



# “Federal Bank Q3 FY21 Investor Conference Call”

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Federal Bank Q3 FY '21 Investor 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 ‘\*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Shyam Srinivasan, MD and CEO, Federal Bank. Thank you, and over to you, sir.

**Shyam Srinivasan:** Good afternoon, everybody. Thank you for being on this call, the first call of the 2021, and hopefully, the worst of pandemic is behind us. And that's a good plus to the pandemic, the bank, the resolve to perform and continue to get stronger operationally has held out well. Very much like last quarter, this quarter also our operating performance is quite strong, driven by certain priorities. We chose to ensure the businesses that are relatively higher-margin keep growing; ensure that our deposit franchise continues to get stronger and granular, both at the same time; and of course, keep a tight watch and vigil on the whole area of slippages and, more importantly, strengthen our balance sheet. On all counts, I think we've made meaningful progress through the 3 quarters of this financial year, and particularly a quarter that is in focus, which is Q3 FY '21.

Our operating profit grew quite well at about 29%-odd, our second highest ever. Last quarter was the highest, and we did have a one-off gain of a vertical recovery on a written off account. Back that, this would probably be a more structured, organized operational profit growth quarter. And that helped us both increase our coverage ratio and set aside higher provisions for what could potentially be higher requirement in passage of time should the environment continue to be a little lack luster. But that said, growth in areas that we focus on has been strong and is showing good signs of revival. December '20 in many of our businesses indexed to Jan '20 saw performance level between 100% and 120%, whether it's home loans, auto loans, business banking, commercial banking and, of course, gold loan was spectacular. You will have certainly noticed our gold loan growth continues to be staggering, grew 67% Y-o-Y, and as did our deposit franchise. So the most happy and noteworthy factor is our franchise is coming to work every day despite the pandemic, and that's helping us grow our low-cost deposits as much as our gold loan business. And business banking, which is heavily synchronized with the branches has also started seeing good traction. Retail started picking up, so did digital. Digital was a very special quarter because not only we made progress on our digital journey, we made significant internal strides. We are the first and only bank with face recognition for employees to log into the core banking system. So we've taken digital to a level where it becomes more practical for day-to-day conduct of the bank.

So with that, the numbers are there for everybody to see. We believe that we've increased our coverage quite materially. We believe that our provisions are now tracking to what we think maybe the best ever. Our slippages seem quite under control or rather quite on guidance, what we had guided for in the first 2, 3 quarters of this year. Happily, the restructuring requirements are 1/2 or even less of what we thought could potentially be restructuring when we went into the

Q2 results. So you may have observed, we've put out virtually every number possible in public domain through the investor deck and through our disclosures, and the team will be more than happy to answer questions.

In specific to Q3, our overall slippages for Q2 and Q3 was about 1,068 crores, and the mix is there on the slides. Our GNPA and NNPA for the quarter ending was flatteringly good at 2.7% and 0.6%, but we believe that if you put the notional NPA, then the numbers go up to 3.38% and 1.14%, the truth when it happens, maybe somewhere midway, I do think it will get as adverse because as collection efforts strengthen and customers realize they're actually going to be tagged NPA, I think behavior will change and improve. Collection efficiency continues to be strong. Restructuring demands for all businesses, except the residual MSME, which has time till March is likely to trickle in. We've done about 1,067 crores of restructuring so far. I do think maybe for the next, that is Q4, the number can go up by another 300 - 400 crores. So that's where we are. We have ended Q3 quite well. We have navigated the storm better than our imagination or the worst belief. The team has come together extremely well, held out to this challenge, coverage has gone up. Low-cost deposit progress is continuing. NIMs have been stronger than ever before. And we believe that this momentum should continue. The areas we've chosen to grow are doing well.

Well, a few days before the pandemic, we addressed many of you and shared our vision around how we will expand margins, how we will take the momentum to 55% retail, 45% wholesale. This quarter is a testament to that. It's 54%, 46% retail wholesale. So I think we are tracking along those lines, and we believe we will keep pushing that. And we believe that in the quarters ahead, many of our sort of desired outcomes will play through. So with that, let me just pause. All our senior team members are on this call. As always, we are happy to answer questions and clarify. But we've tried to capture almost everything that we would want to say in the investor deck, and I do hope all of you have had a chance to see it and then ask us. Ashutosh, Shalini, Harsh, Anand, Babu, Nilufer, Kapil are a few of the seniors who are on the call, but a few more can be there to answer questions. So thank you very much. And once again, thanks for all your support. I'll have our team members stand in for questions. Thank you.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Arav Sangai from VT Capital. Please go ahead.

**Arav Sangai:** So I had 2 questions. My first question is related to provisioning. So we have had good 3, 4 quarters of high provisioning. And as far as I can see, there's 1,500 crores of restructuring that we are expecting. So wanted to understand what is the credit cost outlook for the next year. As if we take the 566 crores extra provisioning, we have on our balance sheet, like, this pandemic has shown that all of us will try to maintain some extra provision on balance sheet. So do you foresee maintaining some extra provisions also going ahead on the guidance on credit cost? And my second question is on growth of the book. So we have been growing the gold portfolio very well. So just wanted to understand that since there is a lot of competition and a lot of Tier 1

private banks are also coming in and growing the gold portfolio, what are the other areas that we are looking to grow our book in the next year?

**Shyam Srinivasan:**

I think our portfolio growth will be fairly widespread. Gold loan certainly stands out because it's been spectacular in the last 2, 3 quarters. The gold is inversely proportional to other developments in the market. As the market stabilizes and credit growth gets stimulated across other categories, we will see them all growing. We've already seen business banking growing 13%; commercial banking growing about 12%, 13%; non-gold retail growing closer to double digit. And this will certainly pick up. The only area that we saw lower or degrowth was in corporate, but that was partly conscious because we didn't see much point in doing business which are not giving us the returns. That said, the corporate banking has done a great job on fee income origination, which you would have seen some success on that count. We think our business mix will continue to be widespread, and we have a couple of new launches coming up. Our credit card launch is due in March, April this calendar year. And the businesses that we have started and put on a little softer gear were commercial vehicle and microfinance. As the environment picks up, these will start kicking in. So we think we have a full spread and all of that will fire up. And as the environment picks up, gold may not grow at 60%, may grow at 25%, 30%, which is a very welcome place for us. So business mix and growth in credit, we are quite confident of. Provisioning, we've been conservative. We've built a very strong provision buffer. We have also created a standard asset provision that regulators have allowed. And we will see how Q4 ends, what the regulatory dispensation is going to come because there's a good chance that all of them have to be used. We don't know what the outcomes of RBI decisions is going to be. We will decide that as we go. But our short point is we will keep our credit costs, as we've always done, between 65 to 80 basis points, depending on the year that's gone by the environment. This may be a little higher in the immediate period given how the sort of bounce back of the economy. But I think it's something that will not distort our outcome because we are quite well thought through in how we will use these provisions, subject to what regulatory allowing. So yes, we are in a good place on that count.

**Moderator:**

Thank you. The next question is from the line of Pritesh Bumb from Prabhudas Lilladher. Please go ahead.

**Pritesh Bumb:**

I just want to check, from Q2 to Q3, what would have changed for some of the underlying businesses where you have lent in terms of: Is there a growth pickup for the businesses, liquidity was an issue and now it's been quite good. So what gives confidence that restructuring has been lower? What have been the challenges? And what are now the things which are eased for them? And if there will be direct NPAs later on, may not be restructuring, say, 2, 3 quarters down the line. So any views on that side, sir?

**Shyam Srinivasan:**

I think this whole how restructuring will play out is anybody's guess. But the fact that restructuring has been done based on certain credit filter, which essentially means the accounts should have been standard up to the break of pandemic and then we've looked at the potential for repayment. It's almost like a re-underwriting of the credit. If you believe that we have re-

underwritten reasonably well, just like we have underwritten the original book, then the loss rate should not be dramatically different as the environment holds. That said, these are accounts that have had some stress because of the pandemic. So we have factored in maybe 10%, 15% worsening than our normal run rate. So I don't see material deterioration. That said, we have to just keep a close watch on how the environment shapes up. All of us are betting on the fact economically, the worst is over and from here on, there will be a meaningful recovery. All indicators suggest it should. And by design, we are not in very high-risk businesses. And even more by design, the businesses that we are now showing higher restructuring is in retail. And even more in that, it's retail home loans, it's not an unsecured business. So we think we are reasonably well positioned. These are customers who probably are sort of resetting their own financial models and ensuring that they don't go belly up. So I'm not being overly optimistic, but certainly nothing to panic at this juncture.

**Pritesh Bumb:** Sir, I actually just wanted to check, because we have seen lower outcome in the SME side on the other businesses, other than retail side, so anything changed there for your customer needs in terms of what was the issue and now businesses have picked up?

**Shyam Srinivasan:** I have never signaled or Federal has never signaled any risks on that to come differently from what our belief is. The assumption is made by the market, and I'm glad our assumptions are holding out. We've always felt that this segment, we've been quite watchful, and our book is held out, and it seems to bear out. It's not like artificially deflated. This is the demand, and this is the outcome. And in these segments, I think the GECL is helping. Therefore, these are people who have revival potential is higher. If the economy doesn't deteriorate from here and there are good stimulants, and the comeback of all, these should be quite okay. And if the 3 components are doing well, these will before long get lubricated fast.

**Pritesh Bumb:** Sure, sir. Second question was on capital side. Any plans to raise capital in near-term because our CP is still 12%, 13% type, if I see that correct? So any plans to raise capital?

**Shyam Srinivasan:** No. I've maintained in all my calls for almost a year that we will not do anything in a hurry. We will certainly keep a close watch. If at all, it will be after the second half of this calendar year. We will keep a close watch. Our capital adequacy is sufficient at this juncture. Our business model doesn't consume capital at a rapid pace. We are consuming 20, 30 basis points. And we have enough headroom. So that said, we must be mindful. But we appreciate capital is expensive, capital is something that we have to be very watchful of. So I don't see us doing it in the immediate future. But that said, we will keep a close watch and see how it plays out in second half of calendar '21.

**Moderator:** Thank you. The next question is from the line of Pranav Gupta from Aditya Birla Sun Life Insurance. Please go ahead.

**Pranav Gupta:** Just a couple of questions. So firstly, on the restructuring side, so your retail restructuring seems to be relatively high, and you sort of alluded to the fact that it's largely coming from the mortgage

piece, which is obviously a large part of your book. So could you give a sense on what sort of reasons are leading to this restructuring being so high in the home loan and mortgage book, especially given that this market has been relatively buoyant?

**Shyam Srinivasan:** No, I don't know, against what comparison you would say it's higher or lower. It's again assumptions made by people, right? Ours is real. So you have to now start re-benchmarking your assumptions against the reality. This is what it is. I mean we are not fabricating a number and putting it out. This is how customers have behaved and this is what it is. So I guess it's a function of customers wanting to be maybe reduce the monthly payout and seek this as an opportunity to because they've been standard up to February end. So they want to keep a lower EMI and want to benefit from this and ensure that they are on the right side of both credit as also their own cash flows. I don't see anything standing out in this other than the fact that the nonresident portfolio of this restructuring is about 30%, which means if Rs. 100 is the retail restructuring, about 25%, 30% has been the nonresident, which again explains the fact that the nonresident, if they are seeing lower income flows, they may want to keep their cash flow payouts also lower. So I think that's the only thing I can attribute this to.

**Pranav Gupta:** And is the restructuring number from the LAP book a larger number or is it more from the housing side?

**Shyam Srinivasan:** I would say it's about 55% home loan and about 40%, 45% LAP.

**Pranav Gupta:** The second question is to Harsh, if we can get some more sense on the corporate side because we've seen a dip in the growth. Is it because of the pricing that is there in the market? Is it because of what sort of tenures that the banks are willing to lend? If you can give some sense on that part in the corporate side.

**Harsh Dugar:** Yes. On the corporate side, we've made a conscious call that we will avoid assets where the pricing in the market in many cases has become a little, I would say, out of whack, doesn't justify it. So we have stayed away from certain assets which otherwise would have made sense. That's one conscious decision. The second part was that the working capital cycles have for many corporates crunched. So this is largely on account of this. What I can tell you is that there are a lot of new-to-bank acquisitions which have been made, which have been better this year as compared to last year as well in the large corporate space. So we'll continue doing that part and bring meaningful assets rather bring asset just for the sake of topline. The fee income growth has been actually higher than the last year for the current year in spite of an asset being tepid. Secondly, even total income and CASA for the corporate book has actually shown a growth. So what we are looking is a deeper penetration and more bang for the buck. I do see asset growth finally returning back to the markets, levels getting better. It's too early to say, but we do expect Q4 rates to normalize a little bit and excess liquidity being sucked out and credit offtake also improving. So when I see the outlook, I see the outlook better than what it was.

- Pranav Gupta:** And lastly, just a data keeping question. Could you give out the numbers for the disbursements done under ECLGS 1.0, 2.0?
- Shyam Srinivasan:** About 2,600 crores total, grand total.
- Pranav Gupta:** And a large part would be 1.0, right?
- Shyam Srinivasan:** Yes.
- Harsh Dugar:** And the second one is still going on. You will see something in Q4 as well.
- Moderator:** Thank you. The next question is from the line of Rakesh Kumar from Systematix Shares. Please go ahead.
- Rakesh Kumar:** Sir, the first question is that on the proforma NPA we have a provision coverage of around 66%, as given in the deck. So what amount of the provision we would like to keep on a sustainable basis on the gross NPA number? That is the first question, sir.
- Shyam Srinivasan:** I think we've mentioned in last call and this also, between 65% and 70% is our steady-state non-technical write-off PCR that we will build till we see the markets materially improve. If you remember, we were in the 40%, 45%, pre-technical write-off coverage ratio. And as the environment started getting stressed out, we added almost 20%. And I think somewhere in the 65% would be a good place, considering our book is significantly secured. And we think so far, at least, LGDs have been sub 40%.
- Rakesh Kumar:** And on the restructuring book, sir, how much provision we would like to keep? 1,600 crores number what we have given. So how much provision we would like to hold on this number?
- Shyam Srinivasan:** We'll see how the quarter shapes up in Q4. But I would think between bare minimum we would keep is roughly 15%, 20% of that.
- Rakesh Kumar:** Sir, thirdly, just the last question. On the proforma slippage also like in the retail segment, we have relatively higher number. So again, like what is the characteristics of this 314 crores number in the retail bucket?
- Shyam Srinivasan:** This is 3 quarters slippages, right? Because if you take the Q1, Q2, Q3, there were no slippages. It is a bunched up slippage, right? So to that extent, 314 crores is about 100 crores, 150 crores a quarter, which has been the traditional run rate for, I think, 3, 4 years. We must remind ourselves that the number you see is 1,068 crores and at the first quarter, we took UAE exchanges, 175 crores. So that's about 1,250 crores in 3 quarters. That's about 400 crores a quarter. And which has been the slippage per annum to about 1,600 crores has been slippage for much better years. So in a worse year, if we come to a number or even better, I think it's a remarkable tribute. Of

course, there's 1,500 crores restructuring on each, you can assume any assumption of slippage, the number doesn't stack up to being very adverse.

**Rakesh Kumar:** Just 1 last question, if I could ask. Sir, just on this, like on the business growth, balance sheet growth side, credit versus on an average, we have around 6%, 6.5% number. So what is driving the fee income number this quarter?

**Shyam Srinivasan:** Across businesses, the cross-sell opportunity, the gold loan origination has a significant component which is processing fees. All our retail products, Harsh pointed out some very good successes in the corporate side on fee income generation. Wherever we are not able to get income on the credit side, we are pushing those customers for fee income opportunities. So it's a bunch of stuff. The whole bank is coming to work to square off reduction in credit growth to other fee income opportunities.

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

**M.B. Mahesh:** Shyam, the first question is on the SMA book. If you could just give us some color on where are you on that particular portfolio as compared to where you were pre-COVID to understand if you are in a position right now to forecast slippages for the near term?

**Shyam Srinivasan:** When you see SME, let me add up commercial banking and business banking so that the theme gets better. 25,000-odd crores is the outstanding. You've seen the restructuring.

**M.B. Mahesh:** I said, SMA book, the SMA-0, 1 and 2.

**Shyam Srinivasan:** SMA book. Interestingly, happily, the SMA-1, 2 is about 60, 70 basis points higher than our pre-COVID. Pre-COVID, we were close to 1.8% or so. Now we're about 2.5%, 2.6%

**M.B. Mahesh:** So is it fair to assume that you have reached now in a position where you can start forecasting slippages with lot more accuracy getting into 4Q and next year or you think it's still.

**Shyam Srinivasan:** I think, Mahesh, we'll be in a better position to see after the sort of the Supreme Court's decision is sort of clear and final. We have certain estimates, which is why we have a little more sanguine view on our '22 and '23 outlook. But let's see 1 more quarter of real payments, real post standstill clause being lifted kind of payment, but it looks reasonably okay, given that the SMA-1 and 2 for this segment looks quite encouraging.

**M.B. Mahesh:** And the restructured loan book that you're seeing, about 1,500 crores, has most of it fallen from the moratorium book?

**K. A. Babu:** So let me clarify. The 1,500 crores number that we are discussing is for the entire financial year that we are discussing. So we didn't do 1,500 crores restructuring so far, only little less than half



of it is only the bank has for this. And our variance for the financial year is that we may be somewhere around 1,400 crores, 1,500 crores. That is just to clarify that question I am discussing. So that's point number one. And secondly, on the restructuring side, I just want to get what is that additional clarity that is required on the restructuring?

**Shyam Srinivasan:** How much is coming from the moratorium book and the non-moratorium book? Actually, answer is more than 90% is coming from the moratorium book only.

**K. A. Babu:** Yes, from the non-moratorium book, it is only 0.02%.

**M.B. Mahesh:** Sir, just one clarification on this. The moratorium that you have reported to us and the moratorium which you have reported to RBI is one and the same?

**Shyam Srinivasan:** Photocopy. We are the only bank which you can confidently say what we showed you and what we showed RBI is the same. Absolutely to the dot.

**K. A. Babu:** Babu here again. And overall, it is only 0.5% of the book.

**M.B. Mahesh:** That's okay. Just 1 clarification on staff expenses. We continue to see these very high provisions on retirement expenses. Is there any way that we can have a handle on how to forecast these numbers?

**Shyam Srinivasan:** No, Mahesh, we can't because we report what we see. We don't smooth it. And unfortunately, we will go up or down, it swings. And the second, this time it was pronounced because the gratuity impact after the wage negotiation was done was a one-off impact which will show through in Q3 and Q4 because the basic salary got readjusted, and gratuity goes up when the basic salary goes up. So in Q3 and Q4, we will have to take the hit and then move on. So to that extent, these 2 quarters will be about 30 crores extra on staff expenses.

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

**Vivek Ramakrishnan:** I had a question on net interest margins. Your cost of deposits has dropped quite continuously, and it dropped by 23 bps last quarter also. And given the fact that like high-yielding businesses, like CVs and microfinance are yet to pick up, could you see that there's more room for pickup in margins going forward in terms of a sustainable level, especially given the fact that the product mixes also change favorably to retail, where the pricing power is usually high in most products?

**Shyam Srinivasan:** Vivek, we had mentioned when we were at about 3.04, it was sort of an inflection, we were pushing for higher. At that time, we had guided 3.15 to 3.20. We are in that space now. I think the next 2 quarters also, this may continue around this. As we get our cards, microfinance and commercial vehicle business up in a little more sustainable manner, I can give some better

guidance for the future. But for the immediate future, I think in this range, where we are operating now plus/minus is where it will be.

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

**Amit Premchandani:** I just had the question on the proforma slippage. The number that you had mentioned 1,068, how much of that was in Q2 and what amount was in Q3? And another related question is, you had created provisions on account of COVID. What is the outstanding number as of now? And how much of it has been utilized this quarter?

**Shyam Srinivasan:** I think it's there. But anyway, let me clarify for you. We used 51 crores from the 587 crores. So the result is about 532 crores. The 51 crores have been used for the restructuring accounts. As you see, the restructuring for the quarter is about 600 crores something. So we used 51 crores for that. The proforma slippage is 1,068 crores for Q2 and Q3. Q2 was 234 crores. You can't directly do one-to-one, but 234 crores. So you can say that this quarter is about 800 crores, out of that 205 crores is the IL&FS infra account, which is, I think, we've explained it there. So 600-odd crores is this quarter's unique slippages, for which we made the provisions, as though it was NPA.

**Amit Premchandani:** Sure. And you have not created any fresh COVID-related provision this quarter?

**Shyam Srinivasan:** No, no fresh provisions. Credit provisions, we've increased by 390 crores.

**Amit Premchandani:** Despite having no actual slippage or very minor actual slippage, you have just...

**Shyam Srinivasan:** 22 crores was the slippage. We've added credit provision of 390 crores, and we've reversed the interest income for this entire slippage.

**Amit Premchandani:** 398 crores credit provision there for basically existing slippage rather than the proforma slippage?

**Shyam Srinivasan:** This is for the proforma slippage. As in the assumption will be same as what we would have provided.

**Amit Premchandani:** And how much was the interest reversal, sir?

**Shyam Srinivasan:** Cumulatively 73 crores.

**Amit Premchandani:** So the interest component of the proforma slippage has been taken care of completely?

**Shyam Srinivasan:** Yes, sir, across 2 quarters. The 1,068 crores, 73 crores has been reversed off. And on the corporate account, there is interest frozen from June '20, so there's no interest recognition.

- Ashutosh Khajuria:** That 205 crores on that account from June itself, there is no accretion of interest. So no need for any reversal there.
- Amit Premchandani:** In terms of the corporate segment, restructuring number seems to be pretty low, not with respect to expectation, but even on an absolute basis. Do you think this will sustain even going forward?
- Shyam Srinivasan:** Yes. We think another 100 - 150 crores may come which is built into the 1,500 - 1,600 crores number that has been put out on Slide #8.
- Amit Premchandani:** And 859 crores retail, you are saying almost a large part of it is mortgage, right?
- Shyam Srinivasan:** Between mortgage and LAP, yes, secured form.
- Amit Premchandani:** 55%, 45%, largely, that is the...
- Shyam Srinivasan:** Plus, minus. Don't hold me to the last digit, but yes that is it.
- Moderator:** Thank you. The next question is from the line of Nitin Aggarwal from Motilal Oswal. Please go ahead.
- Nitin Aggarwal:** A few questions. Firstly, what is the total quantum of restructuring requests that you have received? Like, now we are looking at \$15 billion to \$16 billion worth of restructuring versus \$35 billion earlier. So can we say that the difference of, say, \$20 billion worth of loans are now behaving absolutely fine? And no longer, therefore, need to be keeping under the watch?
- Shyam Srinivasan:** Actually, the request was not 3,300 crores. Assumption was it can be that. Request would have been 1,800 crores or less.
- Nitin Aggarwal:** So sir, like earlier, whatever the number, \$35 billion, \$36 billion that you were estimating that request number to be, so now that number has come 2,000 crores less than that number. So is that 2,000 crores worth of loans like behaving absolutely fine or you think that we should still keep it under watch?
- Shyam Srinivasan:** So I mean they're behaving quite well, but everything needs to be watched, right? In our business, can we take our eyes off anything?
- Ashutosh Khajuria:** No, either they are board in sign in or they have Slipped and they're into proforma NPA.
- Nitin Aggarwal:** So our collection efficiency number at 95% is flat on a sequential basis..How do we really read this number? And how much would this number have been but for the proforma slippages and the restructurings that we are doing?
- K. A. Babu:** So in this working on collection efficiency, the entire loss of proforma NPA is kept apart. So we are not considering this proforma NPA. We have considered the book less than proforma NPA

and the collection efficiency reached 95% in Q3. That was the same number in Q3 last year. And that was the same number in September this financial year. So in that way, collection efficiency worked consistently and then on the same metrics. So there is no proforma NPA component in the collection efficiency that way. It is separately kept. So the collection efficiency remains consistent and constant, 95% except a lot of these challenges even in Q3.

**Nitin Aggarwal:**

And the other question is on the loan processing fee, like that has been quite strong versus the growth in the loan book. And you have alluded that we got some fee income opportunities on the corporate banking side which supported this sort of growth. So how sustainable is this sort of growth? And what are we looking at in terms of this processing fee growth over the coming years? And related to it, what is the sense on the overall loan growth now and the retail wholesale mix that we are looking at?

**Shyam Srinivasan:**

Many questions. Credit growth for the year, we believe, will be between 8% and 10%, 10% if environment dramatically picks up, closer to 8%, where we will, which means Q4 should see for the quarter, reasonable growth across businesses, which we think we are tracking to. The fee income growth, processing fees is very strong because all our retail products we've introduced very good processing fees. Gold doing so well, is continuing. So that's sustained. There's no one-off in our processing fees, a low sizable one-off or advanced booking or pre-booking the income. So it's a sustained regular growth. And the mix, we've mentioned at the beginning of the year that over a 2-year period, we would like retail 55%, wholesale 45% and we are tracking well. And retail here, I mean, 5 crores and below; and wholesale, I mean, 5 crores and above.

**Nitin Aggarwal:**

And lastly, just 1 clarification. You mentioned that the interest reversal has been, say, 73-odd crores on account of proforma slippages. So now our NII growth has already been very strong. So if you were to include this reversal, which is like attributable to 2 quarters, then this NII growth works up to around, say, 30%, 31% Y-o-Y growth on a 6% loan growth. So am I reading this right?

**Shyam Srinivasan:**

You are, but don't put the 73 crores and 6% because that has really gone, right? I mean that's technically not ours, if the accounts turn NPA then the reversal happens. So in our sense, 24% is a good number. And the mix of the business and the margin expansion and the reduction in cost of deposits and the lower slippages is keeping it going.

**Moderator:**

Thank you. The next question is from the line of Pranav Tendulkar from Rare Enterprises. Please go ahead.

**Pranav Tendulkar:**

Sir, can you just elaborate that the employee expenses that you have, which has reached a new level, are there any big expenses that you are doing in the future capability buildings like card or any other business? Because this seems even if you adjust for gratuity, it is way higher than other regional banks like, say, Karur Vysya or a few in this case who also have 95% to 100% employees unionized. And percentage difference is something like 40%, 50% above. So they were like at 8, 9 lakhs per employment and you are at above 14 to 15. So can you just elaborate

a little bit more? And how should it be projected? Is it going to resonate in a productivity or is it going to be a slow superannuation that will rationalize this?

**Shyam Srinivasan:** Yes. I think, Pranav, on many calls we've said, only by 2023-'24, this will start more rating because the retirements will be at the peak. And after that, it will trend because from April 1, 2010, everybody is on the new pension scheme. So this is all in the defined benefit category. So this will take time to play through. And I believe by that period. That said, there are 2 components. This quarter and the next I said is the gratuity increase that has to be factored in. And otherwise, usually impact is really yield driven. As yields drop, then your buying gratuity and your pensioning increases. But that should, hopefully, for the coming quarters, if interest rates hold, like between Q2 and Q3, yields were pretty consistent. So we didn't see much requirement to increase pension, but this time, the gratuity came in. So I do think, between Q3, Q4, that impact will play through. After that, hopefully, if yields stay where they are, the incremental should be very modest.

**Pranav Tendulkar:** Right. So we should rationalize this expense by 30 crores minimum by Q1. And then if yields move up, then actually, there will be a reduction because pension liabilities will reduce. Is that right?

**Shyam Srinivasan:** Yes, you're right. It can reduce slightly. But remember, pension liability goes down, your treasury income opportunity also comes down. But usually, treasury is 3x of the spend. So the upside is better than the low side.

**Pranav Tendulkar:** That's right, sir. So also a quarter back, we had discussed about loss given defaults in the restructuring book being very low. And now that you have elaborated so there is a lot of housing loans in this restructure. That means that loss given default will be much lower than the previous cycle. Is that right?

**Shyam Srinivasan:** At least our early estimation is as follows: we've done a valuation of our entire loan portfolio, which is largely backed by property. And we have stressed it even if property prices were to fall by 35%, which means we see a worsening by 1/3 of our existing loss given default. So from 40%, 45%, if it becomes 1/3 worse, you can go to 55% or so. That's why we have taken 10% higher than our worst assumption of loss given default. That's how it came to about a steady state of 65%, 66%.

**Pranav Tendulkar:** Right. So also, your fee income is now actually growing in a very healthy manner. So could you just highlight what is the proportion in like credit card and other? And what it could look like, say, 1 year down the line?

**Shyam Srinivasan:** Credit cards, we don't have yet. Once we launch, that will kick in. But our debit card spends, I think, Shalini may want to expand on it, she will. Our debit card spends, now we are an absolute top player in the private sector industry, way above our share of deposits, way above our share of cards. There are only 4 banks higher than us, ICICI, Axis, HDFC and Kotak. And we are

clocking about 1,000 crores plus debit card spends a month. So that's one fee income opportunity. In addition to all the other loan fee and corporate fee originations that is happening. And mutual fund and insurance-related activities are also beginning to catch steam. Shalini, do you want to expand on it, Shalini? If you're there, Shalini?

**Shalini Warriar:**

Thanks, Shyam. So I think just taking off from where Shyam left it on the debit card piece, as Shyam mentioned, we are clocking about 1,000 crores in the month of December and clocking higher January, February, March from what you can see as the run rate. This is notwithstanding the fact that all of us know a couple of segments have literally disappeared from the debit card markets kind of categories like travel, hotels, hospitalities, considerably lower when compared to pre-COVID time and notwithstanding the fact that we've all introduced card controls of the kind like you switch off your card and you need to switch it off when you're not using it etc. I think this has come out on the back of the fact that we were one of the first to launch the contactless cards. We repositioned our entire debit card proposition. We now have a proposition for a high net worth segment called Celesta, for our mid-market called Imperio. We have got something else for the general kind of customers, which is Crown. So we've got different card propositions for different segments. And we've got partnerships and tie-ups with virtually everybody you can think of, from the Amazons, the Swiggys and the Flipkarts of the world. So yes, the debit card spends is a good story. It's translating from a fee income standpoint, and you'll see the details in the presentation that's been circulated. But it's also resulting in sticky savings account balances, which is also evident from the fact that our SB growth has been pretty good this quarter and this year. So yes, we will continue to focus on this piece and debit cards. And in due course, credit cards will obviously be a contributor to the fee income as well as the interest income bank.

**Moderator:**

Thank you. The next question is from the line of Manish Shukla from Citigroup. Please go ahead.

**Manish Shukla:**

At one point of time, you mentioned that SMA-1 and 2 is about 2.5%. Is the restructuring book out of this or restructuring would be on top of it?

**K. A. Babu:**

So the SMA number that we discussed is, in that group, there is no restructuring book.

**Manish Shukla:**

So whatever the 0.5% is on top of it? Fine. And the second is on net interest margin. You've done a very good job on your liability franchise despite lowering of rates. Your deposit growth is strong. You've already taken charge on interest reversals. I'm just curious why are you not more, let's say, optimistic on margin expansion from where we are given the liquidity that you're carrying on the balance sheet?

**Shyam Srinivasan:**

No, we are a little more conservative about our commitments. We will work to a higher number. But I think at this point in time, I'll keep the guidance around this.

**Manish Shukla:**

Lastly, sorry to repeat, but maybe Harsh, if you could expand on the corporate fees, right? So for the 9 months this year, you were already at about 80% of full year '20 in terms of fees on a

much lower balance sheet. So, a, what is driving it? And this disconnect between balance sheet growth and fees, can it sustain into the future as well when it comes to corporate fees?

**Harsh Dugar:**

In February also, we had guided that what we are looking at is a higher NII compared to asset growth and a higher fee income growth over NII. This is what we had been doing. There are 2 parts to it. One is obviously your PF related, which we have been asking and getting much more from the existing clients and plus onboarding new ones. The second aspect means that you are deepening our relationship with more trade products, more treasury and more transaction banking products. In fact, in our digital offerings also, we have increased our presence. All these things are ramping up in terms of getting a higher fee income, which is also creating stickiness with our existing customers. So this is something which we expect to continue.

**Shyam Srinivasan:**

Harsh, please expand on Fed-E-Biz and the successes you've had with Equirus also.

**Harsh Dugar:**

A couple of other things also which I would like to elaborate on. We did last time, I had mentioned about an online commercial paper issuance, which only very few banks have done that. Apart from us, 3 other banks, I think, have done it. And we have done it digitally online, along with NSDL for 4 of our customers. That's one part. Secondly, we are talking about artificial intelligence powered invoice reconciliation for B2B collections for corporates. This is again one of its kind, which we have launched for one customer, and we are expanding it on that. So there are a lot of products which is being bought in on the digital side, which is getting us more collections and payments and hence fees as well and float. On the equirus side, the relationship has expanded, and we are working with them fairly closely in terms of BTI mandates, which again is giving us a float income. So these are the areas where we may be focusing on. So with the same corporates also, the deepening and penetration has increased significantly, and we expect that to only increase going forward and improve. Is there any specific more you would like to me to highlight? But this is broadly what our strategy has been.

**Manish Shukla:**

No, sir. This is good for now.

**Moderator:**

Thank you. The next question is from the line of Renish Patel from ICICI Securities. Please go ahead.

**Renish Patel:**

Sir, just a couple of questions. So one is on the collection efficiency again. So at 95%, we are already at a pre-COVID level. So from, let's say, September to December, what sort of customer behaviour we have seen? I mean, in between, there are customers who might have paid and then again in December, they might have not paid or maybe we have seen the same customer paying all through this month. So how to read these collection numbers?

**K. A. Babu:**

On the collections, customer behavior side, as it was discussed in this call, on the restructuring book, there were some customers who were asking for restructuring and some customers who were, maybe because of this pandemic and COVID situation, some customers were getting not paid or some customers lost jobs, these are the situations. So those customers found some

difficulty to meet their repayment obligations. But some of the customers, they continued to pay the EMI. And then some of these customers opted for restructuring, which based on their eligibility, was also given. So when we discussed generally what was the customer pattern, this was the customer pattern. There was no such additional maybe customer behavior or specific customer behavior different from the market situation. At the same time, what we found is the difference in the collection efficiency in Q3, that's a very positive signal. In Q2, when we said 95% collection efficiency, there was no demand from the moratorium book. Demand was only from non-moratorium book. Non-moratorium book repayment in September, it was 99% collection efficiency and then contributed by other factors, we could repay 95% even though there was no demand from the non-moratorium rescheduled book. But in Q3, really, there was demand from the moratorium rescheduled book also. So except that demand, entire loan book there was demand and collections. And with that demand and collection, we could reach 95%. Means positively, we could find that people started paying promptly but for the account which we restructured and that we had proforma NPA that we are discussing. So 95% of September and 95% of December is not equal in that way. But 95% as of December '19 and 95% of December '20, which is almost equal. So in that way, collection efficiency improved. There is no major notable customer change in the behaviour repayment pattern but for the reason that I discussed.

**Renish Patel:** Got it, sir. So basically, Q3 collections are broad based, reflecting the entire quality of our book instead of Q2 where most of our customers might be in their moratorium?

**K. A. Babu:** Yes.

**Ashutosh Khajuria:** See, just to add, I think the best part is if we have more of restructuring coming from mortgage loans whether LAP or housing, the loss given default is minimal there because you have a solid underlying security to back that, whereas you know, the value of the security in case of other segments may not be that, I mean, recoverable or so when it comes to the recovery process and all. That's one part.

**Moderator:** Thank you. The next question is from the line of Simranjeet Singh Bhatia from SMC Global. Please go ahead.

**Simranjeet Singh Bhatia:** Sir, I want to know that, can you give some specific targets for this NIM percentage going forward because you have posted the best of the best 3.22% in the past 23 quarters. So can you give some guidance on that? And secondly, your CASA is right now at 34.48%. So can you give some guidance on that part also? What will be the percentage or this run rate will be going to be maintained in the CASA ratio? And thirdly, I want to understand, why you are not conducting any sort of roadshows for the Federal Bank?

**Shyam Srinivasan:** Three things, Simranjeet. One is on NIM guidance, I think we mentioned 315-320 in that range. And as a consequence, CASA right now is 34.4%. We think anything between 33.5% and 34% will be the number. As you know, in Q4, there will be some movement in current account



because the RBI circular fully goes on stream. We may gain in some cases, we may lose in some cases. So I think between 33.5% to 34% and the NIM consequently between 315-320. On roadshows, I mean we meet our investor friends and analysts continuously through various platforms, but we haven't actively gone out and done too many things. Before the pandemic, we had a fairly exhaustive session. And as things turn out well, and after we complete financial year '21, we will again come back to the market with a more organized presentation and talk to people. But we are open, and we've been talking to many on a regular basis.

**Simranjeet Singh Bhatia:** Great, sir. And sir, last question is that, can we expect a double-digit advanced growth in the Q4 because you have guided for it to 10%. So that clearly comes to 12% or minimum 10% to 12% advanced growth in the Q4 itself?

**Shyam Srinivasan:** Our pipeline suggests annualized run rate of Q4 to be in the early double digits, which is the number you are talking of.

**Moderator:** Thank you. The next question is from the line of Roshan Chutkey from ICICI Prudential Mutual Fund. Please go ahead.

**Roshan Chutkey:** Firstly, just one question, basically. What is a tonnage growth in this quarter year-on-year basis? You have 67% growth in gold loan book, right? So what is the tonnage growth there?

**Shyam Srinivasan:** About 47% from 44%. I think it's gone up by 3 to 4 tons. Mohan, if you're there or Ashutosh do you remember, or....

**Ashutosh Khajuria:** Yes, it is 45 tons.

**Roshan Chutkey:** 45 metric tons, yes.

**Shyam Srinivasan:** So Roshan's question is, are we just giving to existing customers the gold growth, no. It's growth.

**Ashutosh Khajuria:** Actually, in tonnage, the growth is 20% plus, 20%, 22% range, whereas in value term, it is 67% Y-o-Y. So yes, the price of gold also is, I mean, resulted in more customers coming in and sometimes higher eligibility for the same tonnage vis-à-vis last year.

**Shyam Srinivasan:** We track it every week, Roshan.

**Ashutosh Khajuria:** We track it on a weekly basis, tonnage as well as new acquisition, new accounts, and the value, of course, nominal value.

**Roshan Chutkey:** And where are we on? How are you doing on the LTV basis here?

**Shyam Srinivasan:** 72% is portfolio LTV.

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

**Krishnan ASV:** Just wanted to check what kind of productivity gains are sustainable given the kind of digital initiatives that you have taken across retail corporate? You're seeing there is a lot of debit card spends that are happening. So just wanted to understand, I mean, you must have seen, other than the employee expense, which is a drag, which will continue for 3, 4 years, is there anything sustainable you see around both productivity gains or efficiency gains? That's number one. I have one more question on your NBFC. The numbers that we see, I mean, is there any restructuring in your NBFC book?

**Shyam Srinivasan:** No. Very marginal. NBFC book is doing very well.

**Krishnan ASV:** The first question was around the productivity gains, efficiency gains. And what part of that may be sustainable according to you? Where are we...

**Shyam Srinivasan:** I think we've invested very materially in everything that can be, if you see our employee headcount for 2 years has been plus/minus 100.

**Krishnan ASV:** Yes. I guess your branch count also has hardly moved over the last 3, 4 years, Shyam. So obviously, you're doing a lot more business with the kind of infrastructure you already have in place, and that's very credible. I just wanted to understand, digital initiatives are something that you have been very proud of. I just wanted to understand how do you quantify ever the effect of the kind of initiatives that you've taken there?

**Shyam Srinivasan:** I know others can add in, Shalini and Ashutosh and others. But the short point is, the improvement in productivity ex these one-off vagaries of pension and gratuity has resulted in our overall operating expenses being reasonably under control despite the volume and revenue growth. And if you see our head count for about nearly 2 years, we have kept it plus/minus in that 100 people range. We haven't added very significantly. And because we are not doing much branch expansion, we are not putting in tons of people other than the retirement or attrition related. And thankfully, our attrition levels are sub 2%. So I think the productivity enhancement is significant and will continue. And I think maybe Shalini and others can expand on these.

**Ashutosh Khajuria:** I may further add on the staff expenses side. I think probably, we have seen the bottom-up, this interest rate cycle, it looks like, I think going forward, we may have interest rates moving up. And when yields fall, naturally, you would have more of treasury profits on the fixed income side. At the same time, you'll have, on the operating expenses side, the impact on the future provisioning for gratuity, pension etc. So going forward, with the rates move up and all, to that extent, the operating expenses would smoothen. In fact, you will have less of staff expenses happening because this is not something which is being paid immediately right now to the existing staff. It's the provision for future, which is seeing the double-digit rise. So that suggests that in case interest rates are flat or they move up, then you'll not have that in at least coming

couple of years. I think by that time, probably the eligible defined benefit pension employees, the number in comparison to the total staff strength, would also come down drastically. Every year, you are at a...

**Krishnan ASV:** Because of retirement.

**Ashutosh Khajuria:** Who are having this type of entitlement, defined benefit.

**Krishnan ASV:** Just 1 last question, if you don't mind, Shyam. On your own personal stint at Federal Bank, you have generally been shy letting your, I mean, actions speak louder than words. But I just wanted to understand, given you are one of the very few banks where what you see is what you get, what problem can the RBI have in terms of extending your tenure?

**Shyam Srinivasan:** We hope none, Krishnan. Our Board will go to RBI 6 months in advance. I have confirmation even today with our Board that the renewal process is underway. So well in advance, we will. Finally, it's RBI decision. We hope none, no problem, but let's see. Maybe I've been caught in a crossfire when they were changing policy or what, I have no idea, no answer. But other than the fact that well in advance, Board will go to RBI and place the requirement for renewal well in advance.

**Moderator:** Thank you. The next question is from the line of Pankaj Agarwal from Ambit Capital. Please go ahead.

**Pankaj Agarwal:** Sir, the CASA growth you have seen over the last 9 to 12 months, is it broad-based or is it coming from some specific segment of...

**Shyam Srinivasan:** Very broad-based, Pankaj. I think I mentioned in the last call, and I'm happier to mention this call even better, the entire franchise, erstwhile, many years back, it was largely driven by our Kerala network giving us the bulk of the deposit growth and the ratio of CASA. Happily for us, the franchise is now tracking. By itself, if I ran it as a bank, their CASA will be well close to 32%.

**Pankaj Agarwal:** Sir, what explains this CASA growth for the entire banking system over the last 9 months? Like, across the bank, we have seen a very sharp rise in CASA growth. So is this just a temporary blip and we can see reversal in this trend going forward? Or do you think this CASA ratio can sustain, not only to you but for the entire banking?

**Shyam Srinivasan:** I think there will be some remedy, some changes as spending increases. See, there's a certain degree of lazy cash lying in the accounts of every customer, including you and me. Your spending avenues have reduced and probably your digital spending has gone up. So your cash withdrawals from ATMs and your cash loose change lying at home have all come down. That may reverse if the economy picks up and more traction happens. So I think it's a function of that. Let's see how it turns out.

- Moderator:** Thank you. The next question is from the line of Jai Mundra from B&K Securities. Please go ahead.
- Jai Mundra:** Just 2 questions. First is, sir, if you can quantify the FITL amount that you may have given or, I mean, the account which would have taken FITL amount?
- Shyam Srinivasan:** Ashutosh or Babu or anybody, would you have the number? Or Kapil?
- K. A. Babu:** I don't have that number right now, sir.
- Shyam Srinivasan:** Kapil will have for commercial banking.
- Kapil Bhatia:** I will have for commercial banking only. I don't have for the entire bank.
- Shyam Srinivasan:** Okay. What is commercial banking, you can share that. We can extrapolate from that.
- Kapil Bhatia:** Is that FITL amount which we have given?
- Shyam Srinivasan:** Yes.
- Kapil Bhatia:** 54 crores is the FITL amount.
- Shyam Srinivasan:** Yes. So bank would be about 150 crores, 200 crores maximum.
- Jai Mundra:** Right, sir. And second question is, sir, on your ROA tree. So just if I were to look at ROA tree, your margins are in place. And OPEX also as a percentage of assets is also around 2%, which is also comparable. The fee income which is slightly lagging and despite we have seen reasonably good performance in this quarter, but still it is around 60, 70 basis point odd, while I mean, we can see a lot of initiatives on digital merchant fee and probably credit card also. But from 12 months or 18 months perspective, how do you see this fee to asset ratio moving, sir?
- Shyam Srinivasan:** We are tracking to getting it closer to 1.2%. We are at about 1% or 1.03% right now. We have all the initiatives in place to take it closer there.
- Ashutosh Khajuria:** Total assets are 190,000 crores nearly. And I think fee annualized would be in excess of 1,900 crores. So I think we are already at 102, 103 basis points, closer to 103. And I think going forward, I think it can move to 110 basis points.
- Jai Mundra:** Actually, I was removing treasury, but anyway.
- Ashutosh Khajuria:** Calculate for 5 years average, and you can see that for treasury. It's not a 1-year story. See also every year, the number is more or less tracking for the year as a whole, may not be for a quarter, specifically. But year as a whole, it's almost same.

- Jai Mundra:** Sure, sir. And this credit card, is it going to be a big bang launch or this would be some co-branded exercise or it would be some pilot or you have already done proceeds and then it would be standalone Federal Bank big bang kind of launch?
- Shyam Srinivasan:** Standalone Federal Bank card launch for the first few months, maybe a year, we will do for existing customers on a cross-sell and on an invite basis, open to new categories over a period of time. We will see in the portfolio. First 2 months will be to run it on our staff, ensure everything is going well and then we'll open it to existing customers and then build the portfolio. We have a customer base of 80 lakhs and a cross-sell base that is emerging from that.
- Moderator:** Thank you. Well, ladies and gentlemen, we'll take the last 2 questions for today. Next question is from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.
- Kaushik Poddar** Shyam, your exposure to NBFC and HFC is around 11% of the advance. How healthy are these 2 sectors?
- Shyam Srinivasan:** Doing very well, Kaushik. As we always said in all our calls, it's in the blue-chip of that portfolio, looking good, and we are happy with that portfolio.
- Kaushik Poddar:** Are you decreasing your exposure to these 2 sectors?
- Shyam Srinivasan:** Actually, in the names we lend, they are decreasing their borrowing. I would love to lend more to some of these names.
- Harsh Dugar:** But as a percentage of the book, it's come down, Shyam.
- Shyam Srinivasan:** Yes, that's what I'm saying. I would love to lend more to these names, but they are not borrowing enough.
- Kaushik Poddar:** And your exposure to real estate, where does it stand?
- Shyam Srinivasan:** We don't have any direct exposure to real estate.
- Kaushik Poddar:** But in the slide, you have shown 1.2% or 1.4%, something in that range.
- Ashutosh Khajuria:** LRD. Lease rental discounting, which is coming under that. If your lease agreement is for a period less than the term of the loan, then it is to be classified as commercial real estate, CRE.
- Kaushik Poddar:** You're not lending directly to them?
- Ashutosh Khajuria:** There's no construction finance in our book.
- Moderator:** Thank you. The last question is from the line of Manjeet Buaria from Solidarity Investment Managers. Please go ahead.

- Manjeet Buaria:** I just wanted to understand the gold loan lending market a bit better. When we lend to customers, are these the customers who would also consider a gold loan NBFC or they are a very different set of customers because the units in the gold loan NBFCs are quite different. So just wanting to get a sense around that.
- Shyam Srinivasan:** These are not terribly mutually exclusive, but largely a customer who comes to the bank is not somebody who normally goes to NBFC. But I can't say they're like completely compartmentalized. But I would say a significant share is existing customers and customers of the bank who are unlikely to go to NBFC at the outset.
- Manjeet Buaria:** So if I also flip it around, the rates which banks would possibly offer, these gold loans will be much more competitive than these gold loan NBFCs. So what prevents those customers to come to banks with a lot of communication behind what the rates are. Is it that they are not comfortable with stepping into a branch?
- Shyam Srinivasan:** No, that we are growing at this rapid pace when the NBFC is a giant, NBFCs are growing at such a small rate. It suggests that a significant migration is happening to banks.
- Manjeet Buaria:** The reason can be the customers are not really comfortable walking into a bank branch or anything on those lines basically.
- Shyam Srinivasan:** Clearly, I don't fully agree at this juncture. It used to be, but I think that sort of stigma of borrowing against gold has long gone. I'm not saying it has entirely disappeared. And second, even in banks, we are doing reach out, right? I mean, I have our own fintech partner who does the gold at your place, at your will, at your time. So that embarrassment is also vastly reduced.
- Moderator:** Well, ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Shyam Srinivasan for closing comments. Over to you, sir.
- Shyam Srinivasan:** Thank you, everybody. I do think you have a good gist of how we've performed and what we are looking at and how we are tracking. And Anand and team will be happy to give you further clarification if you want. And all the best, everybody. Thank you very much.
- Moderator:** Thank you. On behalf of Federal Bank, that concludes this conference. Thank you all for joining. You may now disconnect your lines.