"IDFC First Bank Q4 FY-23 Earnings Conference Call"

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MODERATOR:	**MR. CHINTAN SHAH – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the IDFC First Bank Q4 FY23 Earnings Conference Call hosted by ICICI Securities. 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 now hand the conference over to Mr. Chintan Shah from ICICI Securities. Thank you and over to you sir.

Chintan Shah: Thank you, Tanvi and good evening to everyone present on the call. This is Chintan Shah from ICICI Securities. Today we have with us Mr. V. Vaidyanathan – Managing Director and CEO, Mr. Sudhanshu Jain – CFO and Head Corporate Center and Mr. Saptarshi Bapari – Head, Investor Relations from IDFC First Bank to discuss their Q4 FY23 and annual FY23 earnings. Thank you and over to you, sir.

V. Vaidyanathan: Hello everyone, this is Vaidyanathan. I'm really happy to be here with all of you today.

Sudhanshu Jain: Good evening, everyone. Sudhanshu here.

Saptarshi Bapari: Hi everyone, this is Saptarshi Bapari.

V. Vaidyanathan: Let me just give it a start and Sudhanshu can help us with the numbers. First of all, I want to thank every one of you listening to the call very-very sincerely, for being with us over the last 3 or 4 years while we're building up the Bank and building out its foundations and all that. We believe that after those first 3 or 4 years of building, the liability franchise has come out really very strong. We're building the brand which has come out very strong by building systems, people, processes, technologies, all that stuff. Now we believe we are in a very strong position to roll out our products, scale up our businesses, get the revenue lines in and start seeing the opening of the jaws on profitability.

I don't know if many of you remember that somewhere in FY21 when the COVID loss was going on, I had made a statement to everybody saying that this Bank will never make a loss again. There was a purpose for and first of all, I'm very happy, we have seen many quarters since then maybe close to 2 years not a single quarter we've gone anywhere close towards the word L. The reason is that which many people didn't understand is that in the initial stages of the Bank, the core issue for the Bank was not that there were a few infrastructure loans and all that. The core issue was that the Bank did not have operating profit because this was largely a DFI Bank in 2018 or so. And as a domestic financial institution as all of you know, we've seen this at ICICI has seen this at IDBI, everywhere, initially the infrastructure loans are landed maybe 10%-11% cost are like 9%, you're left with the NIM of like about 1.6%-1.7% and then with that NIM really all of us know it won't be very profitable. And with that then very difficult to invest and so on. But it was really an amazing thing for this Bank to have gone and got itself a Bank license which really talks a lot about a lot of positive things about my predecessor sir, Rajiv Lall and all who really built an amazing institution and had to go and get a license. But now the license is there on the hand, now what to do?

So, I think from that the situation or from that merger point, so to say after Capital First and IDFC, the first quarter, remember the loan book was about Rs. 1,00,000 crores and the operating profit was Rs. 276 crores. Operating profit meaning the core operating profit, core NII, core fees minus core OPEX that is what is available for taking provisions for credit loss. So, core operating profit was Rs. 276 crores. Even after that, of course, we had to invest in branches and all that. Now, by the period of 2021-2022, Q1FY22 that is April-May-June of '21, in that year also we did not have much of an operating profit but we had COVID on our head. But the good news is that the operating profit for the Bank, let me tell you a trend lines at the last four quarters and then you will see where this game is headed. That Rs. 276 crores of core operating profit, in Q1 FY23 was Rs. 987 crores, Q2 FY23 it is Rs. 1,052 crores. The first time we decisively crossed the Rs. 1,000 crores barrier of core operating profit. In Q3 FY23 that is October-November-December of '22, our core operating profit is Rs. 1,225 crores. In Q4 FY23 which is this quarter, our core operating profit is Rs. 1,342 crores. So, now even if there's a COVID theoretically and even if it is the same intensity of what came in Q1 of FY22 which is that 2 months of lockdown, no moratorium. Even that extreme situation, our Bank will be like sailing through comfortably because we'll have a lot of operating profit now. So, this is a very-very fundamental point to note that we are on a very strong wicket. We belive the way the incremental economics are coming about, which is what is giving us this kind of operating profit that is going to look that we believe is almost reach the level of permanency and then now whatever happens to the global ecosystem, the north crisis comes. If something comes, something goes, that happens to everybody and we will deal with it very-very comfortably.

Now the second part of the conversation is that if you see the trend line of profitability of the last four quarters on a PAT basis. It was Q1-Q2-Q3-Q4 of this year has now moved from Rs. 474 crores Q1, the Q2 was Rs. 556 crores, Q3 was Rs. 605 crores and Q4 is Rs. 803 crores. There was some one-time income through treasury but even if we take it out, PAT of this quarter is probably Rs. 700 - 702 crores. So, therefore, you can think of it like you know sequentially it's moved from 605 to 700. So, we believe this is a story for good and we're all pretty feeling good about that. It actually gives us confidence more than anything else. We were frankly insiders. So, we always knew that the Bank is headed for really good times and I always felt very good about the Bank. I feel very bullish. But then from the market's point of view until you see the numbers, you won't believe it. So, I agree with your feelings. So, now at least I am feeling very confident. Hopefully, after hearing today's call, you get a good color about where the Bank is headed. So, I'd like to close here and I'll request my colleague Sudhanshu to help us with the numbers.

Sudhanshu Jain: Thanks Vaidya. Friends, I will start with the balance sheet metrics and then talk about asset quality and this will be followed by profitability.

On the balance sheet, the overall balance sheet of the Bank grew by 26% on a YOY basis to reach about Rs. 2,40,000 crores at March end. We continue to see a healthy growth on our lending book and in deposit mobilization. Customer deposits for us grew strongly by 47% YOY to reach Rs. 1,36,000 crores. This the yearly growth in CASA deposit was 40.7% and for term deposit it was 54.2%. CASA balances grew by 8% sequentially and we saw a relatively faster growth in term deposits at 13.6% due to increase in the overall systemic rates. CASA ratio was stable at around 50% as on March 31st, 2023. Average CASA ratio stood at 48.5% for the year. Even on average current account deposits we saw an increase of 48.6% during the year. CASA and term deposits less than 5 crores was at 83% of the customer deposits as on March 31st, 2023, which points to granularity of deposits. Retail deposits stood at 76% of the total customs deposits at March 31st, 2023, and it grew at 53% on a YOY basis.

We opened 102 branches during the quarter and the branch count now stands at 809 branches. The Bank maintained an average LCR of 120% during Q4 as against 122% in Q3. We would like to maintain the same around these levels. We continue to see a reduction of high-cost legacy borrowings. It has reduced by Rs. 7,500 odd crores during last 1 year and the residual amount left is now Rs. 17,673 crores which will run down in next 2 to 3 years. About Rs. 5,100 crores is scheduled for rundown in FY24. We have given details around this on slide #29.

Moving on to assets:

I'm happy to report that the overall funded assets have crossed Rs. 1,60,000 crores and grew by 24% on a YOY basis. Retail and commercial book which is well diversified, grew to Rs. 1,26,000 crores. We saw strong growth across all product segments. To give some more color; home loan grew by 39% on a YOY basis. We saw disbursements holding up well in this segment despite increase in interest rates.

Wheel segment which includes 2-wheelers and car, registered strong growth of 53% on account of festive demand and our increased distribution. Consumer loans comprising of consumer durable, personal loan and cross sell loans grew by 20% on a YOY basis. Rural Finance book grew strongly by 48% on a YOY basis.

Credit card which comes from a small base, grew by 74% on a YOY to Rs. 3,510 crores. The Bank has issued more than 1.5 million cards since launched in January '21. Spends on credit card increased by 92% on a YOY basis. On the wholesale side, non-infra corporate loans grew by 9% YOY to Rs. 26,000 crores. The infrastructure book de-grew further by 32% on a YOY basis to Rs. 4,664 crores and is now merely 2.9% of the total funded assets as compared to 5.3% a year earlier.

Moving on to asset quality:

The gross and the net NPA of the Bank has further improved by 45 bps and 17 bps respectively QOQ and stood at 2.51% and 0.86%. PCR gross of technical write-offs stood at 80.29% at end of March quarter. The Bank has significantly increased the PCR in the last 1 year from 70% to 80%. In fact, if we exclude the rundown infrastructure lending book NPA, then GNPA and NNPA at Bank level stood at 1.84% and 0.46% respectively and provision coverage gross of technical write-off moves up to 87%. Retail GNPA also improved sequentially by 22 bps to 1.65% and net NPA is down to just 0.55%. The corporate non-infra book continues to be well provided with the PCR of 99.8%. Net slippages during the quarter were lower by 21% despite increasing the overall book at Rs. 468 crores. The overall standard restructured book as a percentage of total funded assets has further reduced to 0.6% as compared to 0.9% last quarter. The bank holds a provision cover of 25% on this book. The SMA-1 and SMA-2 on the retail book is stable at around 1% and much lower than 2.2% a year ago which is a good indicator of portfolio quality. Even in the corporate book, the ratio of SMA-1 and 2 is sub 0.2%.

Moving on to the last section profitability:

Our profits for the year have increased to Rs. 2,437 crores as against profit of Rs. 145 crores reported last year. This is on account of the increase in pre-provisioning operating profit, including treasury gains by 50% as compared to last year and also lower provisions by 46%. Profit after tax in Q4 increased to Rs. 803 crores versus Rs. 343 crores in Q4 FY22, up by 134% YOY and 33% QOQ. This was largely driven by strong growth in operating income.

On a quarterly annualized basis, the ROA continues to expand and for the full year it's stood at 1.13%. The ROE has crossed I would say 10%. In fact, it's at 10.95% for the full year FY23. The net interest income for Q4 FY23 grew strongly by 35% YOY to Rs. 3,597 crores. Fee and other income also witnessed an increase of 40% YOY to Rs. 1,181 crores for Q4. Retail fees contributed 91% of the overall fee and other income and hence it is quite granular. We have given more details around the fee breakup on slide #51.

The Bank had a trading gain of Rs. 216 crores in Q4 FY23 as compared to a trading gain of Rs. 36 crores in Q3 FY23. The gain during the quarter was primarily due to monetization of certain VCF investments. The Bank utilized Rs. 79 crores out of this to increase the provision coverage on loans during the quarter. Core operating income excluding trading gain for Q4 FY23 increased by 36% to Rs. 4,778 crores aided by strong NIM fee income growth which I mentioned before. Operating expense was Rs. 3,436 crores in Q4 FY23. Cost to income ratio improved to 71.9% in Q4 FY23. In fact, for the full year, it has improved by 525 basis points. Core operating profit excluding trading gains grew by 61% YOY and 10% QOQ basis to Rs. 1,342 crores. Provisions for the quarter were Rs. 482 crores due to certain additional provisioning done during the quarter as mentioned earlier. The credit cost as a percentage of the average funded assets for Q4 was at 1.26%. For the full year it was at 1.16%, much lower than our earlier guidance of 1.5%. The Bank has maintained strong capital adequacy and the CAR including profits was at 16.82% as on March 31st, 2023, with CET ratio at 14.20%. The Bank is well above the regulatory threshold and looks forward to continuing the growth in a profitable manner. With this I close my opening remarks. We are happy to take questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Surana from CLSA.

Mohit Surana: My first question and thanks for giving the disclosure on cost to income. So, I just wanted to understand that in a little more detail when you say that the cost to income and liabilities have gone down from 198 to 174. How should we read it, what should be the income that we would be getting from liability?

V. Vaidyanathan: First of all, hi Mohit, I'm happy to hear you and hello to everyone again now. This time we have given much more detail about this cost income ratio. As everybody knows that our cost income, people always talk about the cost to income. So, this time we have given two sets of information, one is we have given a full trend line year by year what the cost to income was over the last 4 years. So, it was 95.13% in Q2 FY19, in H2 it was 85.22%, then FY20 it was 76.86% then 78.79% and 77.79% and now 72.54%. So, you should expect this should come down from here.

Now with regard to the break up, since you referred only to liabilities but in the benefit of others on the forum who may not have seen that particular slide, let me just read out the numbers to you. On the retail lending side cost to income has come down to 63.4% to 55.0%. On the wholesale side, cost income has come down from 38.1% to 31.6%. Then you might say that, if your cost to income is as low as 55 and retail on the lending side if it is 31 on the wholesale side, then really what is lifting the cost income? So, there are two items, one is the liability side which is 173.7% you referred to, other is credit cards, this is 164.6%. So, the sigma-sigma of all of these four put together is the number that you see the number is 72%. Now let me just explain this number what you ask for liabilities 173%. So, in the liability business, just what happens is that branch raises deposits. The branch could be raising savings accounts, could be raising current account deposits. So, on savings accounts we give them a particular transfer pricing which is the benchmark for them and the difference between their transfer pricing and the actual money the branches pay out to the customer, the differential is the income of the branch. Similarly, the difference between the benchmark and zero is the income of the branch as far as current account is concerned, that is income for the branch. The expense for the branch is the really cost of the branch. People and premise and rent and all that. The other income is of course a fee income. So, that sigma of all that at this point of time for the Bank as a whole is a loss and that is what is giving us the 173.7% which is basically expense is more than income. Now how will this come down? Well, very simple. By the way, I discussed the equation to you. If the branch grows more deposits, then the difference between the numbers I told you, the benchmark minus what they pay the customer that keeps increasing and then the Bank branch become profitable. And of course, if the branch sells more fee-based products etc. The branch makes more income. The short of it is that, as the branch gets more scale and size and more customers and more deposits and all that, this is a self-solving problem and we believe that this for us also it will trend that way.

Mohit Surana: Just one follow, what should be a reasonable transfer pricing for deposit that a branch did, any color on that?

V. Vaidyanathan: Normally I don't think banks disclose that number but I I'd say that clearly if you look at the G-Sec pricing of the moment, you should expect that that would be a bit of a free pricing for the situation.

Mohit Surana: And the second question is that when we look at IDFC Bank, it's obviously done very well on deposits and a part of it is because the branch efficiency or the deposit efficiency per branch is quite a healthy number. So, just one color on that is that how many years probably even a rough ballpark, does it take for a branch to reach a full potential in terms of getting liabilities and deposits, any color on that?

V. Vaidyanathan: I don't know if you've been to any IDFC Bank branch and spoken to any of the employees there, they'll probably give you a good color and I really invite you to doing this round up in any part of the country. Our people are really very happy. That basically the branches are not the only thing. The brand that powers the customers to come to the branch, the service they would give to the customers at the branch, all that is also playing a role. So, in our case all this machinery is playing very well. Somehow the Bank’s image is really very good. So, our branches are typically in about 24 months, you can see a kind of breakeven or probably even a bit earlier depending on branch to branch, depending on the cost of the branch and we are at least finding that our branches are frankly very-very productive. We are feeling frankly that we really got this liability in machinery fantastically going for the Bank. We feel very confident for the next year and we feel that money will keep coming in comfortably and then now we have the peace of mind to grow our assets comfortably in a safe sort of a manner.

Mohit Surana: Just last two questions. One is if you could explain what we had healthy treasury gains in the quarter, what explains that and if you could also give the comparable NIM number versus last quarter of 6.36. I am sorry if I missed that in the PPT?

V. Vaidyanathan: Yes, it's there the PPT. But maybe it came a little late for you, so you may not have read it. But let Sudhanshu answer the question first and then in will come at the first one.

Sudhanshu Jain: Thanks Mohit for the question. First on the treasury gain, as I mentioned in my opening remarks that we had certain gains from redemption of venture capital fund investments which we were holding. So, that came as a gain during the quarter. It's one time in a strict sense. That was about slightly more than Rs. 200 odd crores. On the NIM for the quarter, NIM was 6.41% gross of sell downs in IBPC and the corresponding number for the previous quarter was 6.13%.

Mohit Surana: Sudhanshu last call your reported NIM if I'm not wrong 6.36. So, if you could also give a like to like or probably, I can take later if it is not handy.

V. Vaidyanathan: That that you can just adjust for the fact of this sell down and all that. But let me just say that last quarter was 6.13% you can make the appropriate adjustment.

Moderator: The next question is from the line of Vivek Ramakrishnan from DSP Mutual Fund.

Vivek Ramakrishnan: My question was going to be about the deposits only, this year seems to be a year of scramble for deposit. What do you think is going to propel your deposit growth? You seem very confident about that, it might by tweaking the base giving a higher rate. What is that secret sauce for getting more deposits? That's my only question sir.

V. Vaidyanathan: Thanks so much for that. Honest answer, have you been to any of our branches?

Vivek Ramakrishnan: Yes, I have.

V. Vaidyanathan: Do you see the comfort?

Vivek Ramakrishnan: Generally, they've been very pleasant.

V. Vaidyanathan: Thanks for that. No, because the reason I asked is that if you talk informally to people, there is something they'll probably give you color. Somehow, we are probably paying the similar interest rates like what, let me say the peer banks are paying, what we call peer banks in the mid-tier banks. Think of IndusInd, Yes Bank, Bandhan, our Bank or maybe 1 or 2 more banks, maybe a Bank more in that category. So, I think of this as mid-tier, we're all paying similar rates. Probably we're a bit lesser than them but somewhere that band. But somehow our hit rate per branch is significantly better and now we got to allocate, figure out what is the reason. If you're paying similar rates. It's definitely a Bank is just seen as a really good brand, not that others are not, they are also good brands. But somehow, we've acquired that very strong institutional image, feel. I think customers are experiencing us, are referring more customers because they say 'Bank *bahot acha hai*' that kind of stuff. I think all that is coming together and then rates are what we're paying.

Vivek Ramakrishnan: Actually, beyond asking for Rs. 2000 crore have not impacted.

V. Vaidyanathan: No, you must. If you see our deposit growth, this year our CASA deposits are Rs. 71,900 crores. But that 71 is not actually Rs. 71,000 crore because the last 2-3 days before the quarter ended somehow some large government institution gave us Rs. 2,131 crores. Really short-term money, we don't want to count that money. But even if you subtract 71,983 minus 2,131, it comes to something like Rs. 69,800 crores. So, that's a very solid growth coming from Rs. 51,000 crores of last year. So, we are definitely a strong beneficiary and things are moving for us well.

Moderator: The next question is from the line of Lalit Deo from Equirus Securities.

Lalit Deo: I have two questions. So, firstly, during the quarter we have seen some increase in our SA savings rates as well. So, like on a blended basis like what would be our rates on the saving deposits and like how much it could increase going ahead in terms of the new pricing?

Sudhanshu Jain: Lalit, SA rates for the quarter for us was about 5.37%. And this was up by about 10 basis points only during the quarter.

V. Vaidyanathan: So, we basically you know up to 10 lakhs we are still paying only 4%. So, as you know that that's where the bulk of the customers are and we pay on a progressive basis after that.

Lalit Deo: The the bulk of the major repricing has been done or like are there some part which is likely to come in the coming quarters as well?

Vaidyanathan: We don't know. As you know, I never take a position on this.

Lalit Deo: In the retail loan, so while there has been a broad-based growth across segments. But particularly in the rural finance, we are seeing some strong growth over there. So, could you quantitatively tell us what is the nature of this book and in which segments are we lending in this particular segment?

V. Vaidyanathan: What we are going on the lending side is frankly very-very well disclosed by now, in the sense that we have already put out a line of businesses, home loans, affordable home loans, cars. Now we started new cars also by the way. Not in a big way but we started new car. We have started tractor financing and now we started—of course we already have been doing used car for a long time—we are good in 2-wheelers, we're doing micro enterprise loans. The list is very-very long. So, in fact somewhere in the investor presentation we have actually put out a full list of products that we are doing. This commercial vehicles, then business banking, then the list is long. So, it's a very-very long list and over period last 7 or 8 years we just got a long list. So, for us growth, at least we don't think of this as a bother at all. It's just coming. In fact, we just don't have touch the credit criteria. We don't have to relax anything. If you need more businesses, have open more locations and keep launching new products. So, at least for many years to come, I don't think going credit is an issue at all.

Moderator: The next question is from the line of Ishan Agarwal from Erevna Capital.

Ishan Agarwal: I must say that the execution by the management has been to the 'T' since merger and have extended my projections almost every quarter. So, now I'll begin with my questions. We have reported total provisions of Rs. 483 crores this quarter, out of which I believe Rs. 79 crores is one time in nature so as to include the provision coverage ratio. Excluding this our provisions for the quarter stand at Rs. 404 crores, which when annualized stand at 1.03% of the book which is lower than what we have been reporting in the past quarters. Is this the structural lowering of credit cost due to better quality of sourcing and overall better quality of the book?

V. Vaidyanathan: We have always put out a credit cost numbers for 10 years now and we have put out the gross numbers, we have put out net numbers, we have put out credit cost also for 10 years now. We have given a guidance as you know for 2% credit cost. If you remember, we always talk about 2-1-2 formula, 2% gross, 1% net, 2% credit cost. But somehow the credit cost is for us is very low at this point of time. To your question on whether it is structural, we believe that this part has become structural. We keep the guidance there because it's just that we don't want to let anyone down and what we're guiding.

Ishan Agarwal: I'm just asking you without any one-offs or any other.

V. Vaidyanathan: That's what I'm saying. So, basically, we have given guidance of 2% because we don't want to let down people but we feel that structurally—to answer your earlier questions structurally—we believe it has come down. We believe we will actually not touched 2%.

Ishan Agarwal: I think you had mentioned 1.5% previously, I mean no?

V. Vaidyanathan: Yes, we have on annual report guided for 2-1-2 but for the last year we did guide 1.5% but we have come below 1.5%.

Ishan Agarwal: So, for the next year it could be 1.5% or lower than that?

V. Vaidyanathan: Could be there but our own internal estimates are more like this. But we have kept our public guidance where we always left it. But if you have to pencil in what should be a good number, I guess yes, somewhere there what you're talking about. But the more important thing is that your earlier question, I thought you asked important questions kind of slipped between the cracks. The issue is, is it structural, now really, we believe it's structural. We can't take the eyes of the ball. As a Bank we should always careful. Structural meaning, what I mean by structural is that now credit appraisal processes, information, let's think of a process. Think of KYC. Earlier KYC was coming through a passport copy or a license or whatever. Now if it's coming digitally, biometric authenticated and v-KYC and all that, it becomes more authentic. Then what is the next step, you do credit appraisal. Credit appraisal was coming through some physical paper and all that, now it is coming digital and it's that much more authentic. Then after that is monitoring. You should have frequency of monitoring, probably monthly or something. Now you're practically doing weekly or daily monitoring. So, that's also become better. Collections was coming and somebody was calling the customer and going and collecting from the customer or all that. Now all that is gone, if any UPI links are collecting. So, everything has become better now structurally and bureaus have come. You know how this works.

Ishan Agarwal: And the Bank itself intentionally is also sourcing better quality customers along with the systems becoming better, is that right?

V. Vaidyanathan: That is 100% right because now our cost of funds is lesser. We don't have to take risk like a NBFC. We can play like a Bank, like a good large Bank.

Ishan Agarwal: Moving on to the next question, this year our core PPOP growth has been phenomenal. We have to put in a 67% growth as compared to FY22. My question is, given that a significant portion of the operating leverage is still to play out in terms of cost to income and remember in one of your media interviews you had mentioned that core PPOP could grow by 40%-45% in FY24 and FY25 as well. Do you believe by your internal estimates, the Bank can achieve that kind of growth?

V. Vaidyanathan: First of all, this year also we said 45-50, it turned out to be 60%. So, we are very happy, at least we didn't let you down this year. But next year yes, definitely we're feeling very good. We believe that we will outrun our cost growth. So, if our balance sheet grows by 25%, yes, of course our PPOP definitely should grow faster than that because now the scale is playing up. Ishan just in case you don't get a chance, nice speaking to you. But if you get a chance, we will talk to you.

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

Anand Dama: One question is that if you can provide some break-up in terms of your SA deposits how much is less than Rs. 10 lakhs and above Rs. 10 lakhs that would be really helpful to start with?

V. Vaidyanathan: I don't think we're giving that number. Sudhanshu do have the number.

Sudhanshu Jain: No, so we're not, calling out

V. Vaidyanathan: Just repeat your question less than 10 lakh, ask question more specifically.

Anand Dama: Question was about how much of your SA deposit should be less than 10 lakh and above 10 lakh?

V. Vaidyanathan: Maybe I don't even have the number off-hand.

Anand Dama: Ballpark?

V. Vaidyanathan: I don't know how to answer right away. But let me just say that our Bank, if you're trying to get under the hood and trying to get a color of a customer profile, if that gives you a better sense. We are, let me say, getting a slightly higher than upper middle class-ish customer base. If that's an a slightly HNI-ish of customer base. Maybe the location of the branch or the look and feel or whatever. So, our average balances that we're getting are at least 30%-40% more than maybe similarly placed banks.

Anand Dama: So, with that basically put more of the deposits to be about 10 lakh bracket?

V. Vaidyanathan: Yes, for example, when you open a savings account, as you know we have two categories. One is the 25K account and one is a 10K account. So, the 10K account minimum balance is 10 but people are keeping 40,000-50,000 with us. The 25K account, minimum balance is 25 but people are keeping a lakh and a half with us. So, that gives the color to the profile. Somehow it is that the Bank is getting that kind of deposits.

Anand Dama: Is there any breakup in terms of retail deposits and some kind of an institutional SA deposit which come by in the overall SA breakup?

V. Vaidyanathan: Again, your voice is not coming so clearly. Repeat your question if you don't mind.

Anand Dama: I was saying that within the SA deposit what's the share of the retail individual deposits and the non-individual deposits?

V. Vaidyanathan: Well, everything is only retail in the savings side.

Sudhanshu Jain: As I mentioned, retail deposits are 76% of the total deposits and we have seen a good growth during the year. In fact, it grew at 53% on a YOY basis.

Anand Dama: That includes term deposits as well, right?

V. Vaidyanathan: Yes, right.

Anand Dama: I'm just talking about the SA deposit.

V. Vaidyanathan: Its predominantly retail only. But I'll tell you one thing if there's one weakness our Bank has, it is actually the fact that frankly SA our Bank is like hitting it over the park. I'm telling you we are exceedingly doing well. We just have to take a word for it. The weak area for our Bank is that we are low on CA. If you see peer banks or at least peer Bank meaning the larger peer banks so to say close to about 30%-35% of their balances is current account balances out of the CASA. For us it's like 18%. So, this we say but as current account takes a long time to build because you've got to get the whole ecosystem and all that but we're working on that. I think we will get there.

Sudhanshu Jain: On your earlier question on SA, 97% is retail. So, it's predominantly retail.

V. Vaidyanathan: We got your answer while you are on the call.

Anand Dama: Secondly is that what's the current employee base and if you look at the cost-to-income ratio where you have guided that you would look at about a 65% kind of a cost-to-income ratio maybe 2 years down the line. If that is the case, how do you see that cost-to-income ratio coming down?

V. Vaidyanathan: There's lot of disturbance in your call but I just to save other people's feelings. But I got the question. Let me answer your question quickly. How will it come down?

We have guided for it to come down. The question is how will it come down? It's very simple actually. It's not so complicated. First of all, I told you the trend how the last 4 years have been. So, it should give you confidence that it will but rather than just it will have to be specifically. So, for example our key gap is credit cards. I mean actually we have two key gaps I called them out to you. There were two things we called out for you. One was the credit card, second was liabilities. Liabilities I have answered one of the prior gentlemen who spoke saying that I think it was Mohit. They were just saying that look book grows branches will pay back it's straightforward and I am making it too straightforward of course I have got to do the work, they got to sell the other products, they got to cross sell multiple products etc. They get the fee income generally book grows NII grows for them and they break even it's pretty straightforward. Now the second specifically the is credit cards. In the credit cards, last to last year that is in FY21 while we haven't put out the numbers on the presentation but I remember it was something like about 300% odd. Last year FY22 it came down to 240%, this year FY23 is compared to 160% we believe in FY24, this should like convincingly come down. It's more like maybe 100% or maybe even less than that and FY25 we expect to break even credit cards so, think about it. So, if that amount of credit card business starts breaking even that is straight to the P&L and that reduces cost-to-income. So, that is one factor you can do the math for yourself, you will get it. The second part is that what Saptarshi earlier pointed out to you that we have that 17,000-18,000 maybe Sudhanshu said that that you have Rs. 17,000-18,000 crores that we are funding today 9%. Now moment we replace that with today's money this 5.7%-5.8% you see the difference that 3% on that Rs. 17,000 crores, that's Rs. 500 crores. So, that is also going to come to the income line so that straight away stall the cost-to-income ratio. So, you should not at all be surprised it will come down and what you should actually look back and think is that if you are already posting 1.2-ish ROA and now at the current cost-to-income at 70% odd, imagine and the 70 comes to 55 whenever it comes, just see do the math for yourself, that's 10% of our NIM just do the math and add to it to the ROE, where this ROE will hit. I'm pretty bullish about it.

Anand Dama: So, you have basically put out the slide #53 where you put out the cost income-to-ratio across segment? So, apart from cards which is about 155% is there a chance that basically the liabilities and the wholesale banking cost-to-income ratio can come down further. Any estimate you can give?

V. Vaidyanathan: Even liabilities will come down but the liabilities is a long game to break even to zero, let me tell you. In one of the prior banks have worked, it didn't break even for like 12-13 years. So, these things do take a long time because what happens is that we are a startup Bank so you might say that end of the day remember that we got raised deposits so, we might put more branches and those branches you put in will have its own life cycle to start becoming profitable again. So, these things drag sometimes tend to drag little bit longer but see the end of the day my own sense is that we shouldn't get keep knocking ahead on this one-line item of cost-to-income, cost-to-income. Well end of the day it is what return on equity do you generate and we are pretty clear that even at our current cost-to-income even if the marginal dip from this 70ish coming to 60s there will there will be a massive improvement in ROE and frankly if once our Bank goes to 17-18ish ROE forget 17-16 even if it goes to the 15ish ROE; lot of people who think about this issue a lot, all of you will come down and they will become happy. Just watch the trend, just watch three quarters more, four quarters more.

Anand Dama: So, certainly, I mean we will all be happy but then if we can get some guide path as to like which element basically you would see that improvement?

V. Vaidyanathan: I told you two specific things. One is credit cards, second the liabilities, you want to know how, third I tell you that that three that legacy cost of funds that 8.9%, fourth is that fee income; these are all the ones that are looking in the eye but let me tell you two more-line items which are also important. Fee income because we are not exactly doing a great job in getting fee income from our on the liability side as you know most of our services are free there and even our cross sell, you may not have got very many calls from the Bank to sell you the product because we keep it very little tone down because we don't want to disturb customers but net-net there's a fee income, there's a big opportunity for us on the fee income side to grow it. Wealth management is growing by 40%-50% a year. That will give us free income, FASTag business is growing, that will give us fee income. So, we have many buttons to press. Just watch the game and fee income will go up, the other buttons I told you will go up so, it will come just watch this quarter I mean watch this year end, watch next year end. I assure it will come down.

Anand Dama: Lastly just wanted to check like you have given this cost-to-income ratio of 174% for liabilities. For this cost for other banks, I mean I am sure that you would be aware about broadly what kind of cost-to-income ratio that we operate. Is it something similar or it's far lower?

V. Vaidyanathan: No, it depends on life stage. If you go and pick a Bank like one of the big banks of which has lived is 25-30 years like ICICI or HDFC, obviously this will be profitable, undoubtedly. It's a life stage, not everybody is forgetting. Our Bank is just 4-5 years old. 5 years meaning 4 years, 4 years after merger and that time our balance sheet was loan booked, deposits were Rs. 5,000 cross-6,000 crores of deposits we had retail so let me take it practically to start. So, you give me 15 years, I will show you what cost-to-income and what ROE this Bank will make. It's really early, 5 years. And meanwhile remember we are rolling out all the branches, etc., and we would roll out more also. So, honestly, I have told you people many, many times before that I am building this Bank with a long run. I am not taking shortcuts to say that Oh my God I got to please everybody; post some ROA, ROE do it now and kill it, we are not playing that game. We are just building the long run. It will take a little more time but I will deliver ROE that I am telling you.

Moderator: The next question is from the line of Pranav Tendolkar from Rare Enterprises.

Pranav Tendolkar: I just wanted to ask one question so I understand the philosophy that credit origination yield is given by market and then we do better by selecting better credit in that asset category. So, can you just qualitatively or quantitatively highlight in which credit category we have the best credit origination processes and what are we doing about it? So, is it SME, MSMEs is it vehicles and how we are improving it? So, can we proudly say that we are #1 in terms of credit yield minus provision cost metric for the industry?

Sudhanshu Jain: So, Pranav as you would see from the presentation, we have a very diversified retail book. So, we have been doing home loans, that book has been increasing, it increased by 40% on a YOY basis. We have a loan against property which we have been doing for quite a number of years. Then even on I would say on the wheel segment or the two-wheeler space we have been gaining market share there. Rural we saw a very healthy growths during the year, that also meets our PSL requirements. Then we are a formidable player on I would say consumer durables and so on. So, it's a wide asset class and we have a stated strategy to grow each and every product. Of course, at the same time ensuring that the credit standards are not compromised. If you see the presentation on slide #36, we have given that we follow a very elaborate process in terms of current screening and we in this process, we do reject many applications which come into the Bank. And it's all score card driven which is also quite evolved I would say over a period of time, the data from the bureaus is also quite enriched now. So, all these are sort of playing out and all this results into a lower cheque bounce, lower SMA and they result in NPA formation and so on. So, we feel that with the model which we have where on the retail assets we have the blended yield of about 15%-15.5%. The credit cost is quite currently manageable and if you are able to maintain at this pace then we feel that we are in a good run.

V. Vaidyanathan: See one of the key things to note for our Bank and I think it's very-very important is to actually think of what is the collection efficiency. Right now, Sudhanshu talked about that we have good under writing process. Yes, by definition if you do good quality underwriting when you present cheque they should not bounce. But our cheque bounce is very low, very low. Then when the cheques are bounces very low then whatever is bouncing someone should collect on them. I will tell you a number and this you can compare this one of a large NBFCs even report these numbers as well. Now we have actually even disclosed our collection percentage; it is 99.5% is our collections and let me explain 99.5% to you. This is EMI collected divided by EMI due. This does not have arrears; this does not have pre-payments. Sometimes some entities report I have got 104% collection. How can someone collect 104%-107% only because they are collecting other pre-payments, they are collecting arrears. I am telling you pure what is due and what is collected. That's 99.6% and it is not a flow once in a while. Now it's been like 12 months in a row, it is 99.5%. Now therefore if we there's only 0.5% slips to zero to 30 bucket. So, that's it so that's very phenomenal and then that's it. Then after that is why that is what gives us the confidence to commit this 2%-1% and whatever we tell you.

Pranav Tendolkar: I just got confused about how you calculate branch cost-to-income. If you just explain that to me that will be great?

V. Vaidyanathan: No, I think somebody else has also asked this question. So, if it's not clear we will explain one more time. Now think of a branch, let us say a branch has a cost. People, premises whatever is the cost of the branch. Now suppose the branch gathers deposits of Rs. 100 crores and suppose there's a benchmark X% is what is payable to that particular branch for raising savings account. So, suppose the branch is 100% savings accounts and suppose the benchmark is X and suppose the branch paid 5.5% to customers. The difference between the X and the 5.5 becomes the income of the branch. If that branch now goes to Rs. 200 crores, the income will become 2X. If the branch is of Rs. 300 crores, income will come 3X but OPEX is not becoming 3X, OPEX is what is the cost what you pay rent or people. So, that differential with scale goes up but on a current account, the branch will get in the same example will get the X minus 0 which will get the full amount because you are paying nothing to the customer. So, that's how economics work.

Pranav Tendolkar: Basically, you are communicating this to branches and that is very-very good communication mechanism actually because the banks level profitability is given by it?

V. Vaidyanathan: For the sake of argument let me just pick a number. Let me say 7%. So, suppose, you told the branch that whatever deposit you get, I am going to pay you 7%. Now if the branch gets Rs. 100 crores of savings account and they paid the customer say 5.5% that 7% minus 5.5%, 1.5% on Rs. 100 crores belongs to the branch. They made Rs. 1.5 crores. You got it and now if the branch is now Rs. 200 crores branch that will going to make Rs. 3 crores and then with that's how it scaled and productivity, a bank starts making money. So, we are not worried this is how it works and I have done this before for a long time now, it works.

Pranav Tendolkar: Is it getting used for communicating various targets that your Bank has to branches also. Is that a future plan like I see that there are many branches and many banks where transfer pricing is also not clear but you have taken this step and that is a great step actually?

V. Vaidyanathan: It gives clarity to that person also. The person knows what to do. Now the other thing is there if the branch says suppose the cross sells loan of the Bank itself. Now obviously from the branch manager's point of view they have spent their time selling a loan instead of raising savings for example. So, we tell them you raise, you give me a home loan. The liability of the assets team will say take this much money from me. So, that's how you pay for a job. Internally done they get paid; externally done they get paid and that's what makes money and there's fee income and all that.

Moderator: The next question is from the line of Kunal Shah from Citi Group.

Kunal Shah: Firstly, on the growth side has given that within a short span we had almost 250 odd basis points kind of a rise and all through over last 2.5 years we have grown at a very rapid pace. So, now firstly maybe on the home loan do we see any moderation in the prime segments that we operate in and even in the other product segments no doubt you maybe you have highlighted in terms of the quality of book which we are writing but just nearly because of the rate increase, inflation do we see a risk in any of the retail product segments? Now wherein we are growing at this pace?

V. Vaidyanathan: No, in home the issue is never risk at all. I mean I can't say never-never, always be careful but generally we've not had any delinquency and all that. The thing is that in home loan there is no margin. There's very little margin and I mean if you think of a Bank like us just about starting up the home loan business, our cost-to-income for example in home loans are pretty high. You might say why? Because the book is small and if you book a home loan today you probably pay 1% to the DSA or whoever brought you the loan or even to the branch for that matter. And then you also incur the cost of legal, valuation, technical, all the credit appraisal processes running their shop, doing diligence all that stuff. All that hits you today when you book the loan but year 2 onward there's no OPEX in your home loan. So, that is the reason, if there is an upfront cost of booking a home loan but annuity income it makes money with scale. So, for us we are early stage of our home loan like Rs. 20,000 crores. So, it's not a very profitable business but it's okay, we are building the Bank for generation. So, if we tell you now somebody else who will enjoy this business. Think of HDFC today, the cost-to-income is nothing. So, it doesn't mean it's always like that because someone built it one day it's what it is today.

Kunal Shah: So, overall retail, no concerns with respect to higher credit cost after having grown at this pace over last 2.5-3 years.

V. Vaidyanathan: No. Kunal, you correct yourself, after running it like for 12 years.

Kunal Shah: I am just saying in terms of buildup, yes definitely, it's been going on also but during COVID, so I was just highlighting may be during this pandemic as well we have grown?

V. Vaidyanathan: Listen you've been tracking this business on Capital First time. Then it was Capital First, then you were in Edelweiss, when you practice when it came to ISEC and now you are in Citi. Have you ever seen our Bank having NPA more than 2% ever? Have you ever seen a net NPA more than 1%, marginally 1%, maybe 1-1.1 whatever. Have you ever seen our credit loss being high? This business is fantastic. At least the way we underwrite it and the way we constantly improve our credit underwriting norms we have been like 12th year in business but we still don't let our guard down. Every quarter we still sit and tighten some part of the machinery the other and so we do that. So, this so we don't think we will drop the standards of 99.5% collection and if we don't drop that we will not have an NPA problem. That's our sense. And if we were to have a problem, we'll come to know 12 months in advance because the 99.6% will dip to…it has to dip to something. It has to come to 99, our risk management committee will see it. Our board will see it and before that, of course, we will see it. The world will see it next quarter because I'm reporting this number. We are putting it every quarter out publicly. If we have a problem, you'll come to know much in advance. At least we'll make sure as management that we don't have any problem in this front. We have our own track records to protect.

Kunal Shah: Yes, sure. I'm sorry, I didn't hear your remarks about any one-off in reported margins in this quarter.

V. Vaidyanathan: So, I think Sudhanshu answered that question. 6.3% or something like that.

Kunal Shah: And on PSL positioning how is it now? Our RIDF is coming off every year, but otherwise overall PSL requirements are given March end, are we through and there is no drive over there?

Sudhanshu Jain: So, we have given the presentation that we have not been investing in any more in RIDF. So, that book has been running off. Of course, the proxy to that to meet PSL requirement is PSLC certificates which participant can buy from the market. I would say we are doing quite well on this front. In fact, for us, the PSLC drag for the year was just about Rs. 30 crores. So, we are, I would say very much there, and we want to ensure that we meet PSL requirements on our own and that would continue to be our endeavor.

Kunal Shah: And this Rs. 30 crores compared to how much last year?

Sudhanshu Jain: It was a much larger number. It was about Rs. 160 crores in the previous year.

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

Jai Mundhra: Two questions, actually. One is on ROA progression. So, if I were to adjust on slide 60 of the PPT, adjusted for the one-time item, the ROA would have progressed to 1.23, which is like 10-12 basis point increase. If you can talk about the likely progression from here on, that would be really helpful.

V. Vaidyanathan: First of all, I hope you and all members listening today will recall that we have guided for double digit ROE 4th quarter. And already is 10% and many people I think pretty much roasted us saying, you guys are not going to do it very hard and all that. But listen, I'm happy to report all of you, it's not 10, it's 12. So, we're happy about that. Now, guidance, Yes, we have already guided for, you know, a couple of times ago I alluded that we will meet our ROE targets, not only targets actually coming naturally, we're not even having to force things. So, we said, if you remember the guidance we gave that at the time of merger that we will touch 13% to 15% ROE by FY25. I'm happy to say that we will touch the upper end of the guidance.

Jai Mundhra: By 25, right?

V. Vaidyanathan: Yes. And it won't stop there also, that's how the economics for the Bank are. But we are talking about exit quarter because every quarter it will keep moving in that direction, Yes.

Jai Mundhra: And then, Sir, maybe from next quarter if you can redo the guidance slide, because you have already achieved quite a number of parameters in the guidance slide that we had given at the time of the merger. You are already ahead on asset quality and some of the other parameters. Maybe you can put out a new slide for the next maybe 2-3 years based on current numbers that we are delivering.

V. Vaidyanathan: Okay, we will think about it. Let's just get close, you know, we have to meet every one of the guidance and that's when we'll feel more happy. So, let's get close to it. 2025 is still a year away.

Jai Mundhra: And lastly, if you have the number for slippages in this quarter and maybe for the full year, the gross slippages and the recovery write off and upgrades.

V. Vaidyanathan: I don’t have it offhand, but maybe we will put it out, it is there somewhere in the presentation. But see, end of the day, it is what does it translate to credit loss? Because you may have slippages in the collection, if there are some natures of portfolios, you have some portfolios which have maybe 1.5% slippage but have lesser collections from the bucket. Some portfolios have 2.5% slippage, but the collection from that bucket is more. So, net-net it all comes back to what is your credit loss. That's it. And as long as you meet guidance of 1.5% credit cost and the met for the last year, I think we should be okay, but we'll share the numbers.

Moderator: Thank you. The next question is from the line of Sonal Minhas from Prescient Capital. Please go ahead.

Sonal Minhas: Great set of numbers. I have been an investor for last I guess 3-3 ½ years.

V. Vaidyanathan: Let me interrupt you and say special thanks to you, because if you have stayed with us for 3 years at a stretch, when the numbers were not good, we want to thank you for that.

Sonal Minhas: So, just want to add to that the first charge the gentleman before was talking about, I think that was all that we saw as a promise 3 years back and I think it may be wonderful to see numbers slowly and gradually inching towards what targets and benchmarks that you have put for yourself. So, appreciate it again. I have two questions. First one, is around the infra book basically which is being run down slowly and gradually. I think we're retiring close to Rs. 12,000 crores of that as of FY24 end. So, what will it be most likely be refinanced by? Will it be CASA? Will it be CASA TD? Just want to get to understand like what's the spread we're talking about here that we are basically saving.

V. Vaidyanathan: Think of it, then we replace it with deposits. It could be assuming for a minute that we keep our CASA in the zone of the same 45-ish to 50-ish. And we'll replace it with deposits. Our mind is sorted on this issue.

Sonal Minhas: And there'll be enough liquidity of that order in CASA TD to replace this because there's a large amount, that's what I just wanted to clarify.

V. Vaidyanathan: We'll raise it. We'll do it. No problem.

Sonal Minhas: Second question, just if you could throw some more light on your credit card business, we are close to 15 lakh to 16 lakh odd cards. What card number or what matrix does it basically the business become breakeven? And secondly like probably a little bit more about the competition you see in that business because there are some tech players coming, and I think some other larger banks are also doing well. So, aspirationally what is your space in that market and profitability wise, how far are you basically in terms of card count, the kind of target audience you're approaching? So, just want to get a sense of that part of it.

V. Vaidyanathan: On an earlier occasion, I think someone else had also asked this question. Not today, but one of our earlier calls and at that time we had said like 2 million kind of cards I thought we'll kind of breakeven. The thing is that now maybe a better way when we reflect on it internally, we think the issue is not whether it is 2 million or 3 million, the issue is that had particular kind of book size where the economics start playing in our favor. So, our current estimates are very much what we had guided earlier. We had earlier also said that I think twice in two conference calls earlier we have said that FY25 we will breakeven. And we are saying breakeven, but frankly, our own internal estimates that we will be profitable by that time. So, think of it in terms of timelines more than in terms of number of cards. Does that answer your profitability question?

Sonal Minhas: Broadly, yes.

V. Vaidyanathan: Take 25 and you can hold us to it. I think we'll get there. And that is actually one of the items that will help us on our overall economics, ROE, what we are guiding for this 15% exit, all that will come from there. That will be one of the criteria, one of the input variables.

Now your second question, how we are doing as compared to the others. As you know, there are really good players, you know all the good names HDFC, ICICI are all wonderful, people are doing wonderful jobs on this front. And of course, even the other players we talked about. Now, somehow like I said, we have a really good positioning of our own. Of our own meaning that our brand enjoys a certain respect. People call for our card. We don't have any DSAs, but people are requesting the cards and we are issuing to them. Our spends are pretty good. I don't have the number offhand. But our spends are really very good and we offer pretty attractive reward propositions. We make it evergreen, so we don't have to hurry customers to spend it. We are giving customers even the reward redemption option through online propositions. So, there are some really good things. So, people who experience that card, they get to see it. So, if you don't have one, please have one also. I'll be happy.

Sonal Minhas: I'll definitely do so.

V. Vaidyanathan: I hope you're not being polite about this. If you are, seriously, you tell us, you can speak to someone.

Sudhanshu Jain: Sonal, just two data points, on spends, we are almost reaching a spend of about Rs. 1,800-2,000 crores per month. In fact, it has grown by 90% on a Y-o-Y basis. To the earlier question on liabilities, even this last one year we successfully sort of paid about Rs. 7,500 crores of legacy liabilities. This year we have about Rs. 5,000 crores odd. We feel we will be comfortably able to meet it.

Sonal Minhas: Just wanted a follow on, Sir, if I can on the cards. Like what share of it would be people who are rolling over. If 100 cards are enforced and what would be transactors who basically on time, just trying to like get a product sense of it.

V. Vaidyanathan: I think it's like 24-ish, 25-ish percent are the revolvers. To the best of our knowledge many other people in the industry have like maybe 30%-35% odd. So, let me say we are a little less than the market. But I see it as an opportunity to improve.

Sudhanshu Jain: And just to add, in addition, there are people who also opt for EMI conversion. So, I'm saying we generally see revolvers and these EMI put together. That number would be slightly more than 50% for us.

V. Vaidyanathan: Yes, that's a combined number. So, people also use the card and they take EMIs, they convert their spends basically. That's not called revolvers. They are people who convert it to EMI. So, we do that also. But these things always catch-up build over time and again it is only 2 years since this, 2021 or 2 ½ years. So, we have a lot of scope.

Sonal Minhas: I agree. I think there is enough headroom and it's a high-cost business and I think your tech stack is a little better than a lot of people in the market have been observing. So, I think that's the additional advantage you all as a company have. Maybe it's a newer tech stack that's why, I guess.

V. Vaidyanathan: I don't know, but there are many good players. But the thing is that, like I said, we are new so our performance may be a bit under par today in terms of revolver and all that, but really, I'm not telling you just not like a statement. I am telling you, really, we're treating customers differently. For example, we are not trying to, you know, I'll give you an example. For example, if customers went over a limit and somebody has a limit of Rs. 1 lakh and suppose customer is at Rs. 90,000, if the customer went over the limit and spent for Rs. 1,02,000, banks make a lot of fees out of that, oh, you went over, pay me Rs. 500 or Rs. 400, whatever. We are texting customers in that example to say, okay man, you reach 80,000, I'm texting, you don't spend any more, if you spend it really you'll go over the limit.

Sonal Minhas: A lot of advantages there for making money.

V. Vaidyanathan: But we don't use, at least we try not to use that advantage. We're actually reaching customers and trying to keep the customer interest in mind and try to say that listen, of course, if the customer chooses beyond our reminders to go and spend it over the limit and pay us fees, well, thank you. But we are doing our bit to really run this Bank in a way where it's truly customer friendly. So, these small, small things, many things like this we do.

Moderator: Thank you. Due to time constraints, this was the last question for today. I now had the conference over to management for closing remarks.

Sudhanshu Jain: Thank you everyone. I know it's late in the day but thank you for a patient hearing and thank you for the valuable questions which sort of came across.

V. Vaidyanathan: And also thank you for the last 3 years for being with us. I mean, you know, this is FY23. So, you've been with us since 4 years now. I think many of you may have felt that everything is fine, but damn the result is not showing. ROE is not showing, ROA is not showing, cost to income. Just watch the next, I feel that it's just a setup stage. It was like that because we had to set up the Bank. There's no way of doing it. At least we didn't know. But from now on, we believe that the numbers will show, and you will get more confidence if you see us for 3-4 more quarters. Thank you everybody again. Bye.

Moderator: Thank you very much. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.