SEC/LODR/47/2026-27 May 05, 2026

The Manager	The Manager
The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.	Department of Corporate Services BSE Limited, Phiroze Jeejeebhoy Towers, Floor 25, Dalal Street, Mumbai – 400 001

Re: Scrip Symbol: FEDERALBNK/ Scrip Code: 500469

Dear Sir,

Sub: - Transcript of the Earnings Call for the Audited Financial Results for the quarter and year ended March 31, 2026

We wish to inform you that the transcript of the earnings call hosted by The Federal Bank Limited ("the Bank") for the Audited Financial Results of the Bank for the quarter and year ended March 31, 2026, has been made available on the Bank's website at the following link, within the timeline prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

https://www.federal.bank.in/documents/10180/0/Analyst+Call+Transcript_Q4FY26.pdf/4dd0c37f-9e58-4a41-236b-fd42a70e3c08?t=1777984836779

We are also enclosing the transcript of the earnings call with this intimation.

This is for your information and appropriate dissemination.

Thanking you

Yours faithfully,

For The Federal Bank Limited

SAMIR PRAVINCHANDRA RAJDEV

Digitally signed by SAMIR PRAVINCHANDRA RAJDEV
Date: 2026.05.05 20:30:21 +05'30'

Samir P Rajdev
Company Secretary

The Federal Bank Limited
Q4 FY'26 Earnings Conference Call

April 29, 2026

MANAGEMENT: **MR. KVS MANIAN – MD & CEO**
MR. HARSH DUGAR – EXECUTIVE DIRECTOR
MR. VENKATRAMAN VENKATESWARAN – EXECUTIVE DIRECTOR & CFO
MR. LAKSHMANAN V – GROUP PRESIDENT & HEAD, TREASURY
MR. VIRAT DIWANJI – GROUP PRESIDENT & NATIONAL HEAD, CONSUMER BANKING
MR. MANIKANDAN M – HEAD, FINANCIAL REPORTING
MR. SOUVIK ROY – HEAD, INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY'26 Conference Call, hosted by Federal Bank. 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 this conference, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Souvik Roy, Head, Investor Relations, the Federal Bank Limited. Thank you, and over to you, sir.

Souvik Roy: Thank you so much. Good evening, and a very warm welcome to everyone on the call. Thank you for taking time to join us today and for your continued engagement with the bank. We definitely value these interactions and look forward to sharing our annual performance as well and along with, of course, our outlook for the year.

We'll share with the opening remarks from our MD and our ED will walk you through the key highlights of the year and with the strategic priorities going forward. This will be, of course, followed by a detailed Q&A like we always do.

With that, over to you, sir.

KVS Manian: Thank you, Souvik. Good afternoon, everyone. Before Venkat takes you through the detailed financial performance for the quarter, I would like to share a few reflections as we close out the last year. This marks my first full financial year as MD and CEO of the bank. Over the past 18 months period, our efforts have been directed towards sharpening execution, strengthening our core, and aligning the organization firmly with our long-term strategic priorities that we had shared in the analyst meet last year.

Our Q4 performance reflects a strong operational quarter with outcomes that are consistent with the direction we have articulated throughout the year. The progress we are seeing is not incidental. It is a result of deliberate actions taken across both sides of the balance sheet. We have had a record quarter on several metrics, details of which Venkat will cover later.

On the liabilities front, we have undertaken a calibrated restructuring of our deposit profile. Our focus has been on improving the quality and granularity of deposits with a clear pivot towards retail liabilities. We hit a milestone of over INR 1 lakh crore in CASA. Our sharp focus on CASA and specifically CA is clearly showing results. As a result of this approach, we have consciously reduced our reliance on high-value deposits, which has contributed to a more stable and cost-efficient funding base.

At the same time, we continue to build on our traditional strength. Our NRI franchise remains a key differentiator, and we have further strengthened our leadership position in this segment. NRI deposits have now crossed INR1 lakh crore, alongside a continued increase in market share, reinforcing the strength and resilience of this franchise.

On the asset side, we remain committed to a calibrated shift in our portfolio mix. This is inherently a medium-term journey, and we are encouraged by the traction seen across most of our identified focus segments. Growth has been broad-based and aligned with our objective of

improving risk-adjusted returns in a market where we have seen intense and sometimes irrational rate competition.

Our fee income trajectory during the year has been extremely encouraging, reflecting improved cross-sell, better product penetration and a more diversified revenue profile. Profitability metrics have also shown resilience. Our ROA has now reverted back to the pre-rate cut levels, supported by improved margins and disciplined cost management.

During the quarter, we also launched our wealth management business. This is an important step in building a stronger mass affluent franchise as well as deepening customer engagement, enhancing our fee pool and building a more comprehensive financial services proposition for our clients.

In parallel, we have taken a more scientific and data-driven approach to our physical network strategy. Our branch expansion and restructuring initiatives are now guided by detailed studies undertaken by us along with reputed experts in the domain. This is helping us build a more efficient, well-distributed and future-ready branch network. In line with our recent brand refresh, our branches have begun transitioning to a renewed and refreshed outlook.

The project on reimagining our branch operating model is also making very good progress. As we look ahead, our focus remains unchanged, consistent execution, disciplined growth and continued strengthening of the franchise.

With that, I will hand it over to Venkat to take you through the numbers in more detail.

Venkatraman V: Thank you, Manian, and good evening to all of you. Before I give my comments, let me start by congratulating my colleague, Manikandan, for becoming the CFO of the bank, and I welcome him to this key position in the bank and wishing you all the very best Mani.

Manikandan M: Thank you sir.

Venkatraman V: Thank you all for joining us today. I trust you have had a chance to review our investor presentation and disclosures. I will focus on the key financial and balance sheet developments from the final quarter, but before that, a few comments on the macro environment.

The Q4 macro landscape remained largely resilient with growth momentum strong and inflation within the RBI's 2% to 6% tolerance band. Headline CPI averaged approximately 3.1% for the quarter. The core inflation narrative remains constructive and core CPI averaged around 2.1% for the quarter, reflecting continued supply side efficiency and absence of broad demand side pressure. Food inflation was contained early in the quarter, but picked up towards March, reaching 3.87% and this is a trend which we have to monitor going into Q1 FY'27.

On the policy side, RBI held the repo rates at 5.25%, following 125 basis points of easing through calendar 2025. The principal macro risk to flag is obviously the West Asia conflict, which escalated late in the quarter, 28 February onwards and introduced volatility into global energy markets. The full inflationary pass-through is expected to reflect -- from Q1 -- later part of Q1 FY '27. That said, India's macro fundamentals remain on strong footing.

The operating environment while carrying new uncertainties into FY '27 remains fundamentally sound. Our focus on high-quality credit and balance sheet discipline has kept us well buffered against external uncertainty. The deliberate shift in our portfolio towards secured and granular assets over the past few years has positioned us well.

Now coming to the performance for the final quarter. It was a quarter of robust execution. Let me call out that the numbers I'm going to spell out are on the underlying performance metrics, which will be detailing our core earnings trajectory, excluding impact of one-off gains. You would have seen in the deck, we have called out some one-off gains and the impact of that.

We delivered INR1,145 crores in net profit, representing nearly 10% sequential growth. Now this is the highest ever quarterly net profit for the bank. The performance was driven by healthy NII, fee income and disciplined cost management and tight monitoring of our asset quality. As we have emphasized before, these outcomes are the result of deliberate shift in our balance sheet towards a more granular and durable profile.

The total business as at 31, March stood at INR5,78,959 crores, growing at 4.63% Q-o-Q and nearly 12% Y-o-Y. Our liability franchise remains the bedrock of our stability. CASA balances crossed the INR 1 lakh crore mark to close at INR1,03,390 crores, growing 8.26% sequentially and nearly 21% Y-o-Y. Our NRE deposit, which is our moat, reached a significant milestone crossing the INR 1 lakh crore mark to close at INR1,02,620 crores. This represents a robust 13.2% Y-o-Y increase, underscoring the deepening trust and strong engagement.

Our CASA ratio improved to 32.94%, an increase of 87 bps Q-o-Q and 271 basis points Y-o-Y. This is amongst one of the best in the industry. The steady improvement in our funding mix is materially enhancing our durability with the cost of deposits declining 5 basis points Q-o-Q to 5.43%. On advances, our gross advances closed at INR2,68,369 crores, up 3.65% sequentially and nearly 13% Y-o-Y. Growth continues to be led by the segments. We have consciously prioritized for superior risk-adjusted returns.

Commercial banking grew nearly 6% Q-o-Q and 26% Y-o-Y, maintaining its position as a primary growth engine. Agriculture and microfinance both saw healthy traction, growing 5% and 7.28% Q-o-Q, respectively. Our CV/CE business saw a sharp uptick of 8.5% sequentially. Our gold loan portfolio delivered a robust performance once again, growing 26% Y-o-Y and 9% Q-o-Q. This momentum in gold loan growth has been maintained despite the fact that we were downsizing the book of a specific subsegment to ensure full alignment with the latest regulatory framework.

Our LAP portfolio expanded by 8% Q-o-Q, reflecting strong underlying demand and our focused approach. We expect this growth trajectory to further accelerate in the coming quarters as we continue to deepen our penetration in this high conviction segment. In the business banking, we saw a growth of 6% Y-o-Y. This was a conscious decision to prioritize portfolio health and yield protection. While our commitment to the MSME sector remains steadfast, our focus is on calibrated growth.

Our corporate and institutional banking book remained essentially flat Q-o-Q, reflecting a deliberate shift towards credit selectivity. Amid global geopolitical noise and evolving trade dynamics, we have prioritized portfolio quality and pricing discipline over headline volume. With exposures within high-rated counterparties, we are preserving capital and reinforcing the long-term resilience of our wholesale balance sheet.

Now coming to margins and core income. NIM for the quarter was INR2,716.66 crores, growing 2.4% Q-o-Q and 14.2% Y-o-Y. NIM expanded to 3.20%, up 2 basis sequentially. This was supported by a further reduction in funding costs within the overall cost of funds declining 4 basis points to 5.46%. The other major callout is on the fee income, which is again a record best ever, stood at INR990.92 crores, a strong growth of 10.5% Q-o-Q and 24% Y-o-Y. Total other income reached INR1,145 crores.

Fee growth remains well distributed and continues to strengthen the quality of earnings. Our cost-to-income ratio improved to 52.86%, down 106 basis points sequentially, which reflects the operating leverage within the franchise. During the quarter, we expanded our physical presence by adding 39 new branches, staying consistent with our calibrated and like Manian mentioned, data-driven approach to network expansion.

Our asset quality metrics continue to remain strong with GNPA and NNPA both at decade best. GNPA declined to 1.62% and NNPA down to 0.37%, down 5 basis points Q-o-Q, marking another all-time low for the bank. Our provision coverage ratio, excluding technical write-offs, increased to 76.55%, up 141 bps sequentially. Credit cost for the quarter was maintained at 47 bps, reflecting our high standards of underwriting and portfolio quality.

As Manian mentioned earlier, both ROA and NIMs have reached pre-rate cut levels. ROA increased to 1.24%, up 9 basis points sequentially. If you recollect Q1, it was 1% ROA, and we have ended the year at 1.24%. ROE improved to 12.47%, an expansion of 79 basis points Q-o-Q.

To conclude, Q4 reinforces the fact that we are building a more stable, margin-led and resilient franchise. Our priorities remain unchanged, strengthening the liability franchise, growing in chosen segments and maintaining a tight grip on credit quality and cost, while global uncertainties, including the situation in West Asia require us to remain watchful, the granular and secured nature of our balance sheet ensures we are well positioned across cycles. We move into the new fiscal year with a focus on risk-adjusted profitability and consistency of outcomes.

Thank you, and we'll now open up for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session…

Souvik Roy: Operator, before we start, just a small request from our end to all participants, if you can keep your questions to a maximum of two, and refrain from repeating points that have already been covered. That will help us ensure that we can take questions from everyone on the call. Thank you.

Moderator: Our first question comes from the line of Rikin Shah from IIFL Capital.

Rikin Shah: First of all, compliments on continued traction in your CASA and fee execution for the last few quarters. I had a few questions, but maybe I'll come back later with more questions. I'll restrict myself to two first. Given the balance sheet realignment that you were doing this year, both your loan and deposit growth has been below system in FY'26. Now once this realignment, which seems to be largely done, could you comment on the growth outlook going ahead? That's the first question.

Second one is on staff expenses, which declined about 9% sequentially. I'm presuming that is due to lower retiral provisions in this quarter. If you could quantify the same so that we can understand the normalized trends. Lastly, just a clarification one. The onetime provisions of INR456 crores are included in PCR. Why not in contingent provisions? Why are they included in the provision coverage? Those are my 3 questions.

KVS Manian: Answering your first one, Rikin, if you look at our deposit growth, I think it is important to go below the surface. If you look at the surface, the deposit growth seems lower than the system. If you just go one level down and look at our CASA growth, it is significantly more than the system in terms of growth rate. Even our retail term deposit growth is higher than the system.

Actually, we have grown our wholesale deposits negatively during the year. That is a measure of strength rather than weakness is the way we read the situation because as you know, the wholesale deposit rates were fairly elevated especially during the last quarter and in the last 2 quarters actually.

The fact that we could fund our balance sheet with low-cost liabilities and retail term deposit is a measure of strength and not weakness. We think we have also resorted to very low borrowings during the year. Therefore, we have a lot of gun powder and free to fund growth going forward. We feel fairly confident on the liabilities.

Even on the asset side, again, I would request you to go one level deeper than just looking at the broad headline number because if you take all the media leading areas that we have chosen and we have stated that we want to grow have all grown extremely handsomely, whether it is gold at 9% or LAP at 8% or all of them, actually, each of them has grown extremely handsomely.

We feel fairly confident and remain focused on growing these segments because it is important for us to be focused on profitable growth, and there is enough opportunity in building growth on that basis. We think we get increased traction from going from here, not lesser traction. That's about the growth question.

Rikin Shah: Futuristic comments for FY'27, if you can. I mean, fair points, the points that you clarified are well taken. If you could offer any guidance on FY'27, that would be helpful on growth.

KVS Manian: Rikin, all I would tell you is that we have clearly seen acceleration in all the areas we have chosen, and we'll continue to build this acceleration and it will get better. If you recall, last quarter, Y-o-Y looked 8%. Today, it is looking 13%, right? Obviously, there is traction building up, and we are confident of building traction further from here. Let me leave the guidance at that.

The second question you asked was about the staff cost. We don't want to quantify that because there are provisions that happen through the year and things like that. Those are not easily quantifiable as to what exact impact that has had. All I would say is that this is normal course of business. It happens during cycles. There are gains and negatives. We treat them as BAU. That is on the second.

Venkatraman V: Yes. On the provisions, Rikin, the conditions remain the same for withdrawal, both floating NPA versus floating standard. But let me make it very clear, we don't have any particular portfolio where we want to provide this for or there's no concern. First thing I want to make it very clear is there is nothing which we have specific to offset this again.

Having said that, the fact that it's a onetime gain, we wanted to be conservative and create a buffer. This, we believe we can -- as per the draft guidance, we can use it during the ECL transition, which is around the corner.

Moderator: Our next question comes from the line of Akshay Jain from Autonomous.

Akshay Jain: My question is again on growth. How does the war change your outlook on growth? You had indicated that the war led to increase remittances during the early days, but now since things have settled, how is the remittance trend versus historical rates? Will it warrant a relook at growth assumptions on both deposit and loan side?

That's my first question on growth. Number on margins now are behind us. How should we look at margins into FY'27? Is there any further deposit repricing left? Or is it more or less done? Those are my two questions.

KVS Manian: Answering your second one first, Akshay, there is still scope for deposit repricing. As we have earlier also guided that our deposit pricing goes into next -- I mean, the first quarter of this year as well as maybe early part of the next -- second quarter as well. There is some -- still some deposit repricing potential that is possible from here where we stand. Of course, but our NIM expansion, as you can see from our numbers, is not only a deposit repricing story, right?

It is a mixed story on the liability side on CASA. It is on repricing of deposits. It is on reprice mix on term deposits, retail versus wholesale. It is a mix story on the asset side, medium yield assets versus low-yield assets. It is a composite complex story. It is not one trick pony. There are multiple levers we still have to work on expansion of NIM from here.

If you really look at our NIMs of last year versus this year, full-year, if you just take the last full year NIM versus this full-year NIM, you will notice that we have just lost about 2 basis points in our NIM over the entire year basis. That's probably one of the lowest in the sector, right? There are very few banks which have been able to defend their NIM as well as that. Our NIM story is about multiple levers being pulled, and we are confident that we'll continue to remain agile and build that NIM expansion from here. That is on the NIM part.

Your second part was on the remittance and that story. Again, let me just clarify, while our remittance story was good and the NR deposit story was good and we crossed INR 1 lakh crore deposits of our NR book term and CA put together has crossed INR 1 lakh crore. The fact

remains that our resident SA and resident CA and resident term deposits have grown even faster than our NR growth. It's not that our balance sheet is driven -- the growth is being driven by NR remittances and NR deposits. Again, it is a multiple lever story. Just clarifying that.

Remittances as of now, remain elevated. I don't know how this plays out. It is anybody's guess, but my sense is that unless you see significant job losses and returning Indians from UAE for good into India, I don't think this story is likely to change immediately. Of course, whether that happens or not, I can't predict. If that doesn't happen, I think Middle East will be in a rebuild mode and that will probably need more people to go there and therefore, robustness of that remittance may continue. I would say early to say anything negative about it. As of now, we are seeing positive.

Akshay Jain: Just a follow-up on margins. We are seeing that even larger banks are facing it difficult to pass on the December 25 basis point rate cut. How is Federal placed on this front? Number two, is there any day count impact on NIMs this quarter?

KVS Manian: Yes. Day count impact is there, but I mean, we just take it in our stride. That's it. It is there, of course, Day count impact is there. Just answering your last one first. Before that, going back, of course, we have to compete in the market, and we have to pass on the rates as it is required. Obviously, like I mentioned, we have defended our NIM does not mean the defense came only through assets or liabilities, right? Obviously, our asset yields would have dropped and our costs would have dropped and we would have maintained the NIM.

As I said, as long as in the segments that we want to build growth, we continue to find the risk return okay. We are happy to compete and grow. Only when we find that the risk return trade-offs and the ROEs are not good enough is when we are hesitant. Just now, we are not seeing that in our chosen areas of growth. Of course, I'll be happy to get some more yield on assets. That is another thing we are working on. We are also increasing the discipline on pricing through pricing tools, RAROC-based tools and things like that. All that is, of course, part of the execution process, which we are -- which we remain focused.

Just to repeat that, both on NIM as well as on ROA, we are back to our pre-rate cut cycle levels, and those were at the peak of the cycle and what we are now are at the bottom of the cycle. I would like to believe that there is a qualitative difference between the same NIM and ROA between then and now.

Moderator: Our next question comes from the line of Piran Engineer from CLSA.

Piran Engineer: Congrats on the good set of numbers. Just firstly, sir, as we think about calibrating or we have been calibrating business banking growth, you said because of yields and asset quality, won't that impact our current account growth?

KVS Manian: No. Piran, no, that is not impacting our current account growth. At some level, they are connected, but it is not that they are 100% connected. If both work, yes, I agree that both will feed into each other and will be better. Having said that, we can grow our current account irrespective of what we do on BuB.

Piran Engineer: Our target CASA ratio of 36% stays, right?

KVS Manian: Why not? Piran, as you know, we are close to 33% now, right, 32.9%. We are almost 300 basis points up since we started this journey, right? If we can do that in 12, 15, 18 months, we have done that. There's no reason for us not to believe 36% is getable at some point, yes.

Piran Engineer: Secondly, just on fee income growth. Now last year, we've done much better than our peers. Now one part of it was just rationalizing fees across various products. It will be like a onetime reset, right? Now from this base, how should we think about the drivers of fee income growth or the drivers of a fee-to-asset ratio upward going forward?

KVS Manian: In the past also, I have said that there are fee, apart from general banking fees, which we have reset some of it and we have worked on increasing them. There are 3 key drivers of fee. One, credit card fees; second, wealth management fees; and third, trade and forex fees. We are seeing some traction in trade and forex, but we can do more.

We believe we can do more. In cards, we are growing fairly at a good clip, and I think we will continue to build that, and that journey is just about begun. Wealth is journey has just not even begun. I mean I would say we are just a few months into that business. I think there are enough levers again there for us to continue driving fees.

Piran Engineer: Just the last question for Venkat. Sir, now that you've moved on from the CFO role, what functions will you be overseeing?

KVS Manian: He oversee the CFO role. CFO will report into him. It's more a separation than giving up the role. We have separated the role of CFO from Venkat. So Mani will be the CFO, but he will report to Venkat since he has now been elevated to the ED level, he has other functions.

Venkatraman V: And Piran not to worry, most of these are rolling up to me only. Enough to do.

KVS Manian: Broadly, as you know, many of the support functions, many of them apart from CFO, IT, Ops, vigilance, there are many of them which roll up into Venkat.

Piran Engineer: Okay sir, that is it from my end. Thank you and wish you all the best. And thank you once again for not this continuing that Saturday's practice. Thank you for that.

Venkatraman V: We have taken your feedback seriously, so far.

Moderator: Our next question comes from the line of Kunal Shah from Citigroup.

Kunal Shah: Firstly, after this onetime provisioning that we had done, does it change our credit cost outlook? Maybe would we require a slightly lower provisioning given that we have already scaled it up or maybe transitioning into ECL, we would still continue to maintain like, say, 45, 50 basis points of credit cost guidance?

KVS Manian: Yes. Our credit cost guidance is not influenced by this action. This action is primarily as a transition into ECL. Primarily, that is the purpose of this -- step we've taken. Just to clear, our

credit cost guidance has been 50 to 60 basis points in the past. Of course, we have done better than that in this year. Broadly, we have -- if you take the year, we are about 56 basis points.

Kunal Shah: Maybe last few couple of quarters, it's been between 45 to 50, but we still continue with 50 to 60 basis points of guidance.

KVS Manian: Guidance there. Especially, we don't want to meddle with the guidance just now. In view of the uncertainties in the environment just now, we don't want to review our guidance for now. Having said that, if the situation clears and there is better clarity on this Middle East and other geopolitical issues, we will review and let you know. Right now, we don't want to change our guidance on that.

Kunal Shah: In terms of the exposure linked to Middle East, maybe on the liability side, we know the proportion which is there on the NR deposits. Looking at our presence out there in South, would there be on the retail side, maybe what percentage of maybe the portfolio could be exposed to Middle East and could there be any risk out there?

KVS Manian: You are talking about the asset side portfolio?

Kunal Shah: On the asset side, yes, maybe particularly for maybe the families which are based out of Middle East and we would have given them the loans over here.

KVS Manian: All I can tell you is that it is not a large exposure. NR segment per se is a more liability-centric segment than asset-centric segment. It's not a large exposure. Like I mentioned a while back, unless we see job losses and people returning back to India kind of a situation, we don't see -- we don't expect trouble. Just having told you that we have gone through this situation post-COVID as well, right, when a lot of disruption on this front we saw. Even then the credit costs were reasonably controlled and stable. As of now, we have no reason to believe that it will be dramatically higher. It will have high impact.

Kunal Shah: Just one last clarification. Is the entire IT favorable orders have been considered in this quarter because the filings which have been done and the benefit which is flowing in, there is some deviation out there. Will there be more that will come through in the first quarter or largely it is accounted for?

KVS Manian: No. What we have reported is about close to about INR1,500 crores -- approximately INR1,500 crores of refund. Refund has 3 parts to that. One impact of that is interest on that refund that we have got, which is the INR456 crores number that you see in our -- as a one-off. The second is tax provision reversals, which is INR115 crores roughly number you see there. That is the second. Third is the balance sheet -- rest of it is a balance sheet item, which is excess tax paid refunded back. All the INR1,500 crores that we have reported earlier have been accounted for in this.

Kunal Shah: INR900 crores, INR950 crores is directly into the balance sheet?

KVS Manian: Yes, that's right. roughly. Yes, broadly. I said, INR450 crores, INR115 crores and the balance, other assets on the balance sheet, yes.

Moderator: Our next question comes from the line of M.B. Mahesh from Kotak Securities.

M.B. Mahesh: A couple of questions from my side. First, again, continuing on what Kunal asked also. On the ECL side, just if you could just kind of give us some color on -- does the 50 to 60 basis points of credit cost that you're guiding continues in that regime as well? Or is there a reassessment to that number?

KVS Manian: No, that we have to reassess, Mahesh. As things stand today, our past guidance was that. All I said was we are not changing the guidance just now. ECL, change in the West Asia situation and all that are events which we have not built into that.

M.B. Mahesh: Just if you were to ignore the Middle Eastern crisis today, if you could just kind of give us how are you thinking about how the ECL change the provisions for you?

KVS Manian: Mahesh, yes, it's still too early. We are assessing that. Let's come back to you with the proper studied response on that rather than a quick response. As you know, this came only 2 days back. We are still evaluating what the full implications will be. We'll come back to you.

M.B. Mahesh: Second question is that in terms of the given conditions at which we are today, would you delay the kind of riskiness of the profile that you are trying to build today? Will there be some delay to it? Or you would say that there is nothing required at this stage we can continue with the current plans that you're having?

Let's assume that if you're building your LAP book, if you want to build your personal loan book or your credit card book or your MFI book a little bit faster. Do these things change today? Or you think that it's not required right now?

KVS Manian: No. I think we -- nothing has changed in our plan. I think as of now, we have no reason to rethink our plan. Nothing has happened, which makes us rethink or reevaluate our plan. We will continue to build that. We'll continue to focus. If you have seen, we have begun in a small way to build the MFI last quarter. So I think our plans do not change. Cards, we are building, as you have seen, that is unsecured. Nothing changes in our mind, just now.

M.B. Mahesh: Just one clarification. In your internal policy, till what can you take your gold loan portfolio to?

Venkatraman V: See, currently, Mahesh, the gold loan portfolio is around a little less than 14%, and we haven't set the kind of any outer limit, but its will within our risk appetite, and we will take a call. Let's say, if it's goes closer to 20%, we'll reevaluate at that time and decide whether it's appropriate or not, but nothing like a sealing at this stage.

Moderator: Our next question comes from the line of Jai Mundhra from ICICI Securities.

Jai Mundhra: First question on gold loan practices. Gold loan, of course, the prices vary quite a lot, and even in third quarter, they would have varied from more than INR15,000 per gram or maybe INR16,000, INR16,500 per gram to now INR15,000 below. Do you calculate the gold prices on a daily basis or you do some 1 month, 2-month average or there is a cap at the upper level? How does this work?

KVS Manian: I'll ask Harsh to answer that.

Harsh Dugar: What we do is the two things which we do. One is we take the last 30 working days average gold price and the previous day's gold price, the lower of the 2 is taken. That's a normal course. In times of extra volatility, we reduce the LTVs also. I mean -- yes, we reduce the LTV also. There are two things either.

KVS Manian: We take the lower of the two last day as well as average last 30 days as well as last day. We take the lower of the two and apply.

Harsh Dugar: Apart from that, depending on volatility, like in March 4, when we saw increased volatility in gold prices, we have also increased the margin over there so that we protect the portfolio. At this point of time, our gold loan portfolio LTV is below 54%.

Jai Mundhra: Second question is on cost to income, like we had a guidance that we gave in the Strategy Day. Does that hold? Or I mean, any thoughts on that cost to income guidance?

KVS Manian: If you see our numbers even this quarter and if you adjust for the onetime, we are in the 53-ish range, right? We had always guided that we will remain in this range bound in this 53%, 55%, 56% kind of range bound, we will remain depending on the quarter. It has some seasonality impact as well. Right now, we have, again, no reason to change our guidance on that. We will stick with our guidance. We have done slightly better than the guidance in the year, but I would say we would right now keep the guidance as it is.

Moderator: Our next question comes from the line of Param Subramanian from Investec.

Param Subramanian: Congrats on the quarter. My question is on the -- in Slide 17, you're showing your overall retail banking, your retail advances, and that is -- the overall retail book is flat Y-o-Y. Now I picked up at the beginning, you mentioned that there is some deposit repricing left, the repo rate cut pressures look like they are behind. Would it be fair to assume that you will now start pushing the pedal on this, which you have not been doing over the last year or so?

KVS Manian: Primarily, Param, if you look at one of the retail thing that affects our growth, overall retail growth is the home loan business. Our LAP is growing, our gold is growing, our agri is growing, CV/CE is growing, MFI is growing. There are majority of -- but the weightage of the home loan book is large, which is the largest book. Therefore, that overall drags our growth number down on retail.

On home loan, I'm quite clear that we'll remain agile. If we think our -- if the pricing gets in the range where that risk return trade-off is acceptable to us, we will -- as a product, we don't have anything against it. Just now, the current market price is what -- Param, on a lighter note, 15 years home loans are getting priced at 7.15% and deposits are going at higher rates than that last quarter, right? We don't see any sense in pushing the pedal on that. As and when it makes more sense to us, yes, we will look at it.

Even our credit card, all the retail segments other than home loan as a product, auto probably to some extent, again, auto rate pressures have been high, but more driven by home loan. Home loan is something that drags it down.

Param Subramanian: Again, now on the mix, right? Where are we right now in our journey, I mean, you've made great progress on, say, shifting the mix towards medium yield, as you've called out. Where are we as any medium-term target? Because I was just taking the analyst meet presentation that you made in February last year. The classifications, I think, are slightly different. Any numbers you'd call out in terms of the mix shift with low, medium, high that you're calling out in Slide 19.

KVS Manian: Yes, 19. No. Param, that journey is still -- as I said in my early this thing also, it is a medium-term journey, right, because it's a book. Incrementally, we can change the volumes quickly, but the book takes time to do. If you look at our journey in the last, say, 1 year, March '25 to March '26, our low-yield book has dropped from 52.2% to 49.8% kind of numbers, right? It's about 2%, 2.5% movement. Our mid-yielding segment has moved by, again, similar number, about 2.5%, right?

The more interesting part, if you ask me going forward in the quarters to come is also the high-yielding book, right? If we try to -- our cards has been consistently growing. MFI, we have begun to grow again. PL, we have begun to grow again. I think there is potential to grow some of that. I think this journey is still -- we are in the journey. I don't think we have reached where we want to reach.

Param Subramanian: One last question, if I may. See, on the corporate book, I mean, what we can see in terms of data, it seems to suggest that the corporate spreads are improving. Is that something that's a growth avenue for next year? Because I'm just trying to understand because low yielding is still 50% of your book, what you're calling out in that pile. Housing, you're saying we are still going to be cautious. Is corporate something that you are more positive on growth going into next year?

KVS Manian: Corporate, two things I would tell you. One is, of course, within corporate, we are also putting more focus on the mid-market rather than very large corporates, which gives us a yield uptick. That's last year, almost 75%-plus of our NTB acquisitions have been more in the mid-market companies rather than the large companies. That is one effort that is going on that will show up in terms of yield.

The second more important thing about corporate is unlike retail in the corporate, it is probably easier to target revenue wallet and get a better share of that. Therefore, things like I mentioned trade forex and current account, if you see our self-funding ratio has gone up in corporate. Liability business, our CMS platform has continued to do well. I think there is opportunity in the corporate to look at a customer level revenue and do better more easily than it is in the retail side, right?

In the retail side, cross-selling is a more difficult proposition. I would say in corporate, yes, we don't want to grow corporate at 18%, 20% kind of rates, but early double digits, we are happy to keep growing that. There, our focus will be to increase cross-sell and increase profitability rather

than just the book. Corporate is less of a book business, right? It is booked and new business, yes.

Param Subramanian: Congrats on the quarter and especially phenomenal progress on CASA.

Moderator: Our next question comes from the line of Nitin Aggarwal from Motilal Oswal.

Nitin Aggarwal: Congrats on a strong quarter. I have one question like is on the branch expansion. We have opened like lower branches this year versus what we opened last couple of years. How critical is branch expansion for us to sustain this liability and the CASA mix growth as that has been one of the key focus area. How do you think about that?

KVS Manian: Nitin, if you recall in our earlier calls, we have discussed that we -- in the first half of the year, we deliberately went slow because we wanted to bring more science into evaluation of our existing network and how we plan our future network, which is an exercise we did. We also wanted to work on rebranding and redesigning our branches going forward. We have decided that we will keep the number low in the first half. As we get comfort with that exercise, we will start building the branch network back.

Of course, we finished that exercise and we have -- as you know, we did a brand deal, relaunch. We have a new branch layout also in place now the design in place. We have also completed the exercise about studying our network. We have also come to conclusions on what we need to -- what restructuring of existing network we need to do in terms of, relocation, restructuring a branch, relocating a branch and things like that.

Now we have more comfort, and that's why you see in the last quarter alone, we have added over 30 branches, 39 branches in the last quarter. We think we will continue to be focused. As of now, we plan to launch about 100 branches in the next year. Yes, branches are important in the liability strategy.

Remember, the part of the restructure exercise and relocation exercise will also improve productivity of the existing network. Our CASA growth is not, again, just a number of just an outcome of new branches that we will put. It is also about how to get more out of existing network. That is an important consideration for us.

Moderator: Our next question is from the line of Rohit Ahuja from Lotuslion Ventures.

Rohit Ahuja: You have demonstrated strong operating leverage with cost to income falling sharply and ROA improving to around 1.36%. How do you see this going forward? What could be the drivers that could possibly take it above 1.5%? Do you see any execution risk that could prevent that from happening?

KVS Manian: Rohit, first, let me just put a note of caution on that. If you notice our deck, we have with one-offs and without one-offs stated. In fact, in entire commentary that Venkat used, he used the without one-off ratios, right? With one-off, it looks like 1.36%, but without one-off, it is 1.24%. Just for the purpose of clarity, I thought I'll mention that. Having said that, yes, journey is to where you are saying, and that is something that we will continue to work on.

That, as I said, again, all the 3 -- at a broad level, as I always say, that there are very 3 simple things to do. They are not as simple as -- of course, that was in a lighter vein. Liability costs and therefore, mix and right mix of liability, right mix on the asset side, second and fee growth is third. The fourth potential can be the cost aspect.

As I have always guided in our next 12 to 18 months journey, I think we don't want to guide on cost too much, but on the other 3, we want to continue maintaining that momentum of improvement. As you can see, we touched 1% ROA three quarters back. We are up to 1.24% just now. Let's see what we can maintain. Of course, this was an exceptional cycle rate change cycle. Yes, our objective is to continue the trajectory of expanding both NIM fees to assets as well as ROA, ROE, therefore, results.

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

Anand Dama: Can you help me like what is the LCR for quarter?

KVS Manian: 119.

Anand Dama: You plan to maintain it around these levels or you want to take it up?

KVS Manian: Yes, we are comfortable with 115 to 120 range.

Anand Dama: Secondly, I think you talked about the -- there are no job losses as yet, and so you do not see any immediate retail stress. But on the MSME and the business banking side, do you see some stress customers coming and talking about that they've been stress at this point of time and to come up for restructuring? What's the ground situation at this point of time? Can you just elaborate that?

KVS Manian: Anand, based on our current portfolio behavior, we have no reason to report any stress. If you have seen our slippages, they have remained 0.74%, which is low -- I mean, it's in a very acceptable range that it has been all the time. Even looking at our current SMA-1, SMA-2, we have no reason to believe that there is any stress building up in our portfolio just now. This is always an evolving situation, and I don't know how deep this problem gets. All I would say is I don't have anything to report as on today.

Anand Dama: So, the provision that we have made in this current quarter floating provision, that is more towards ECL than…

KVS Manian: Yes, absolutely. floating provision has nothing whatsoever to do with asset quality. Our asset quality remains absolutely robust. No deterioration in it. This is primarily as a transition to ECL.

Anand Dama: What would be the overall ECL impact if you have assessed?

KVS Manian: We will come back to you on this. We have not yet fully assessed the impact. There are -- of course, this is just 2 days old, final. We will work on that and come back with our numbers.

Anand Dama: Based on the older guidelines in October 2025, what will be the impact?

KVS Manian: referring to new guideline guideline, there is a lot of change, Anand, because the flows -- I mean, there is a lot of change. From old guideline to the draft, there was a lot of change. I think what has not changed is draft to this outcome, not much has changed, but we will assess the full impact and come back.

All I can tell you is that our asset quality is reasonable and robust. Whatever impact will have, of course, it will be an industry-wide impact. Therefore, we do hope that given our robust asset quality, our impact should be reasonable.

Moderator: Our next question comes from the line of Jayant Kharote from Axis Capital.

Jayant Kharote: Congrats on a great set of numbers. The first question is on the LCR disclosures. I see it's fallen below 120%. This is now almost like a 20%-point Y-o-Y decline, and it's been steadily moving down. What is your internal Board level threshold and what is your comfort level to operate at? The context of this question is as we are accelerating on growth, the ask from our CASA growth will probably move beyond 20% next year if this LCR lever is not to the same quantum?

KVS Manian: Kharote, this LCR with respect to CASA and all that, I don't know. That is a complex question, so I will not get into that. All I would say is we are currently operating at about 120% roughly. We are comfortable operating at 115% to 120%. In fact, we have consciously brought it down from earlier levels of 135%, 140% that we used to maintain earlier. That is also a NIM destroyer, right? Higher LCR than required is also a NIM destroyer. It's a conscious call, and we are quite comfortable with 115%, 120%. As you know, regulatory requirement is 100%. We are quite comfortable.

Jayant Kharote: 115-120 is your comfort zone. Second question is with regards to your credit card book growth, it is moving quite differently from the industry, 23% Y-o-Y. What would be the growth in interest earning assets? Fair to assume the transactor growth will be much higher 30% - 35%?

KVS Manian: I'll ask Virat to take that question.

Virat Diwanji: Yes. In terms of your assumption is correct, the growth of transactor is pretty robust because bulk of the credit cards -- organic credit cards that we issue are given to our existing customers. From that point of view, the transactor percentage is growing. Having said that, the overall interest-earning book has also seen some growth and more on the transactor side rather than the revolver side.

Souvik Roy: Thanks. Jayant and operator, with this, we'll close the call, and thank you all for joining us today. I would like to again extend our thanks to Mani sir on his appointment as the CFO of the bank, and we wish him to continue our business with you all of us. On that note, we take the call to close. If you have further queries, feel free to reach out to us. We'll be available for further chat. Thank you so much, and have a lovely day ahead.

Management: Thank you.

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