fourth quarter and after that higher and higher levels of normalcy should start coming back. And we do expect given our market leading positioning in certainly two out of these businesses, i.e. cards and micro banking, we expect therefore that profitability to also start coming back. So that's why I'm sort of my closing remarks I said, that overall if you see the entire sort of institution, we are trying to, on the one hand, reduce the embedded risk in the business model itself, trying to build more and more secured products even on the retail side. But at the same time, take advantage of the growth opportunities that we already have in a couple of businesses where we are positioned strongly.

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

Rohan Mandora: Sir, on the credit card, I had a couple of questions. One is, in terms of the MDR that we are earning on online fronts and groceries, how does it compare with the MDR on say travel and the blended MDR that we are earning on the portfolio? And since the spending pattern has changed right now, is there any material change in the blended MDR on the portfolio vis-à-vis a year ago, that's one? And secondly, if we're looking at a credit card spends for the quarter vis-à-vis the last year or maybe the previous quarter, and the card fees that we have earned, there is disproportionate increase in the card fees. So, if you can explain what are the components that are driving the fees within the card portfolio?

Harjeet Toor: By MDR I guess you mean the interchange, because as the issuing bank we earn interchange, acquiring banks earn MDR. So interchange, over a period of time, if I was comparing let's say with a year back, has come down from about 1.45% which we used on a blended basis to about 1.35%, 1.37% today. And that is because the large ticket spends especially around travel, etc.,

is not happening, neither is hotel happening and there has been more towards either the online spend or towards supermarket groceries, etc., where the interchange is lower. But if you at quarter-by-quarter, you will see that our POS spends have picked up, and are now back to, let's say, pre-COVID levels, which therefore enable us to get a higher interchange. So we expect some normalization, but I think some spend behavior has changed. So industry may not be able to revert back to let's say, a year back interchange. On the card fee versus spend, especially the last quarter, you will see a slight bit of bump up on fee on account of late fee.

Rohan Mandora: So that's almost 62% sequential jump. So it is primarily because the late fees that we are getting?

Harjeet Toor: Sequential jump you are seeing is because during the moratorium period two things were not happening. If you're comparing with moratorium period, the spends were very depressed. And we couldn't charge any late fee.

Rohan Mandora: Because even year-on-year the spends have grown by 4% and fees has gone up by 22%?

Harjeet Toor: That is the late fee which has come in. And whatever cards we acquired post that where annual fee kicks in.

Rohan Mandora: And you also talked about the reward point expenses being lower. So is that adjusted in the fee line item or is it part of the OPEX?

Harjeet Toor: OPEX.

Moderator: Thank you. The next question is from the line of Dhaval Gada from DSP Mutual Fund. Please go ahead.

Dhaval Gada: Just two questions. One is related to provisions. So I just wanted to reconcile the math. Approximately Rs.280 crores to Rs.300 crores is what we would have used from our buffer during the current quarter, is that correct?

Vishwavir Ahuja: Like I said, we'll send the exact details later, but you're in the right ballpark.

Dhaval Gada: And then the second part is, if I look at the NPA composition today, based on the segmental numbers, it seems that a large part of the write-off this quarter is from corporate and next quarter we'll see bulk of the write-offs related to MFI and cards. Again, is that broadly correct?

Vishwavir Ahuja: Correct, correct.

Dhaval Gada: So basically at the end of the year, while including technical write-off, the coverage looks high, but on calculated basis, the coverage would still be slightly at the lower end sub-50%. So,

how do you think about that going into next year, I mean, directionally, what's your intent on that number?

Jaideep Iyer: Yeah, so we've been in that 50% to 55% range on the calculated coverage. This will actually inch up because credit card slippages that may happen again where you typically come with high PCR. So, this will just go up because of the product and the slippage coming through retail.

Vishwavir Ahuja: Can I just add to that answer? In sort of on a reported basis as we report, see, we have moved from a 58.1% this time last year to 85%, 86% now. Even on an effective basis, we have moved up 15%, 20%. Now, we decided at some point in the last few months that we should always remain above 70%. And the effective coverage should also keep creeping up which will happen naturally as the write-downs on the card side accelerate based on our provisioning policy, which is aggressive. So that has not automatically happened, and you will see that happening quarter-on-quarter.

Jaideep Iyer: The other thing is that on the business loan side, we are actually quite comfortable with because it's a low LTV, business with LGDs being pretty much in the sub-15% range. The cover there on that portfolio will be quite comfortable with 15% to 20% cover.

Dhaval Gada: On the MFI portfolio, I think Harjeet mentioned about that slight delay in terms of the bucket movements, but just if you could give the 30 DPD in this portfolio, and just to get a sense of gross weak assets how much is that number, so, if you could give that, that would be useful?

Harjeet Toor: We do not have a 30 DPD number, but I had hired indicated that's why the year-end GNPA at around 5.5%.

Dhaval Gada: And what would be the write-off because a lot would depend on how much write-off we do, so that's the reason...?

Harjeet Toor: Write-off will not happen this year, write-off will happen next year.

Moderator: Thank you. The next question is from the line of MB Mahesh from Kotak Securities. Please go ahead.

MB Mahesh: I just had one clarification, if I look at the overall slippages that you have reported for the quarter, is it right that the numbers that you're reporting, let's say gross NPAs in the card book and the MFI book at about 5.5%. Is that the current number, which is sitting there, or is it on the pro forma numbers or is it on the reported numbers?

Vishwavir Ahuja: The entire commentary that we have discussed with all of you is on the pro forma basis.

- MB Mahesh:** So, when I look at the Rs.1,400-odd crores of slippages that we have reported, and then if I look at the slippages that we are reporting of let's say 5%, 5.5%, is there any way to analyze as to whether you have reported all what needs to be reported in this quarter or is there more carried through into the next quarter as well?
- Jaideep Iyer:** Mahesh, basically when we report GNPA on a pro forma basis, that is basis for an IRAC, which is borrower level NPA classification like we would have done if the Supreme Court judgment was not there on a daily NPA basis.
- MB Mahesh:** No-no, sorry, I'm asking the reverse question. Now, if I ask this 1400 crores of slippages that you have reported this quarter, and then if you say that I expect gross NPA of X-percent in credit card and MFI, have you factored all the possible slippages in this quarter or is there going to be a spill off into the next quarter as well?
- Jaideep Iyer:** How can I factor slippages this quarter, Mahesh? As and when slippages happen, it will fall into NPA next quarter.
- MB Mahesh:** Okay, so let me rephrase it. Whatever has to slip into the 90-plus bucket, have you reached the point where it has reached the peak slippages on the credit card and MFI book?
- Harjeet Toor:** So whatever has become 90-plus or was 90-plus during the quarter has been taken into slippage and has been taken into the number of the proforma GNPA, which we've informed...
- Vishwvir Ahuja:** I'm just repeating what you're saying. Everything that was 90-days plus, including what touched 90-days and maybe slip back to 70-days, we have taken all of that.
- MB Mahesh:** I have a book of 12,000 crores in the credit card business. And we kind of indicated that let us say the gross NPA is close to about 7%-odd, so that essentially means let's say we are close to about 5.5% today, it translates to about Rs.600 crores kind of slippages on a net basis. On Rs.6,000 crores of MFI book, if we just put a 5.5%, it translates to about Rs.350 crores. When I look at your slippages, which you reported about 1,450 crores, that's all what needs to be figured out in the gross and net NPA line from these two books, has it reflected in the books or not? That's a simple question.
- Vishwvir Ahuja:** Yes.
- MB Mahesh:** Is it fair to assume that next quarter that slippages which comes for the bank will be a...
- Jaideep Iyer:** 5.5% cards and 2.5% microfinance.
- Vishwvir Ahuja:** December 31 number on GNPA on a pro forma basis, forget reported and all that, on a pro forma basis for cards would have been 5.7%. For microfinance would have been 2.6%. Okay. And for other business retail loans, including MSME would be 4.5%. And for wholesale bank

as a whole, was 4%. The entire portfolio broken down for you. If you take the average of the four weighted average, you will come to 4.57%.

MB Mahesh: Pretty useful. Anyway, I take this question offline. I just wanted to understand, if I have to forecast is it for next quarter alone, it's for the time being, this number will a lower number as well?

Vishwavir Ahuja: What we can say is that the gross NPA number across the portfolio will be in similar range. I'm talking about the bank as a whole. 4.6, 4.7 will be in that ballpark, whatever it may be, 4.5 like that, but obviously, there will be slippages because like you say in microfinance, most slippages have to happen, in cards also some more slippage has to happen.

Moderator: Thank you. The next question is from the line of Amit Premchandani from UTI Mutual Fund. Please go ahead.

Amit Premchandani: What is the outstanding contingent provision now? That number was around 500-something last quarter.

Vishwavir Ahuja: So, yeah, the previous question had no, that have we taken about 250, 300 crores and we said in that ballpark, yes.

Amit Premchandani: Is it safe to assume that around 300 crores plus is the outstanding contingent provision now?

Vishwavir Ahuja: No, like we said we will send the exact number. This is a third time is being asked. Little over 50% has been utilized. The rest is still to be utilized. Having said that, we have also taken not only the IRAC provisioning on the pro forma balance sheet, we've also taken a PCR related provisioning, which sort of further adds to the overall provisioning number. That's the way to look at it, leading to an overall provision coverage ratio.

Amit Premchandani: And in one of the previous commentaries Jaideep said that NII reversal will be much more muted from next quarter onwards. By definition also implies that slippage will be much more muted or is it a wrong conclusion to make?

Vishwavir Ahuja: No, that conclusion cannot be drawn, the two are not connected. That is because when you look at slippage, something that what we have taken care of is Q2, Q3. Whatever slippage happens in Q4, there'll be no interest accrual on that, right? It may not be a reversal, but there will be no interest accrual.

Jaideep Iyer: I think the margins will take one more quarter to come back to pre-COVID levels, but definitely should be better than Q2.

- Vishwavir Ahuja:** Let us take the answer very simply, as a continuing between what it is for this quarter, third quarter, and what it will be in first quarter of next financial year, assuming that quarter will reflect your full net interest margin, the next quarter will be in between, let's put it that way.
- Amit Premchandani:** And the entire impact on fee income and interest for all the pro forma slippage have been taken, right?
- Vishwavir Ahuja:** Entire has been taken... fee as well as interest.
- Jaideep Iyer:** In the revenue line itself.
- Amit Premchandani:** Not in the provision line?
- Jaideep Iyer:** Correct.
- Moderator:** Thank you. The next question is from the line of Venkata Krishnan from HDFC. Securities. Please go ahead.
- Venkata Krishnan:** Just two questions if you might. One, just wanted to understand the external rating slide that you've shared, does that surprise you in terms of the upgrades that you're seeing from September to December, we have moved very sharply on the AAA, I just wanted to hear your thoughts on whether that's something that's surprising you or if there are any insights that you can probably share with us in terms of what might be driving those upgrades? The second bit I wanted to check was just around the fact that the credit card business is now almost 22% of your loans, it's contributing about 60% of your fees, nearly 75% of that portfolio is very, very high yielding, more than what the retail portfolio itself is earning. So, I mean, at some stage, do you look at the concentration risk that is coming from just one single engine and what you can do around it?
- Jaideep Iyer:** Let me take the first question. Those are not necessarily upgrades record, those are new business that happens, and some of the old business in A or BBB falls off, which we may not necessarily want to pursue again. So it's not so much a reflection, there may be some upgrades, but the large part of that explanation would be because of new business.
- Venkata Krishnan:** The second bit around the credit card, and probably the concentration risk that is emerging from the overdependence on a single engine, maybe I mean, I know you have incubated a lot of other businesses, which are higher ROA. But just wondering at what stage do you start worrying about, are there too many eggs in this basket, and yet you want to continue building market share there, you're obviously having a very high-profile customer base, so just your thoughts there maybe?

Jaideep Iyer:

So one of the good things is that business itself is quite granular. Obviously, we have 3 million customers. We are also looking at it more as a customer acquisition engine. The idea is to mine the customer base for multiple products, including potentially looking at converting them into savings account customers. So, it is in a way a customer acquisition engine, obviously, it is a highly profitable business, it's something that we have reached a size and scale, which therefore allows us to make those investments in those business in terms of analytics, in terms of collections, and become a formidable player. It's a very difficult business to be a marginal player. So from that perspective, we will want to continue to be investing in the business. Obviously, we will not want this to be 50% of the business at any point in time. We are incubating other businesses as you mentioned. And when those businesses start getting traction, the concentration risk you can say that will moderate over a period of time, but in the interim, yes, it will go up a little more before it starts to moderate.

Rajeev Ahuja:

This is Rajeev. If I can just maybe add, obviously COVID has made this transition a little tough, because seriously impacted businesses were credit cards. So I think if you look at on a four, six quarter out, you have three or four drivers. One is obviously improvement all around. Wholesale banking, which has actually been pretty much a very low PPOP on a percentage basis, should start coming back, because we do expect the business model we have now will become far better in terms of the collateral business. Our cost of funds if you've seen, though there is an overall liquidity environment which has been benign, but there is a material improvement of the structure of our cost of funds, almost 100 basis points year-on-year, and that has still some room to run. I think that itself will give us a little bit of a lift in the overall earnings structure. What has not been highlighted here is the serious amount of cross-sell, which is happening of retail assets through a branch banking, obviously, interrupted by COVID, but it started again. Once that starts picking pace, you will find that that becomes a natural engine. And most banks have taken that kind of period to actually become more in internally sourced rather than externally sourced. So across retail loans, cards, etc., you'll find internal generation improving over time.

Venkata Krishnan:

You are very close to your state level caps on the microcredit business in a couple of days now. You have a self-imposed cap of about 15%, if I'm not wrong, from what I read. I just wanted to understand your thoughts on how you build that business out knowing that that self-imposed cap is there, is there any thought around relaxing that cap for maybe states where you have certain more comfort?

Harjeet Toor:

So if you actually look at a trend historically, for the last two years, you will see that we always had two, three states, which were close to almost touching 15% and then came down. So the way we control this is that there are a whole lot of other states which we entered, let's say about a year before COVID began. And those states are still to scale up. So if you take the top five, six states and then go below, they're all in the 6%, 4%, 5% range. So there is enough room for growth there. And growth here depends on the number of branches we put in. And therefore mindful of the cap, that's the way our branch office strategy goes. And that is the

reason why we're fairly comfortable of remaining there. Even if you look at, let's say between March '20 and December '20, you will see that the state which was touching almost 15% was brought down. So that's the way the portfolio management goes.

Moderator: Thank you. The next question is from the line of Manish Shukla from Citi Group. Please go ahead.

Manish Shukla: FY'21 in large way has been a year of granularization of your loan book. But if we were to look at beyond that into FY'22, how do you see your credit book, either in absolute terms or relative to the system, given that with economy improving expectation of credit growth improving for the system and also building up?

Rajeev Ahuja: Yeah, so Manish, I want to just preface it with the idea that the next three, five months is very important for us to see how things are evolving. We've highlighted that there are two emerging risks on small business which has been the most impacted, and then micro banking and through geographies. If you take that equation out, I think in all our businesses, we have internal growth drivers, wholesale banking, where we've actually degrown over the last 15-months. Just so as a metric this quarter, we added about 110 customers, 70 customers on the liability and 40 on the advances side. So there is enough for us to do. I don't think today I want to go out and give a very specific guidance. I want to watch the next four, five months, get our own house stronger. But we are positioned for growth. As the economy comes back, as the uncertainty around a few areas reduces which we expect to happen in the next four or five months, I think we can grow and frankly, the growth has to be profitable on risk adjusted basis. And like we said, our effort is right now to get all our ROA structure in shape, including our delivery, digital, as well as our branches. So I think there is enough momentum. Once we are very sure that the economy is on a good footing, it'll all be in a matter of three to four months more. That's it.

Manish Shukla: Moving to funding cost a bit. So you corrected your retail liability franchise quite a bit through the course of this year. But that's also at a time when balance sheet is not growing now. If and when the growth does return, how do you see the spread that you offer on retail deposits vis-à-vis your peers, how does that move, it stays where it is, or will you be forced to start paying higher to garner more deposits?

Rajeev Ahuja: In fact, Manish, we have been bringing it down over the last five, six months, even in the month of January brought it down, and you should progressively see that coming down. I think, as we mentioned in our commentary, we are about 100 basis points down from a year ago, I think there is still a lot of give in that cost of funds over the next two, three quarters. So we think our deposit structure is now getting more and more anchored around a distribution and client segmentation strategy, both in retail and wholesale. So the sensitivity to rate is coming down appreciably. In fact, what is not palpable through our numbers is that we got almost 2,000, 2,500 crores of high cost deposits out of our deposit over the last 10-days of

December. And that has not impacted our growth, that has not impacted our overall cost of funds. In fact, that flow will actually improve our cost of funds in this quarter. So we are very much on that track. We don't think over the next three, four quarters, we will have to link any of this from a competitive perspective. In fact, we think there is, as I said, a lot of give in our cost of funds over the next two, three quarters. We intend to exercise that and come out as a much stronger cost of funds bank, which can help us build a very competitive client business on the asset side.

Manish Shukla: Last question is the OPEX intensity of the asset growth in the post-COVID world, I mean, whether you take a 12 month view or a longer, how do you compare now versus let's say how it was going till FY'20 in terms of cost to assets?

Rajeev Ahuja: So I think there are two plus one major cost drivers for us. I think one is the entire cards growth, which obviously the number of cards has been just about starting. I think that's a major driver. And we do expect that to continue. And you know that's a large upfront cost. But the fact is that the base of cards is now large enough to start absorbing. And as the economics of the card business becomes settle, we can start absorbing it. That's a major one. Second is our expansion of distribution and distribution plus people. I think we've done about 75, 80 branches over the last 15, 18 months. We probably will do another 75, 80 branches in this calendar year. Again, those will be metro urban-centric in the existing clusters. So the payback periods will be far better than what was when we were smaller. And the third element will be technology refreshes which you know are happening far faster, IT security, resilience, 24x7. So these are the broad costs. Obviously, COVID has given us an enormous opportunity to digitize much faster. So even in a card business now, a lot of the stuff we used to do physically has now become digital. Obviously, this is more a progressive thing. And we believe that at some size and scale, the cost-to-income dynamics will start getting divorced from the growth rates in cards which we'll see. But I still think that's about two to three quarters away once we get that base right.

Moderator: Thank you. Mr. The next question is from the line of Roshan Chutkey. Please go ahead with your question.

Roshan Chutkey: Sir, I wanted to understand accounting that you follow per customer who was taking moratorium but has paid one or two installments during that moratorium period. How are you accounting for those customers, I am talking about MFI book, when you say 88% to 90% collection efficient, I am trying to reconcile this number with the credit cost guidance that you've given, and you refer to the payments that have come in the morat pool has an offset to the credit cost being a lower number?

Harjeet Toor: Collection efficiency is a function of the amount you collect versus the demand you generate for that month.

- Roshan Chutkey:** If it is 88% to 90%, how is it that the credit cost will only be 2% to 2.5% or thereabout?
- Harjeet Toor:** Credit cost for the year will be 2.5%. It is a function of how much will be in our 90-plus pool. On that you will take a provision. And then some bit of FLDG will get adjusted as well, FLDG adjustment happens in the next quarter to which it becomes 90. Therefore, you will see hence the credit cost which will be slightly lower because there is an FLDG.
- Roshan Chutkey:** What portion of the MFI book are held by the FLDG arrangement that you have?
- Harjeet Toor:** About 40%, 45%.
- Roshan Chutkey:** Predominantly the West Bengal book is supported by the FLDG arrangement, is that the right understanding?
- Harjeet Toor:** Part of it is. But West Bengal, please bear in mind, is running at a collection efficiency today of 90%.
- Moderator:** Thank you. The next question is from the line of Harish Kapoor from IIFL AMC. Please go ahead.
- Harish Kapoor:** First, want to get a sense on the provision going into next couple of quarters. You had guided credit cards around similar to last year for this year. But there were comments around credit card provisioning even going into maybe Q1 and maybe some of the other product lines like maybe MFI, etc., also being there, and also your retail GNPA that you've mentioned in the PPT proforma wise, that also being higher. And with the COVID buffer, you've kind of utilize a large part of it. So how are you looking at the credit cost estimate for this year also in terms of building some buffers and even going into Q1, how heavy could those things be?
- Jaideep Iyer:** Credit costs for the next quarter should be give or take around the current numbers in the 5%, 10% range. Next year, honestly is a little too early for us to comment on. I think we will want to see how Q4 pans out. By that time, we will have also a better handle on general economic trends for the next year. So we should be able to give some guidance on credit costs for the next year by Q4. Suffice to say obviously, given that this was a COVID heavy year, next year is going to be definitely significantly lower.
- Harish Kapoor:** Sir my question was largely a Q1 number, considering there is going to be some spillover there.
- Jaideep Iyer:** Credit costs will continue to moderate. So, let's us assume that total credit cost number for next year is 100, it's not going to be 25 for Q1, it's going to be higher.
- Harish Kapoor:** Second, just want to get a sense, there were some questions around growth and maybe there is some visibility that you're kind of looking at for the next three to four months before you

communicate to us. But there were some comments around trying to even focus on BBB and below corporates for growth going ahead. I know all of them might not really be too bad. But, largely, what is the corporate strategy now incrementally, let's say in terms of ratings or in terms of growth, because you kind of sounded that you are really focusing that going ahead, which you didn't do previously?

Rajeev Ahuja:

No, no. So I think let me just clarify, the comment was that our BBB portfolio is very granular. It has stayed in the same risk bucket for years. And it has a fairly good model cost of credit, which we've always been able to absorb. The endeavor and objective are to improve our exposure to A and above, that was clearly said, we are not increasing our BBB, BB book, in fact, the endeavor should be to lower it as much as we can. The other comment was that when we are working with A and above, as was rightly pointed out, the NIMs on advances are obviously going to be not exactly what you can get in sub investment grade book. And the comment was that we actually make a lot of our business around not just advances but liability revenue, cash management, FX, trade, etc., In fact, on overall wholesale book, not more than 55%, 60% of the net income comes from advances income, the rest comes from liabilities, FX trade. I made a comment that, of the 110 clients we've acquired in this quarter, 70 clients of them are liability-centric, which means trade, FX, salary as well as deposit income... the corporate client. This is the model which we've always had. It's been accentuated and this period of the last 12, 18 months has allowed us to sharpen it. And there is enough opportunity for our size of the bank for the next few years to continue doing on the same philosophy rather than sacrificing our overall risk profile just to get NIMs on advances. I hope that clarifies.

Harish Kapoor:

Sure, that's helpful. Sorry, just that provision line, I just missed that part. So there is no change to the guidance for this year, right, though you kind of mentioned next year is still far, but at least for FY'21, credit cost guidance?

Jaideep Iyer:

I mentioned that the Q4 number should be give or take within the 5% to 10% of the Q3 number.

Harish Kapoor:

Two quick last questions. One is this NII number, I think last quarter, you had mentioned that NII will possibly come back to let's say around 1,000 crores number for Q4. There may be a spillover on that one to Q1. Is that right or are you kind of going to be at 1,000 crores number?

Jaideep Iyer:

No, no, that is right, it is going to be somewhere between the Q2 number, I can't say but I don't think it's Rs.1,000 crores.

Harish Kapoor:

Collection efficiency given out for the business loan segment you mentioned is 96% of pre-COVID level. So what is the collection efficiency business loans?

Harjeet Toor:

We are not at 100% pre-COVID, we are at about 96% pre-COVID.

Moderator: Thank you. 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 this evening. You may please disconnect your lines now.