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Ref. No.: BBL/245/2022-23

October 31, 2022

BSE Limited	**National Stock Exchange of India Limited**
Dept. of Corporate Services	The Listing Department
Phiroze Jeejeebhoy Towers,	Exchange Plaza,
Dalal Street, Fort,	Bandra Kurla Complex,
Mumbai – 400001	Mumbai – 400051
BSE Scrip Code: 541153	**NSE Symbol: BANDHANBNK**

Dear Sir/Madam,

Sub: Transcript of the Earnings Call on the Unaudited Financial Results of the Bank for the quarter (Q2) and half-year ended September 30, 2022 – the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR')

In continuation to our letter bearing Ref. No.: BBL/238/2022-23 dated October 28, 2022 and pursuant to the provisions of Regulation 30 and other applicable provisions of SEBI LODR, we hereby submit the transcript of the Earnings Call hosted by Bandhan Bank Limited (the '**Bank**') on Friday, October 28, 2022, on the Unaudited Financial Results of the Bank, for the quarter (Q2) and half-year ended September 30, 2022. Further, the same has also been uploaded on the website of the Bank and can be assessed at the following link:
https://bandhanbank.com/sites/default/files/2022-10/Q2YF23-Concall-Transcript-28Oct2022.pdf.

You are requested to take note of the above.

This disclosure is being simultaneously uploaded at the Bank's website, www.bandhanbank.com.

Thanking you.

Yours faithfully,
for **Bandhan Bank Limited**

INDRANIL BANERJEE

Digitally signed by INDRANIL BANERJEE
Date: 2022.10.31 17:50:23 +05'30'

Indranil Banerjee
Company Secretary

Encl.: *As above*

“Bandhan Bank Limited

Q2 FY ‘23 Earnings Conference Call”

October 28, 2022

MANAGEMENT: **MR. CHANDRA SHEKHAR GHOSH - FOUNDER - MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - BANDHAN BANK LIMITED**
MR. SUNIL SAMDANI - CHIEF FINANCIAL OFFICER - BANDHAN BANK LIMITED
MR. SHANTANU SENGUPTA - HEAD RETAIL BANKING - BANDHAN BANK LIMITED
MR. KAMAL BATRA - HEAD RETAIL ASSETS - BANDHAN BANK LIMITED
MR. SURESH IYER - HOUSING FINANCE HEAD - BANDHAN BANK LIMITED

Operator: Ladies and gentlemen, good day, and welcome to the Bandhan Bank Limited Q2 FY '23 Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikash Mundhra. Thank you, and over to you, sir.

Vikash Mundhra: Thank you, Mike. Good evening, everyone, and thanks for joining the conference call. I wish you all a very happy and prosperous Diwali. It's our pleasure to welcome you all to discuss Bandhan Bank's business and financial performance for the quarter ending September 2022. We will take this opportunity to update you on the recent developments in the industry and Bandhan Bank during the quarter.

To discuss all this in detail, I've got with me our Founder, Managing Director and CEO, Mr. Chandra Shekhar Ghosh; our Chief Financial Officer, Mr. Sunil Samdani; Head Retail Banking, Mr. Shantanu Sengupta; Head Retail Assets, Mr. Kamal Batra; Housing Finance Head, Mr. Suresh Iyer; and myself, Vikash Mundra, Head of Investor Relations.

Now I would like to request our Founder, MD and CEO, Mr. Chandra Shekhar Ghosh to brief you all about our bank's operation and financial performance, along with the developments for the quarter ending September 2022. Over to you, sir.

Chandra Shekhar Ghosh: Thank you, Vikash. First on behalf of Bandhan, I extend it to you and your loved ones best wishes on the festive season, Diwali. I thank you all for joining us this afternoon. This is the second quarter of this, financial year, we are trying to explain our bank performance. I am pleased to state that, the July to September quarter of this financial year has been yet another quarter of good growth for the bank. This year's festive season started early and we have seen the effect of the sales in the previous quarter, not only for the bank, but for the entire financial services. As a result, credit growth for the bank has been encouraging.

The overall advances recorded a 22% growth for the year. The significant growth for the bank has come from the retail segment, including housing and MSME. However, including the write-offs, the advance growth will be 17.4% and total advances, INR 95,835 crores. The housing finance book has registered a growth of about 32% year-on-year and 5% quarter-on-quarter. We have seen that as a very good demand for housing loans across the country. We are planning to grow our housing book by more than 20% year-on-year.

The retail loan book other than the housing finance book, consisting of personal loan, gold loan, two-wheeler loan and auto loan, has grown by 111% year-on-year and 19.5% quarter-on-quarter. The commercial banking vertical consisting mainly NBFC, SEL and SME loan with 96.2% growth year-on-year and 15.4% quarter-on-quarter.

One important point I would like to highlight that, when we look at the loan book growth other than microcredit book, we have seen a growth of 52%, which is very encouraging for the bank. The growth in this segment is a welcome sign for the bank as this is in line with the bank's portfolio diversification agenda and also in line with the trend of increase in business with the onset of the festive season.

We are confident that quarter 3, like each year will continue to further peak our business growth. As I stated earlier, the second quarter of the current financial year coincides with the festive season and have seen stable momentum in economic growth as many business returned to normalcy, given the significant increase in the confidence among the population of managing COVID.

We are happy to see sign of strong demand for credit in most of the business in the second quarter. However, in line with our diversification agenda and further strengthening of the credit underwriting standards, we have seen some de-growth in the microcredit business. During the quarter in review, deposit has grown 21.3% year-on-year, amount was INR 99,366 cores.

In line with our aim of building a robust and granular retail deposit franchise, our CASA deposit has grown 11% year-on-year to INR 40,520 crore and the CASA ratio is at a healthy 40.8%. The retail to total deposit ratio stands at 74%. There is a slight dip in the CASA ratio as we have seen a shift of deposits from savings to FDs due to an increase in deposit rates in the last two quarters.

A few numbers show strong momentum in our portfolio diversification agenda, which I've mentioned in here. The share of housing loan book of the total growth of the loan increased to 27% from 24% year-on-year. The share of group loan to our total loan book has come down in -- 40% from 57%, which is called as a microcredit loan. Our share of commercial banking loans has grown from 9% to 15% in the total loan book year-on-year.

Along with the business growth in advances and deposits, we have also seen very encouraging collection efficiency trends during the quarter. We have seen a good improvement in the overall collection efficiency, which is 98%. The collection efficiency for microcredit, vertical, excluding restructure and NPA, improved substantially to 98% from 86% in the quarter 2 of the last year.

With people's livelihood coming back on-track, we have observed that there was an eagerness amongst our customers to standardize their accounts in order to continue to enjoy the benefit for formal credit by maintaining a healthy credit record. We have seen the strong collection efficiency despite the spillover effect of the Assam flood and the current inflation. Our collection efficiency excluding restructuring in Assam for EEB customers has increased from 95% to 96% and in West Bengal remain the same, 98%.

With business growth and improvement in collections, we have seen our net profit for the quarter at INR 209 crores against a net loss of more than INR 3,000 crores in quarter 2 financial year '22, which was due to higher accelerated provisions you know that. Our net interest income has shown a growth of 13% year on year. It has increased to INR 2,193 crores in quarter 2 financial year '23 from INR 1,935 crores in quarter 2 financial year '22.

Our net interest margin for the current quarter is about 7%, which is slightly lower from our comfort range of 7.5% to 8%, it is largely on account of one-off interest reversal during the quarter. We are sure we'll get in our comfort range very soon. Our gross NPA stood at 7.2% versus 10.8% in the previous year same quarter and our net NPA stood at 1.86% versus 3.04% in the previous year.

During quarter 2, the bank has seen improvement in the gross and net level compared to quarter 2 of the last year as well on sequential basis. However here we have to keep in mind few facts before coming to a conclusion. First one, majority of the slippage during the quarter have come from the account of restructure, which has happened during the pandemic period. Also in the last 2 quarters, we have not done any fresh restructuring.

With the initial trend and report from the ground, we are confident that quarter 3 and quarter 4 will see good improvement in performance of the bank across the all verticals, especially in microcredit. Many of our customers have been paying regularly and have nearly regularized their overdue account. But until the entire overdue amount is recorded, they cannot be categorized as non-NPA customer.

In the second quarter, 66% was NPA customers and 62% of our restructured customer paid their dues to us either in part or in full. From the recovery perspective, we have seen total recovery and upgradation for this quarter is INR 529 crores. We are engaging with our customers on a regular basis to encourage them to ensure timely payment and recovery, whenever needed.

We are confident that it is only a matter of time, before these customers regularize their accounts fully after which we expect to see a significant drop in the gross NPA in the next couple of quarters. This makes our – another comfort is where the PCR has come as a 76%, which was increased from 75% of the last quarter. Bank has done write-offs of INR 3,539 crores in this quarter.

Coming to the outlook for the rest of the year. As you all know, we are seeing the economic activity picking up and business coming back to the normal across the country. Bandhan has always had an ear to the ground given its distribution reach and we have observed that our customers' business have been gaining traction once again. We remain confident that this will have a positive impact on our business operations.

As the festive season continues, we remain highly optimistic about the pickup in demand from all quarters. We expect to grow our advances and deposits by 20% to 25% year-on-year, with our focus remaining strong on the retail segment. With our continued efforts in diversification, investment in technology, people and processes the Bandhan growth story remains strong and promising. We have added about 8 lakh new customers in this quarter and also plan to open more 550 branches in this fiscal year. This will lead to fresh demand creation in the coming quarter.

I wish you and your family all the very best. Please take care and stay safe. Thank you. I invite Sunil Samdani, he would like to add some points with me. Thank you to all of you.

Sunil Samdani: Good evening, everyone. Wishing you all a very Happy Diwali and a prosperous new year. I'll take this opportunity to explain a few slides that we have presented in our investor presentation.

Starting with Slide number five, the collection efficiency. A few things to observe here, while Assam, we have shown an improvement here quarter-on-quarter and we see this trend continuing. So hopefully in next quarter, we'll see Assam collection efficiency to be no different than the rest of the country's collection efficiency. At an overall level, it stands at 97% for the month of September and for the quarter, it is 98%. This drop of 1% in September is largely on account of floods that we saw in various states in the month of August and we see that impact going away starting October.

In terms of customer paying profile, it continues to be healthy at 94%. customers continue to pay in full. 5%, the partial payment and 1% is nonpayment. But of course, these all customer base excludes the NPA customers and the restructured customers. Including restructuring, the collection efficiency, excluding NPA, is at 95%, which is an increase of 1%. If we compare it with June and for the quarter, it is 96%, an increase of 2% if we compare it with June quarter and this increase is largely contributed by the increase in collection efficiency from the state of Assam.

So now we are at a trend where we will see all our core geographies, as well as rest of India to perform in line across all the geographies and the states in the country. Our share of receivables continues to be stable at 92% full paying customers, 6% part-paying customers and 2% nonpaying customers.

I think the next slide, which is the Slide number seven, requires some explanation because I have been receiving a lot of queries on the part-paying and the nonpaying customers. When we say that 62% of the customers pay then why is it that we see these flows into the DPD bucket?

So this 62% or 66% customers, whether it's restructured or NPA, are paying -- this is on the basis of customer count who have paid us in part or full. Now when we say part-paying customers, clearly, these customers don't pay the full installments. So what we would want to now present to you is in value terms, how does it look like? If I have to jot down the list of all my customers and mark against them what is the percentage of installments they are paying against their demand, the average, including the nonpaying customers, for my NPA and restructured customer base, works out to 25%.

So that's including the nonpaying customer of 34% or 38%, as the case may be. So between paying, nonpaying, all customers part-paying and nonpaying customer base, the average recovery that we are making is 25% of the installment amount.

Now coming to the DPD, right. While we have taken a INR 3,539 crore write-off, there would be a question that why we see the percentages in the DPD bucket remaining stagnant or flat. Now two reasons here. One is, of course, these are percentages and not the absolute amount. So on an absolute amount basis, there is a INR 900 crore reduction. But since our EEB book, which includes the group and individual together, has come down, the percentage looks higher.

And secondly, the second tranche of restructuring, which came out of restructuring starting 1st July, which was shown as standard 0 DPD customers as part of restructuring. They have also flown, which is about INR 2,500 crores. So adjusting for that and write-off, at an overall level, we are still seeing an improvement.

Now coming to the Slide number 9, which is the stress pool coverage analysis that we present every quarter. Now the stress pool has come down largely because of the write-offs that we have taken and for that, we have utilized also some part of our provisioning that we have created. But we still continue to remain very confident that the coverage and the recoveries that we are expecting, we should be able to meet the entire stress pool.

Now what is also important here to understand on the stress pool is when the restructured customers become NPA, the requirement of provisioning goes up. And that is where our provisioning, on one hand we've utilized it for the write-offs, but we need to create it more for the NPA customers.

The second important aspect is; you might have noticed that we have reduced the recovery estimate from INR 25 billion to INR 15 billion. Now two parts here, two things that I want to mention here. One of course, we are going a little conservative here. We don't want to peak a situation where we have to defend the number which is lower than what we projected. So we've gone with a number which we are more than 100% confident of recovering it and if these things go right the way it went in Q4, there could be an upside there.

And the second aspect is we have tightened our credit norms for our – and what we are saying today is that we will not extend loan to our customers who are in NPA category in near future. So, what essentially it means is, it also will have a small impact on our collections, right? But the reason we have to take this call is we have to set that discipline right.

What we are observing, that despite giving moratorium and restructuring, we've observed a small portion of our customers, where we believe that they have the ability to pay but still there is a question mark on the willingness. Now while we can expect the ability issue, clearly, willingness is something that we would not expect and we have to bring back that credit culture which is what we were so proud of. And accordingly, what we have decided is we have to tighten those norms. We have to give a clear messaging to those customers because we don't want these 2%, 3% of customers spoiling the entire group discipline and the behavior. So the messaging from our side is, if after giving you all the opportunities, if we don't see the recoveries coming in, we will not be extending you a fresh loan. Because of this change in credit norms, we are seeing -- we are budgeting it a small reduction in the recovery, and that's why this reduction in the number.

Now CGFMU recovery of INR 25 billion. So as we mentioned earlier, this comes in two parts, one which we have applied in the month of October. So that amount is about INR 950 crores that we expect to receive in the month of November. By November end is something that we expect this amount to come in.

As per the claim, we had filed the claim of about INR 1,390 crores based on the first loss and the 25% retention. This number has been calculated. The other adjustment that has happened in this number is INR 95 crores of recovery that we have made since March '22 from these NPA pools. So to that extent, the recovery has come down. So we had estimated a number of INR 1,000 to INR 1,100 crores. Since we have already recovered INR 95 crores from this customer, now the exact number that we have filed and as per the system download we have got from the CGFMU, the eligible amount is around INR 950 crores. So that is the number we are expecting it in the month of November.

The balance cream we should be placing it in the first quarter of the next financial year, if we see slippages, and as we see that in this quarter that there has been a INR 200 crore more slippages than what we had anticipated, that number of INR 1,500 crores, what is left for the next quarter, can also go up. So the maximum we can claim is INR 3,000 crores. What we are – but we are still conservatively budgeting it at INR 25 billion and not INR 30 billion.

I hope you will have more questions. Happy to answer them. Thank you very much.

Moderator: Thank you. We will now begin the question-and-answer session. Participants who wish to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, will wait for a moment while the question queue assembles.

We have the first question from the line of Mahrukh Adajania from Nuvama. Please go ahead.

Mahrukh Adajania: Sir my first question is on the retail asset growth. So obviously it has been growing well and it grew well this quarter and but competition in this segment is also very intense and you are a relatively new player. What has been your strategy all this while? What has been driving this growth?

Sunil Samdani: Kamal, you want to take that?

Kamal Batra: Yes, sure. Thank you, Sunil. mam, I just like to tell you, we have a large franchise. And frankly, at the level that we are and the growth rates, so we can frankly show a lot more growth with the already existing franchise. So I have 1,200 branches, another 4,500 banking units. So all put together, all of these customers and many of them, even if I am able to tap single-digit percentage of these customers, that gives me enough fuel for growth for many coming quarters.

Mahrukh Adajania: Sir, got it. But my question was, is there any geographic concentration? Or because you're always a very strong brand in the east, so...

Kamal Batra: So ma'am, if I can tell you this, of course, what you said is absolutely right, that we are a very large brand in the east. But I can tell you broadly, right now, only 1/3 of my retail assets come from the whole east put together, which will be all the states of the east. And I have almost like the rest of the portfolio is split equally between the three parts of rest of India, North, South and West. Because if you see, on the micro finance business, we have a lot of business on this side of the country.

But if you see also we have a lot of asset businesses, and housing finance customers who are there on the west side. And so we are very conscious. Anyway, the bank is working a lot on the geographical diversification so we are, in fact, very conscious, and I have like between 30% to 32% of retail portfolio in East and rest is spread 1/3, 1/3, 1/3 in rest three parts of India

Mahrukh Adajania: And what would be your slippage for the quarter?

Kamal Batra: Slippages for retail assets? Overall slippage is...

Mahrukh Adajania: No, the total slippage for the bank of which if you can call out the EEB figures separately.

Kamal Batra: Yes, I'll go back to Sunil. Sunil, over to you.

Sunil Samdani: Let me take that. The total gross slippages for the bank is INR 3,954 crores, of which EEB slippages is INR 3,624 crores. Total recoveries and upgrades is INR 530 crores, of which EEB is INR 360 crores. And write-off we've done is only for the EEB portion, which is INR 3,539 crores.

Moderator: Thank you, participants who wishes to ask a question may press star and one on their touchtone telephone We have the next question from the line of Karthik Chellappa from Buena Vista Fund Management.

Karthik Chellappa: And Diwali wishes to the management team. I have three questions. The first one is given your outlook on collections and improvement in the NPA ratios, what is the kind of credit costs you are expecting for FY '23?

Sunil Samdani: So Karthik, we were guiding for a credit cost of 2.5%. But given that we have reduced our recovery number from INR 25 billion to INR 15 billion, we now look at -- and this is for a reason, because we don't want years coming to have a more than normalized level of NPAs and slippages, so we have increased our credit cost guidance to 3% with a plus or minus of 15 basis points.

Karthik Chellappa: 3% plus or minus of 15 basis points. Second question, Sunil, is if I just look at the various buckets, the 1 to 30, 31 to 60, 61 to 90 and the NPA for the rest of India, almost all the buckets have seen a sequential deterioration of various magnitude. Which are the principal regions which are contributing to the slippage? And could you give your thoughts on how do you see that playing out in the second half?

Sunil Samdani: So two things, Karthik. When we look at the slippages number, there are two factors which has impacted the slippages. One is the portfolio coming out of restructuring. That is one reason. And the other reason, particularly in the early bucket, is the flood season that we had gone in the Q2 of this financial year.

So as the portfolio which came out of restructuring and the second restructuring -- we had two parts of restructuring, one came out in the April month and the other came out in July. The R2 restructuring had a reasonably good share comparatively than the R1 restructuring of the rest of India. And that is where we see some slippages in rest of India as well.

Karthik Chellappa: And when you spoke about the flood, Sunil, apart from Assam and rest of India, which were the other regions impacted by the floods?

Sunil Samdani: So we had floods in for some parts in Bihar and MP.

Karthik Chellappa: Last question from my side is, if I look at the mortgage book, sequentially also the NPA ratio has gone up. And in absolute terms, the NPA has also gone up by about 13-, 14-odd percent, which looks pretty high. Whereas most of the other HFCs are actually, showing some improvement. So could you please comment on what is driving this?

Sunil Samdani: You're talking about the housing book?

Karthik Chellappa: Yes, the housing book sequential NPA amount, both in absolute terms and percentage terms, seems to have gone up.

Sunil Samdani: So housing book, we had a onetime adjustment of INR 62 crores for a technical reason, and that is why this has gone up. And we expect this INR 62 crores to be reversed in next 2 quarters. Suresh, you are there on the call?

Suresh Srinivasan Iyer: Yes.

Sunil Samdani: Could you please elaborate that.

Suresh Srinivasan Iyer: Yes. So basically, the INR 62 crores is mainly on account of a small system-related issue where, for some reason, the tenure of the loan has increased because -- at the time of prepayment. So this was mainly not the fault of this thing because -- mainly on the prepayment made by the customer. So because of that, as per the technical norms of the RBI guidelines, this tantamount to restructuring, although it was not at the restructuring for a default customer. And on the contrary, it was a prepayment.

But technically, as it was mentioned, it is to be treated as it is. So we have taken that as a -- on a very conservative side on the -- we have taken it and shown it as an NPA, which obviously, since the accounts are regular and they are continuing to perform, will come out of it automatically because they are performing accounts.

Karthik Chellappa: So this was actually a prepayment, but you have actually classified it as an NPA. What was the logic? It seems a bit unusual.

Suresh Srinivasan Iyer: Yes. So basically, in terms of tenure, you cannot give a tenure increase to the customer, it tantamounts to a restructuring. So on the face of it, it is a prepayment, but the customer wanted a reduction in the EMI. And since the system control was for some -- was not there, the system allowed a lower EMI to be accepted, which resulted in a tenure increase beyond the original tenure. So that, on a technical side, as per RBI guidelines, will tantamount to a restructuring, although the accounts is such performing accounts.

Moderator: Thank you. We have the next question from the line of Kunal Shah from ICICI Securities.

Kunal Shah: Yes. So when we look at it in terms of the slippages, even outside of the restructured pool, that seems to be much on the higher side. So INR 3,900 and maybe INR 3,600 for EEB. And when we look at maybe the disclosure which is there in terms of the slippage from restructure, that's hardly 35% of the restructured pool.

So still, it seems to be much on the higher side. So one could be Assam, but otherwise, what are the factors which are really impacting that? And what should be the steady-state slippage levels given this kind of a collection efficiency which we have currently at around about 97-odd percent?

Sunil Samdani: So Kunal, the slippages, as you mentioned, is higher. One reason is because of the customers coming out of restructuring, right? And if you see, our customers in EEB segment came out of restructuring into transit. What came out of restructuring after 31st March did not slip fully into NPA on 30th June because there was an element of part payment and 90 days DPD was not there.

So similarly, the customers which came out of restructuring on first of July, there is a portion which is still standing in 60 to 90 bucket, which we expect it to flow during the Q3.

Kunal Shah: Yes. No, I'm just saying outside of restructuring, so when we look at the disclosure, out of INR 7,000-odd crores, almost maybe INR 2,500 odd crores have slipped into NPL over a two-quarter period. So still, there seems to be like unusually high slippage of INR 1,500, INR 1,600-odd crores in this quarter.

Sunil Samdani: So I will have to do, because I'm not too sure from where you're looking at this number of INR 1,500 crores of gross slippages outside restructuring.

Kunal Shah: Sir, total is INR 3,600 crore. And if you can just highlight in terms of how much was from the restructuring. EEB, I'm talking about EEB, yes.

Sunil Samdani: Wait for a minute. Yes. So if I understand your question right, you want, out of the slippages, what portion or what amount is non-restructured?

Kunal Shah: Yes.

Sunil Samdani: So that is about INR 1,200 crores.

Kunal Shah: That is INR 1,200 crores. Okay. So that's still running at the run rate of more than -- sir, INR 1,200 crores, okay, in a particular quarter, so that is, again, a very high proportion, looking at INR 58,000-odd crores, that is still a much higher run rate, more than 8-odd percent. So just wanted to see in terms of what is the scope of improvement in this steady-state slippage number as well? Because overall, when we look at -- in terms of the collection efficiency, that is 97-odd percent which is lower than the peers, yes.

Sunil Samdani: Right. So again, as I said, two things here. You have two-pronged questions. One is what is the steady-state slippages that we expect outside restructuring customers. So that number, according to us, should be in that range of INR 700 crores to INR 800 crores, right? And we are talking about the gross slippages, not the net slippages.

Now why this number -- your second question was?

Kunal Shah: No, sir, I was just saying that's the steady-state number, yes. Okay.

Sunil Samdani: So that's the steady-state number that we should look at. If I'm guiding for 2.5% credit cost, so net of recovery, that will lead me to that number.

Kunal Shah: And secondly, in terms of the development with respect to PSLC. So now what happens with respect to the pool which was classified in '21, '22? Any observations which have been there maybe post if any audit would have taken place. And was there any further increase in the RIDF pool?

Sunil Samdani: So my RIDF pool, that too first thing is, whatever they have disqualified for the '19, '20 that's the only disqualification. For next year, there is no further disqualifications.

Now your second question with respect to RIDF, we have deposited further INR 685 crores in RIDF during the quarter. And this number now stands at INR 6,400-odd crores. And the terminal number, ultimately, we have to deposit INR 7,000 crores into RIDF, as we mentioned this earlier as well. So INR 600 crores is more we should expect.

Kunal Shah: Sure. And this disqualification is very clear, that now it will not happen for the '21, '22 balance sheet for sure.

Sunil Samdani: For that, we have the confirmation from these. There is no doubt there.

Kunal Shah: Sure. And one last question on wholesale deposits. So what was the reason for going so aggressive in terms of mobilizing the wholesale deposits as such? Otherwise, I think growth was not any which ways so high. And CASA accretion is still continuing. So if you can just highlight in terms of what led to this kind of a strategy?

Sunil Samdani: So see, the bulk deposit was higher this quarter for two counts. One is we had to deposit this RIDF money this quarter. There was a repayment of refinance this quarter of about INR 1,500 crores. So both put together, we had to replace this and we chose to do it with the bulk deposits.

Kunal Shah: Okay. So that's the reason INR 5,000-odd crores net increase.

Sunil Samdani: Yes. So you see my borrowings have come down and bulk deposits have gone up.

Moderator: Thank you. Participants who wish to ask a question may press star and one on your touchtone telephone. We have the next question from the line of Jai Mundhra from B&K Securities. Please go ahead.

Jai Mundhra: A couple of questions. If you can share what is the...

Moderator: Mr. Mundhra, if you could kindly come closer to the mic or off the speaker phone. We are unable to hear you very clearly.

Jai Mundhra: If you can share the restructuring outstanding number outside EEB, if there is any restructuring stock?

Sunil Samdani: There is INR 180 crores which is still under restructuring. Otherwise, while there are customers outstanding, but they are out of restructuring, which means the normal demand is getting generated.

Jai Mundhra: This is non-EEB portion, is it?

Sunil Samdani: This INR 180 crores is non-EEB, yes.

Jai Mundhra: Right. And sir, on your slide five, so collection efficiency in non-restructuring book is now 98%. If you can -- so two questions here. This 98%, how should we look at it going forward? Is there any scope for further improvement? Or you think this is like a new normal? Of course, you mentioned that Assam may see a bit of an inch up. But on an overall basis, 98%, how should we look at this number?

Chandra Shekhar Ghosh: If you see that the collection efficiency is it some seasonalities there. First two quarters, it is always a normal time also, may come back, this is 97%, 98%. The next to two -- last two quarters, it has come 98%, 99%. So this is a seasonality, not in exceptional or anything on that. So I hope that in the next two quarters, it will become to a little bit better position.

Jai Mundhra: Sure. And just because -- so collection efficiency hopefully will improve in non-restructuring book. Is there any number outstanding in EEB, which is still restructured though they have been moved to SMA-1, 2, but I think this does not include restructuring at all. So what is the quantum of restructuring EEB book outstanding as of 2Q? I mean it would make things...

Sunil Samdani: Restructuring, there is no customer which are still in restructuring as far as EEB book goes. That number I already mentioned, outside EEB. As far as EEB goes, there is nothing outstanding on restructuring. And whatever these customers are, they are either in current or DPD bucket or NPA bucket, depending upon the payments they have made.

Jai Mundhra: Right. So from next quarter, the collection efficiency should be one number. I mean there's no -- there would not be any concept of restructuring and outside restructuring collection efficiency?

Sunil Samdani: That's right. That's correct.

Jai Mundhra: Right. And the last question, sir. If you can quantify what is the total specific provisions is I think, is there. But what is the non-PCR provisions that you are holding at the bank level? And of course, the -- excluding the regulatory standard asset provisioning?

Sunil Samdani: Excluding regulatory standard asset provisioning, what we are carrying today is about INR 1,150 crores.

Jai Mundhra: So this INR 1,150 crores is on top of specific provisions of some INR 5,300 crores, roughly?

Chandra Shekhar Ghosh: We also can we add the recovery we are expecting from the CGFMU, though it is not in a provision amount, but it is a realizable amount. So that is another INR 2,500 crores.

Jai Mundhra: Correct. So just to get this correct, so the total specific provision is around INR 5,200 crores. And then on top of that, we have INR 1,150 which is on top of specific provisions.

Sunil Samdani: Yes.

Moderator: Thank you. Participants who wish to ask a question may press star and one on your touchtone telephone. We have the next question from the line of Saurabh from JPMorgan. Please go ahead.

Saurabh: Sir, the first is, what will be the impact of this interest reversal on your NIM for the quarter?

Sunil Samdani: The interest reversal amount for the quarter is INR 298 crores, and the impact of NIM is about 80-82 basis points.

Saurabh: Okay. Got it. Secondly, just credit cost guidance, Sunil, which you've given 3% plus minus 15 basis points. That's incremental or for the full year fiscal '23?

Sunil Samdani: For the full year.

Saurabh: So basically INR 2,800 crores - 2,900 crores of which you have done INR 1,800 crores in the first half. Is that the right way to think about it?

Sunil Samdani: No, I don't want to quantify that number. But yes, we can do the math that overall number too, which is same...

Saurabh: Okay. And sir, the write-off policy from here on, would you have a write-off policy that will write off loans at 180 days? Or will it just be like half year? I mean, how should we think about your write-offs pattern?

Sunil Samdani: So currently, we've written off all customers with DPD above 180 days.

Saurabh: Okay. And that will continue? So 180 days should be the incremental write-off policy or...

Sunil Samdani: Yes.

Saurabh: Okay, I understand. And any color you can give on this October number? How has October trended? What's the September end?

Sunil Samdani: In terms of collections?

Saurabh: Collections and disbursal, of course?

Sunil Samdani: So on both the sides, we see an improvement, whether it's disbursement or collection. But of course, we will have to compare it like-to-like this October versus last October.

Saurabh: And how would that trend be, sir?

Sunil Samdani: So the trend is improving.

Saurabh: Even versus last year?

Sunil Samdani: On the disbursement side. And on the collection side, it's a better than September.

Chandra Shekhar Ghosh: Keep in mind that the work-day in October is lower than any month because of the long vacation in the festival.

Moderator: Thank you. Participants who wish to ask a question may press star and one on your touchtone telephone. We have the next question from the line of Karthik Chellappa from Buena Vista.

Karthik Chellappa: Just two clarifications. When you said the gross slippage on a steady state is about INR 700 crores to INR 800 crores, is that a quarterly number?

Sunil Samdani: Yes.

Karthik Chellappa: Okay. The second one is, when you actually revised down the estimated recovery from INR 2,500 crores to INR 1,500 crore, Sunil also made a comment that you have tightened some underwriting standards and you no longer lend to a customer who's already NPA or where you sense that there is not a willingness to pay. Could you just elaborate on what exactly the change in the underwriting standard is?

Sunil Samdani: Earlier, if NPA customer repays the loan, we used to extend a fresh loan to them. So now what we are saying is, if an NPA customer repays the loan, they will not be immediately eligible unless we are satisfied on the willingness aspect of it, the discipline aspects of that customer.

Karthik Chellappa: And so, that results in a INR 1,000 crores reduction in your collections. Is it because otherwise, that person who maybe would have part paid the loan, taken another loan from you and then repaid the original loan. So that portion is basically INR 1,000 crores. That's what you're factoring in, in your revised guidance, right?

Sunil Samdani: So it's a mix of both. One is this. And the other is, again, as I said, the same applicability is for the restructured loan moving into NPA and then coming back. And as I said, the INR 1,000 crores reduction, we've been a little conservative. But now that we put that number, we want to stick, we would want to attribute it to this.

Kamal Batra: I think Sunil, just a little clarification. Sorry. I want to just come in. The point that is being made is that the customer who paid is full outstanding, not part outstanding fee. Earlier also, if a customer came and paid, cleared his full loan, then he would possibly become eligible, where we've tightened the norm. There was never a situation where he came and part paid and he got a fresh loan.

Karthik Chellappa: Just one more clarification on the claim amount that you have made under CGFMU. So the claim that you made was about INR 1,390 crores, of which you were able to recover INR 900 crores and -- sorry, you were able to recover something, I think, INR 950-odd crores, right? That is what you expect to receive from the government. What explains the gap between the claim that you have made and what you're actually getting?

Sunil Samdani: No. So if you go through the scheme, so actually, the scheme says that the first 3% loss has to be borne by the lending entity. And for anything above 3%, 75%, we will pay. There is the recovery we do it ourselves. So if I have recovered some money on our own, to that extent, I file a lower claim and I show it has already recovered from that formula and I file a lower claim. So that number of INR 1,050 crores which ideally should have been claimed or rather receivable is INR 950 crores is because I have myself recovered INR 95 crores.

Karthik Chellappa: So INR 1,390 crores is the amount of which you have already recovered INR 95 crores of the balance what you get as INR 950 crores represents about 72% of the claim amount. So that's the arithmetic, right?

Sunil Samdani: Yes.

Moderator: We have the next question from the line of Nilanjan from Nomura.

Nilanjan Karfa: A couple of questions have already been answered. But just on the previous question from Karthik. So what happens to the balance amount? I mean, in case we are able to recover, after getting a repayment from CGFMU, are we allowed to retain it or we need to share it out?

Sunil Samdani: The extent of -- for first loss, we will be, anything in excess of that, will have to be refunded or returned to the CGFMU.

Nilanjan Karfa: Sorry, how does the math work on that? Not very clear, sorry.

Sunil Samdani: So to the extent of the first loss which I have borne, I can retain that money. Any recovery beyond that has to be refunded to CGFMU.

Nilanjan Karfa: And another question somebody has asked, the total pool of provision. So the specific provision is roughly makes about INR 5,200-odd crores. On top of that, you mentioned INR 1,150 crores as provisions outside regulatory asset provision.

Sunil Samdani: Yes.

Nilanjan Karfa: What is the regulatory asset provision? So I just wanted to make, some total of...

Sunil Samdani: Standard asset provisioning required.

Nilanjan Karfa: Which is how much at this point?

Sunil Samdani: As per regulation, that number is INR 249 crores.

Nilanjan Karfa: So INR 249 crores, INR 1,150 crores and INR 5,200 crores, roughly. That's the total.

Sunil Samdani: Right.

Nilanjan Karfa: And a quick final question. How is the sort of EEB growth looking like in the days to come or in the quarters to come post the changes that have happened in the first quarter?

Sunil Samdani: So historically, if you see, the second half of the year has always been growth quarter or the growth half for us, particularly in EEB, right? Because this is where we see bulk of the growth for the year comes in. The seasonality that plays out in this business is, Q1, you see a portfolio going down. Q2, you see the portfolio going back to the March level. And the entire growth for the year comes in H2. So now that we are in the business end of the financial year, we expect this growth to continue. But the only difference here is that there is a 10% of our customer base which are NPA which we will not extend fresh loans. So historically, if I have grown at 20%, 25%, I should expect a 3% to 4% reduction in that growth. So typically, about 16% to 18% is what we should look at, at this point of time because of this tightening of credit now.

Nilanjan Karfa: And Sunil, very quickly, last one. Are you seeing a propensity for higher ticket size demand as well even from customers who are 100% on time?

Sunil Samdani: Yes. There is a demand. Demand is not an issue. As we said that we've seen those 2%, 3% of the customers where we saw the willingness issue, and that is what we want to correct. For the rest of the portfolio, there is a good demand and we expect good growth there.

Moderator: We have the next question from the line of Dhaval Gala from Aditya Birla Sun Life.

Dhaval Gala: Happy Diwali to the entire team. Sir, a couple of questions. One, outlook on loan growth with revised underwriting standards. Do you think that growth could see some pressure in current financial year? Also, if you could update on the new MFI norms for NBFC MFI companies on income assessment. How do we stand on the same, if at all, that rules apply?

Moderator: Dhaval, sorry to interrupt, but your question was not very clear. If you can come closer to the mic.

Dhaval Gala: I'm actually , I'm on the handset. Should I repeat my question number one?

Sunil Samdani: Yes, Dhaval, you're much better now. If you can repeat.

Dhaval Gala: Sorry. So question number one is, Sunil, outlook on the loan growth with revised underwriting standards. Also, basically, we mentioned that we want to emphasize more on non-EEB book over the period of next three years. How are we seeing that growth? And I come back on my second question.

Chandra Shekhar Ghosh: So first a question on that, Dhaval, that is the growth will not compromise, which I saw that in the demand. Yes, Sunil mentioned about it 2% to 3% maybe, not go. But other side also, the credit is growing very good. 52% YoY credit growth is coming from the non-microcredit, which is one.

Second is in microcredit growth actually is coming to this fourth quarter, third and fourth. So third quarter, October, is not coming much more because of a lot of the vacation in that time. They're standard and the harvesting will start in November. And that will be like to help on that if the credit growth is coming on that. That symptom, already it has been shown on that. So that it will become.

Next point, if you recall on that the last year, last quarter, if you've seen that how the growth has come, very much big way. And that time was that after tendering the first fourth quarter we have been seeing that. And in that sense, in that this year also, fourth quarter and third quarter will come to this, the growth which is more than normal on that. This is one.

Second point, we've seen that a very good amount of new customers we have added. We see that every month, we add nearly 2 lakhs of new customers added for new loan. So that is also helping us to help us to growth of the credit. So credit growth quarter, we say that we are conservatively making some strengthen of underwriting for NPA customer, not the normal customer.

Had another point we saw that, micro credit is a behavioral credit. So when they are getting that in the last two years and no discipline is there because of the group meeting is not happened, but gradually, they are coming to the group meeting. And now it has been also showing on that because they are not getting the loan immediately closer to NPA customer, so people, the behavioral also coming to positive now gradually. It will take some time, maybe this quarter last or next quarter full. That will be also helped on that to growth will be coming from the micro credit point of view.

Dhaval Gala: Sir, just to understand the new MFI norms of income assessments, does that impact us?

Chandra Shekhar Ghosh: No, it has been now, if you see that the income assessment has been -- system already been done in the first quarter. In first quarter, little bit has been slow on that discussion. But this quarter, they are habituated on that, how it can be like to calculate it. And we have the two products. One product is a microcredit in a group. Another product we have is the SBAL, Small Business and Agri Loan. So who are not eligible because of the income is it more than 3 lakhs in a family income, they are getting that the assessment by the SBAL product and getting the loan from SBAL with the same interest rate on that. So this is our advantage of that.

Dhaval Gala: Sir, second question was around little medium-term collection efficiency and the way one looks at our asset quality and therefore our returns. Very clearly, maybe we are normalizing this year because we had COVID 1, COVID 2 and also floods. So three years we had different impacts. Assuming from here on, we do not have any impacts, and we've also tightened our underwriting, what should we say steady-state slippages in the next financial year? And as per our earlier conversations, do March quarter, do you expect everything to normalize?

Chandra Shekhar Ghosh: I feel that. And it has been brought back the confidence from the field on this. And customer point of view also, we saw that there is an -- they are also returning back on that way. So that is the reason. If you see that is 98% is the best collection efficiency. Even the normal time also, we are seeing that in the first two quarter 98%. Last two quarters is normally in the last quarter, it has come to 98.5% to 99%, depending on geographical location on that.

Sunil Samdani: So in terms of slippages that you ask, if I have to differently answer it, the steady-state credit cost that we look at for the next financial year should be around 180 basis points thereabout.

Dhaval Gala: But that should be normal, Sunil? For medium term, next few years, should that be the number which one should be considering? Or there would be scope for improvement?

Sunil Samdani: No, that. For now, we should look at that number.

Dhaval Gala: And Sunil, just to understand more purely your basis numbers. The more and more you have a mix change tilting towards what our guidance is for FY '25 in terms of loan book, what type of return ratios one bank should be able to clock? And in general, what is the scope of improvement in margins from current levels? I'm talking about except for the interest reversals. So steady-state margins and steady-state return ratios?

Sunil Samdani: So Dhaval, the way it works, think about almost 60%, 65% of our book is a fixed rate loans, while we have increased the lending rates and we continue to do that, the impact of that will be felt only in the next financial year, right? So that is one aspect. The second aspect is that, as you mentioned, there won't be such large reversals of interest income as the slippages would be lower. So that should also aid. So on a steady-state basis, we are looking at the NIMs around 8% with 10 basis, 20 basis point here and there. And then in terms of ROE, we are looking at 20%, 21% ROE is on a steady-state basis.

Moderator: We have the next question from the line of Param Subramanian from Macquarie.

Param. Subramanian: My first question is on whether the RBI risk-based supervision, has it been completed for the year FY '22 and have there been any observations on that? If you could throw some light on that, Sunil?

Sunil Samdani: So the supervision for the FY '22 is completed. Observations will always be there in RBI report, but nothing to report what we are required to report statutorily.

Param. Subramanian: Sunil, a follow-up question. Now the outlook on the MFI growth, the EEB business growth, I picked up that you were saying loan growth should be 16% to 18%, if I'm not wrong? Is this more a near-term sort of loan growth? And does this pick up from here going forward, in your view? Is this more because of the change in the underwriting norm being a near-term impact? Because we are used to seeing Bandhan Bank growing this business at a much higher level. And this is a business that is the core of our DNA. So yes, if you could throw some color on that?

Sunil Samdani: Yes, so you're right, to some extent. If you see the near-term side, on a steady-state longer-term guidance, we would still be in that range of 18%, 20% around.

Param. Subramanian: This is for the enterprise business and 24% to 25% for the overall business? That's the right understanding is?

Sunil Samdani: Yes.

Param. Subramanian: Sunil, if I could follow up another question. So the retail deposits, so it comes as in -- the growth is sort of soft over there. So 10% Y-o-Y, even on a percentage basis, retail deposits will have 75%.

Sunil Samdani: So you are right that retail deposits particularly look through that quarter-on-quarter. That's about 1% growth. But that's more to do with our requirements and the resulting interest rates that we offer to our customers. And as we see the asset growth happening in the second half of the financial year, we would see the deposit growth also growing in line. So we should see that traction on the deposit present.

Moderator: Mr. Param can you hear us? It appears that Mr. Param is no longer connected. We will move on to the next question from the line of Nitin Aggarwal from Motilal Oswal.

Nitin Kumar Aggarwal: With respect to the large slippages that you are witnessing in the restructured pool, I just want to know -- am I audible? Am I audible?

Sunil Samdani: Yes. We lost you for a second. But you are audible now.

Nitin Kumar Aggarwal: Okay. So first question is like in respect to the slippages that you are witnessing the restructured pool, I would just want to understand how difficult it is for these delinquent borrowers to again borrow from some other players in the industry. I'm asking it because like Bandhan has a very dominant position in the Northeast, with very competitive interest rates, but it seems like that this is not a factor for these borrowers and they have decided not to pay. So how easy or difficult it is for them to come back?

Sunil Samdani: No, it's not that simple, Nitin. We have to appreciate that this pandemic did had an impact on bottom of the pyramid more than any other segment, right? And with that being the assumption, we would have expected close to 10% kind of a fallout because of this. The reason we are seeing two basis, three basis points higher is because of that disciplined break, what Mr. Ghosh was talking about. This is a business which works on a very tight discipline. And because of those two years where the group meetings were not met regular, it is our responsibility to ensure that if we have to grow this business at 20% plus year-on-year, we bring back that discipline. So that's precisely the reason we've been motivating, and as you've seen a higher level, slightly higher level of these customers.

And the third and an important point is. We, as an organization only strengthens our credit processes. We still continue to be a one-loan policy lender. When we have restructured these customers, we have done a restructuring for six months and not to the maximum extent possible of two years. Whatever money we received during the restructuring period, we reduced the principal, and we did not show it as an advanced installment. If we had -- that was an accounting option available to us, but we chose to reduce their principal which will reduce their interest burden. So if I had shown it as an advanced receivable, probably my delinquency position would have looked better today because I would have been adjusting against those receipts. Ultimately, I have achieved 1/3rd of the total outstanding from those customers during till date. So I could have shown all of that as an advance and we would not have been talking about these numbers today.

So the point is, the reason we are seeing a slightly elevated level is, one, the reflection of pandemic on the bottom of the pyramid. Two, while we have supported them with moratorium and restructuring, we are not diluting and we don't intend to dilute our credit norms. Discipline for us is very important because it is a business which we want to be in. It is our core business, and we want to grow this business. And we had to set these processes right before we again push up the peddle in coming years.

Nitin Kumar Aggarwal: So my question is also around like will these borrowers be able to come back to the industry and borrow from some other MFI players?

Sunil Samdani: So as I said, as far as we are concerned, we will not lend them immediately till we are confident about their credit culture. And once only we are confident we will look at them. So in the immediate-term or near-term, at least from our side, they will not be eligible.

Nitin Kumar Aggarwal: And Sunil, any update on the Assam relief scheme or even the range of amount that you can recover through this because this has been an uncertain figure in our stress pool coverage analysis for some time. So how are we looking at this? Any hopes of recovery there?

Sunil Samdani: So Assam government has started the repayment process for the delinquent and delinquent customers. And they had done it already for the zero DPD customers. But as a lender, it doesn't count in recovery because they were anyway zero DPD customers. So now they are starting the process of the delinquent customers. So we should see on an average about INR 50 crores to INR 70 crores for the next two months, three months.

Hopefully, in three months' time, we would be in a better position to tell you what is the amount that we have received.

Nitin Kumar Aggarwal: And lastly, just to reconfirm on the credit cost, which is vested in the vicinity of 3 based on 15 basis points. So for the first half, now we have already done close to INR 1,900-odd crores. So does it imply that we are looking at around INR 1,100 crores over the second half now? So it like broadly as you look at things...?

Sunil Samdani: So this is the third time you want to put a number, you want to hear a number from me. But as I said, it won't be very different from what you are saying. It depends on what is my closing balance sheet as on that date. So the variation here could be INR 100 crores, INR 200 crores, not more than that.

Moderator: Thank you. Participants and rest of guys, I request you to kindly restrict your questions two per participant. We have the next question from the line of Manish Shukla from Axis Capital.

Manish B. Shukla: Just going back to the tightening of credit underwriting standards, just for the sake of clarification. If I understand it right, if there is a customer who's NPA, when he's come back and made the full payment. Earlier, you were willing to give that customer a new loan. Now you would probably wait for some time. Is that understanding correct?

Chandra Shekhar Ghosh: That's right.

Manish B. Shukla: And what would have been the gap earlier? And what would be the gap now? Gap between the customer fully paying the NPA amount, what's the new role? What was that gap earlier? And what is it likely to be now?

Sunil Samdani: So earlier, we used to lend them in about within 7 days. Now we are saying that we will wait for months.

Manish B. Shukla: And this change is already reflected in Q2 disbursements? Or this is incremental from Q3?

Sunil Samdani: Already reflected.

Moderator: We have the next form the line of Jai Mundhra from B&K Securities.

Jai Mundhra: On your MFI book, if I were to just calculate the GNPA percentage, INR 5,000 crores GNPA on roughly INR 53,000 crores of my EEB loans, it would be around 9%, 9.5%.

Sunil Samdani: Jai, you're not very clear, not audible. You have to be a little louder, please.

Jai Mundhra: Yes. So I'm saying, sir, if you can bifurcate the GNPA percentage in EEB between group loans and individual loans, because there seems a very divergent growth trend in these two subsectors within the EEB. If there is there any material difference in the GNPA behavior in these two books?

Sunil Samdani: We have not disclosed this number separately. But I can tell you that the individual book is much better performing, and the NPA level would be 1/3rd or even lower.

Jai Mundhra: So is this like on a percentage basis because it looks like the growth has been even in that range, right? So the group loan have been degrowing and the individual book is growing by like 100% Y-o-Y. So in general also, without adjusting for the base also, the delinquency would be materially different. Is that the right way to understand?

Sunil Samdani: Yes. Because individual loans don't have that benefit of restructuring and the vintage is there. It's not that they were under restructuring and it's very recent that they've come out, so that benefit is not there which is available to group loans.

Moderator: Thank you. That was the last question. I'd now like to hand it over to the management for closing comments.

Sunil Samdani: Thank you very much. Thank you, ladies and gentlemen. Thank you for your time.

Chandra Shekhar Ghosh: Thank you.

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