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April 30, 2026

BSE Limited
Listing Department,
P J Towers,
1st floor Dalal Street.
Mumbai 400 001

Scrip Code: 532772

National Stock Exchange of India Limited
Listing Department,
Exchange Plaza, 5th floor, Plot No. C/1,
G Block Bandra – Kurla Complex,
Bandra (East), Mumbai 400 051

NSE Symbol: DCBBANK

Dear Sirs,

Re: Transcript of the Earnings Conference Call held on April 24, 2026

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the transcript of the Earnings Conference Call held on April 24, 2026 with respect to the Audited Financial Results of DCB Bank Limited (“the Bank”) for the quarter and year ended March 31, 2026. The same has also been uploaded on website of the Bank and can be accessed at the link given below:

<https://www.dcb.bank.in/api/dcb/assets/2026-04/DCB-Bank-Q4FY26-Earnings-Call-Transcript-April-24-2026.pdf>

This is for your information and record.

Thanking you,

Yours faithfully,
For DCB Bank Limited

Rubi Chaturvedi
Company Secretary &
Compliance Officer

Encl: As stated above

DCB Bank Limited



DCB Bank Limited

Q4 FY '26 Earnings Conference Call

April 24, 2026

**MANAGEMENT: MR. PRAVEEN KUTTY – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – DCB BANK LIMITED
MR. SRIDHAR SESHADRI – WHOLE-TIME DIRECTOR –
DCB BANK LIMITED
MR. RAVI KUMAR – CHIEF FINANCIAL OFFICER –
DCB BANK LIMITED
MR. AJIT KUMAR SINGH – CHIEF INVESTOR
RELATIONS OFFICER – DCB BANK LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the DCB Bank Q4 FY '26 Earnings Conference Call hosted by Adfactors PR. Joining on the call is the senior leadership team of DCB Bank, Mr. Praveen Kutty, Managing Director and CEO; Mr. Sridhar Seshadri, Whole-Time Director; Mr. Ravi Kumar, Chief Financial Officer; Mr. Ajit Kumar Singh, Chief Investor Relations Officer. As a reminder, all participant lines will be in the lesson only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Praveen Kutty, Managing Director and CEO from DCB Bank. Thank you, and over to you, sir.

Praveen Kutty: Thank you, Youssef. Good evening, ladies and gentlemen. Welcome to DCB Bank's Q4 earnings call. In line with what we said before, consistency, predictability, repeatability are very critical to us. This is the eighth successive quarter I've been presenting the results. And I'm happy to say that the bank continues to grow in line with the stated milestones and the objectives that we have articulated in the last 2 years.

Bottom line first. The profit after tax for Q4 is at INR 206 crores and the full year is at INR 732 crores, both of which are the highest ever in the history of the bank. This is the third successive quarter of registering highest quarterly profit, underlying the inherent consistency of our output. The bottom line is keeping pace with the top line and the operating jaws are widening. 16% income growth, 11% expense growth, full year operating profit, 25%, which is the highest in the last 8 years. You'll be hearing the sentence quite a lot in the next 10 minutes of my opening speech.

In Q4, advances have grown by 18% on a year-on-year basis and 6% in the sequential quarter. Deposits have grown by 21% on a Y-o-Y basis and 7% in sequential quarter. We continue to ensure that the deposit growth outpaces the advances growth. The good part of the deposit growth is that the granularity of the portfolio continues to improve. Top 20 ratios well under 7%, 6.55% against 6.61% in the previous year. Further, this growth is coming at lower costs.

Cost of deposit in Q4 is 44 basis points lower this year as compared to Q4 of last year. The advances growth is coming from our chosen products, the secured, small ticket and granular. Mortgage, corporate, gold loan, agri, tractors, KCC, construction finance, educational institution loans have contributed heavily to this particular growth.

I want to take you through some of the commitments made in the beginning of the year, one of which was that we said that the co-lending book at the end of the year would be less than 15%. It is at 13.9%. Actually, the co-lending book has decreased in absolute terms between Q3 and Q4 end. On net interest margin, the uptick continues, 3.39%, which we recorded in Q4 is 12 basis points higher than the sequential quarter and 10 basis points higher than the previous period -- in the same period last year. Remember, we also had a 25 basis point rate cuts full impact happening in Q4.

Treasury had a very muted quarter as far as fees is concerned, as expected. But our third-party distribution and other fee avenues demonstrated a fairly healthy growth, resulting in our core fee income growth of INR 198 crores, which is the highest ever in the history of the bank. Gross NPA, coming to the portfolio quality, is at 2.45%. Net NPA is at 0.89%, both of which are at 7-year lows.

Our full year credit cost is 40 basis points. I want to harp back to the Q1 guidance in which I said we had a 59 basis points credit cost in Q1 and had assured that there's no way we're going to be higher than 45 basis points credit cost for the year, we had clocked in 40. Our upgrades and recoveries during this quarter was 109% of fresh slippage. Our absolute gross NPA of INR 1,496 crores at the end of the year is lower than what it was in the beginning of the year.

It's all about the output. What gives us confidence going forward is that the slippage ratio is 2.28%, down from 3.09%. And that can only augur well for the future as far as the portfolio quality is concerned. We continue to improve our cost to average assets. Our cost to average assets is for the full year is 2.5% despite taking what we took last in Q3, INR 27 crores because of the new wage code. And for Q4, the cost to average assets is 2.47%. Our cost-to-income ratio has decreased by 300 basis points last year compared to this year.

In November, during our Investor Day, many of you were kind enough to attend. We had reiterated quite a lot of things. We reiterated our stance of changing our mortgage mix of home loan and business loans, improving our average ticket size, increasing direct sourcing vis-a-vis DSA. We see the benefits of these flowing in.

Our employee productivity is historically the highest. Our opex cost increases are marginal. Remember, 16% growth in incomes, 11% growth in expenses, widening jaws. We've been able to drop moderately on the yield on advances due to the rate cuts to a certain extent by the gains on yield on account of the mix change.

Over the year, Q4 of last year versus Q4 of this year, the yield on advances has decreased by 56 basis points despite we having a 100 basis point rate cut applicable for this financial year. In Q4, our ROA is 0.97%, and our ROE is 13.53%. The full year ROE is 12.77%, the highest in the last 11 years. In fact, it's the highest ever since the bank became a full tax paying entity. That's all of the past.

On a go-forward basis, the fundamentals of business are that we have sowed and harvested for several years, are continuing to bring in consistent, predictable, repeatable outcomes. We're confident that it should continue in the future as well. There are clouds in the horizon on account of West Asia crisis. We are being cautious. We have overstocked on our liquidity. We have done detailed assessment, and we don't see any immediate impact on the portfolio performance. But again, it depends upon how long this imbroglio lasts.

That's it. Now I'll leave the floor open for questions or clarifications. Operator, can you come in, please.

- Moderator:** Thank you very much sir. First question is from the line of Akshat Agrawal from SMIFS Institutional Research. Please go ahead.
- Akshat Agrawal:** Congrats on a good set of numbers. My first question is on margins. NIMs have continued their robust upward trajectory. And previously, you had guided for benefits from the deposit repricing to continue until Q2. So if you can get some color on the repricing benefit, which is still pending? And how is the bank progressing on HL to BL incremental sourcing? Is it still at 60-40?
- Praveen Kutty:** Well see, we expect the deposit repricing benefit to come till late Q2, perhaps early Q3. That's it, not beyond that, okay? So that's the answer to your first question. HL to BL is much more than that. It's like -- we are almost 70-30, and that's really helping us. It's helping us in terms of yield. It is helping us in terms of credit cost and the fact that we have also done slightly higher ticket size has helped the cost consistently. And that possibly is reflecting in the new slippages coming down from 3.09% to 2.28%. It's certainly a part contributor to that.
- Akshat Agrawal:** Right, sir. In terms of asset quality, which continues to be very strong, do you expect this trend to sustain? Or should we anticipate normalization towards your through-the-cycle guidance of 45 to 55 bps, the business model guidance, barring this West Asia conflict?
- Praveen Kutty:** See as of now, we're sticking to the below 45 bps, okay? We don't see -- currently, we are at 32, 33 bps. I don't see us in the short term, getting -- increasing anywhere around the 45 basis points mark. And our model continues to be 45 to 55. So fairly strong on that. And I would expect a similar trend to continue. There's no reason to believe that in the short term, we would have any reversal coming through.
- Akshat Agrawal:** Very well, sir. In terms of fee growth, which has been very strong for many quarters now and the latest quarter at 9% Q-o-Q. What are the key drivers for this quarter? And how should we see sustainability going forward? Is it still third-party distribution? Or is there some other drivers? So if you can help with some color, sir?
- Praveen Kutty:** It's the same. See, the leopard never changes its spots. We don't like that. We don't -- nothing happens all of a sudden. So we continue to be -- high on third-party distribution. forex income is decent. Trade is an area of concentration. The repeatability of income is something which we are focusing on. Treasury gave us nothing in Q4, nothing. And we expect that trend possibly to continue. So core fee income is a key driver for fee going forward.
- Akshat Agrawal:** Right, sir. And my last question is on branch expansion and headcount. So what's your outlook going forward? I understand you added 11 branches in 4Q and employees around 400 on net basis. So how should we think about investments on this front going forward?
- Praveen Kutty:** Yes, if you see a number of employees, if you see a U-shape coming through. So we -- if you were to see the number of employees that we have in -- let me get the year right, '24 end, you see that September of 2024, we had 9,100 people. We still are lower than that. But I expect us to hit 13,000 kind of number by the end of this particular year.

We're still a people-driven business. A lot of our sales are assisted sales. So there will be more people coming in. Branches are optional. And we don't necessarily need to have more branches to grow. People are required. But having said that, there is a very high probability that we'll cross the 500 branch barrier or rather mark during this year.

Moderator: Next question is from the line of Parth Gutka from 360 ONE Capital.

Parth Gutka: The first question is on the...

Moderator: Sorry to interrupt, Mr. Parth, your voice is breaking.

Praveen Kutty: I'm so sorry, I don't know if you can hear me, but we just can't hear you. Mr. Parth?

Parth Gutka: Yes. Okay. So my question was on margins. If I look at your yield on advances, it is flat quarter-on-quarter. Cost of funds have declined slightly. The liquidity on the balance sheet has gone up quarter-on-quarter. So ideally, margins should have been not improved by 12 bps or should have improved marginally is what the calculation suggests. So are there any one-offs in the margins?

Praveen Kutty: No, there are no one-offs in the margin. We don't, we're not a one-off business. You can't be in a retail environment and have one-offs. What you could have is skews at the month end. The liquidity buildup could be towards the end rather than the other way around. One of the key factors in NIM is the quality of portfolio. If you recover 109% of your fresh slippage, it is bound to have an impact not only on the NPA and the GNPA, but also on your NIM.

Parth Gutka: Okay. Fair enough. Okay. And my second question was on the cost to assets, considering for the full year, we are at around 2.45%...

Praveen Kutty: For the full year, we are 2.5%. For the quarter, we are 2.4%.

Parth Gutka: Okay. So what is the further juice left here? Or what will lead to the further improvement of cost to assets from here on? Or it will be stable at around these levels?

Praveen Kutty: See, this is a bit like the earlier question, which was asked on credit cost. Model suggests 45 bps to 55 bps of credit cost. Model suggest 2.5% of cost to average assets. Reality, we are slightly better than that. And we're very happy at 2.5%. And remember, there is going to be an increase in the number of people, which will also result in more productivity. It's already been one. So there will be a linear increase through the year of number of people. So those investments are critical. And despite that, we are reasonably confident of our 2.5% cost to average assets going forward.

Parth Gutka: Okay. Perfect. Okay. And just one last question, if I can squeeze in. So because the war was persisting a large part of the March month, have you tweaked any of your risk filters while sanctioning and disbursements to MSME customers?

Praveen Kutty: I think we were lucky more than -- we never predicted this. But going up the ladder of ticket size, it is meant to be an operational productivity exercise that has resulted in lower bounces.

We sacrificed a bit of a yield, but we're getting better quality customers, and that's reflecting in fresh slippages being better. And all these things happened much before the war actually manifested.

So now -- see, if this continues, it will affect everybody, but people at the lower end of the economic pyramid will get impacted more. So there's not a specific problem we'll have. If hydrocarbon prices go up, everyone is going to get affected. And the effect will be largely felt by people who do not have the security of -- or a cushion to take care of this extra expense will hit their monthly bills.

So I would tend to think that reprofiling and going up the ticket size about 1.5 years back is helping us compared to where we would have been had we not moved the needle. But it's -- I mean there's not a reaction to the war at all. It just so happened that it helps us that we have done these things much beforehand.

Moderator: Next question is from the line of M.B. Mahesh from Kotak Securities.

M.B. Mahesh: Just two questions from my side. When you speak to your collection teams and when they are reporting such strong numbers, would you ascribe this on the ground that their leverage levels of the borrowers have come down, their access to credit has improved? What is the general feedback as to what constitutes a better recovery, number one?

Second one is that if assuming that we are into this slowdown and there is a slowdown in the next 6 to 9 months, would you say that the book today is better than where it was in 2023 when we had the slowdown led by unsecured loans and MFI? Or would you say that the book is broadly the same?

Praveen Kutty: I think -- let me answer your first question first. So what has really happened is if you were there in the Investor Day presentation, I made the statement saying that we moved from managing NPA to managing 1 DPD, as in 1 day past due, okay? And when we made the statement, we already implemented that. So we did put in more people. We significantly improved our early bucket collection. The intensities increased significantly.

And what you see in March is the result of those activities which we did in somewhere around June, July and then persisted with it. That's the way I see it. So it's more of intensity. It is more of focus in the earlier buckets, which we were not really focused upon. Otherwise, your slippage ratio would never have come down. I mean you could have any kind of recovery, 109% recovery, which will help the NNPA most certainly, but that will not help the slippage.

One particular metric you can look at is, for the first time, we've given slippages of gold loans separately, okay, in the investor presentation. Now that clearly is an indicator of the pressure in the market because we don't do early bucket collection in gold loan. It's not worth our while, right, because the gold is there, why call on 30th day and that's an operational cost. So there's a natural delinquency which we see on the gold loan. And I would tend to imagine that as a reasonably good barometer for the pain at the lower end of the pyramid.

And if you were to look at that page number, I think it is 26, at the bottom left-hand corner, you can see there's marginal improvement. I'll just read out the number for those people who haven't seen this. It used to be 6.29% a year back. Now it is 5.3%. And there is a natural repayment or natural slippage, which really happens. The real action happens near NPA rather than in the beginning.

M.B. Mahesh: Perfect. And to the question that you're seeing with respect to the portfolio that you're carrying today versus where you were probably about 2 years back?

Praveen Kutty: See, 2 years back, our credit cost was in the region of 0.3 somewhere between 0.3 and 0.42. Currently, we are at 0.4. So what we've done is we have ridden the wave. So if history were to repeat, we will also repeat the particular performance. So you see marginal increase in our credit cost, still will be below 45 bps. But it's a very strange statement to make because if freight prices were to shoot up post, you could see a situation whereby inflation really, really is impacted. Second order issues of petrochemical-oriented products not coming to the market could keep the supply chain inefficient.

So it is not just about inflation alone. It's about -- everybody is impacted. And unlike COVID, you can throw you can't do quantitative easing and get out of this. You will have to -- it's not going to be that easy. So, but at the moment, it's good to be in a position where your slippage ratios are lower, where your NNPA's are lower, your recoveries are higher. It's a good place to be in.

M.B. Mahesh: So just to clarify, in your assessment when you are looking at those borrowers, are you saying - - are you seeing a situation where those borrowers leverage levels is similar to where they were 2 years back or they are better or worse? What's your assessment of the customers that are coming to the fold?

Praveen Kutty: So the reason I'm not able to give you a straight answer is the customers stock, which we had 2 years back is very different from the customer stock that we're having today because over the last 2 years, the kind of ticket size of customers that we have onboarded, the kind of profile of customers that we have onboarded are different.

Our MFI book has dramatically come down. From point of time, it was INR1,400 crores book. Now it is some INR 600 crores, INR 700 odd crores book. So it's not the same. I mean while the balance sheet has grown by 20%, the customer advances have grown by about 18%, the fact remains that what they are not that comparable.

Moderator: Next question is from the line of Rohan M from Equirus Securities.

Rohan M.: Congrats on good set of numbers. This is on the yields. Yields have been flattish Q-on-Q. And what we had explained earlier in the conference is we -- our book on the mortgage especially fixed to floating, when we see gradual repricing over some period. So with repo cuts happening, what has helped us sustain yields at this level, especially with corporate disbursements also

picking up? So have we taken any increase in spreads on incremental lending? Or what has helped that, if you can explain that?

Praveen Kutty: Yes. So frankly, if you see our co-lending book has come down. Co-lending book is a low-yield book. It comes at low cost, but low yield. So it's a product mix gain. So if you see, we have grown 6% quarter-on-quarter sequentially, and our co-lending book has degrown. So the low-yielding book has degrown and higher-yielding book has grown, which has resulted in the incremental yield being higher. And it has absorbed the 25% -- 25 bps, sorry, 25 bps repo rate cut, the full impact of which we had in Q4.

Rohan M.: Sure. Sir, secondly, if I look at slippages ex gold, it has fallen to 1.5% -- I just want to get a sense like given how the macro is evolving right now and there's uncertainty on how things will shape up, given your interaction with the clients, like is this sustainable going into FY '27, especially with negative net slippages, if this trend continue in FY '27?

Praveen Kutty: Difficult to answer because there are so many unpredictable, imponderables there. But what you see day 1 is very different from what you see on day 2, right? There is so much of change happening, which is -- which makes prediction really, really, very difficult. But what I'm confident of is that I don't see our net NPA going back above 1%. We said that -- as you remember in the Q3 call, I said we will be below 1%. We are there, and we intend to stay there.

Like I said in the opening remarks, the benefit is coming through lower slippage, higher focus on the early buckets. But if an SME customer does not get the component that he wants to complete his product, he will suffer. And along with him, we also will suffer. We are aware of that. So far, we are not seeing that happening. But that is not a guarantee for the future.

Rohan M.: Sure. And sir, lastly, what will drive your NIMs towards your business model NIM target of 3.50% to 3.65%? And what is your time frame expectations around that?

Praveen Kutty: See, if there is one thing I'm not happy in a very decent quarter or a decent year for the matter is there are so many things which are good. One thing which I'm not very happy about is the current account pickup. So we are focused on it. We want to, our SA growth is 10%. Our CA growth is flat, and that's not a good thing to happen.

We're putting resources behind it. We are putting effort behind it. We're putting focus behind it. That has to improve. And practically, everything that we put focus on, you see an improvement happening. It's time it happens in the current account portfolio as well. So that's one big driver.

We've really moved the needle on engagement with our savings customers. There is a whole host of cross-sell activities happening on our asset customer base. Is it -- it's still a snowball. It hasn't reached avalanche. But sustained efforts over a period of time, retail was that way. The good work that we have done about 1.5 years back, you're seeing the result of it now. So we are at it. We just keep progressing on the right path, trust the process and the results will happen.

Moderator: Next question is from the line of Jai Mundhra from ICICI Securities.

Jai Mundhra: Sir, I have three questions. One is, if I look at your slippages number, right? So just a broad calculation, overall slippages are 2.28%, excluding gold is 1.47% and gold is 5% roughly. Are the number somehow does not tally in the sense that gold is supposedly less than -- I mean, if I do the reverse calculation, it looks like gold is 20% of the portfolio to drive that change from 2.28% to 1.47%. These are gross slippages number only, right? So that is why I'm assuming these are gross slippages, 1.47% and 5% of gold.

Praveen Kutty: That's right. These are actual numbers. If you, I can put you out of my finance folks or collection folks and can have a discussion on that can take you through the numbers. These are -- 2.28% is our slippage. It's come down from 3.09%.

Jai Mundhra: Okay. So anyway, so I'll take that offline. Second is, sir, on the growth front, right, so we have done 18% growth, which is much faster than the industry. But somehow, as you also mentioned in the opening remarks, the co-lending has declined Q-o-Q.

And rightly, you had highlighted at the beginning of the year also that at some point of time, it will moderate. But the growth of the core businesses like mortgage, 10%, 11%, MSME flat or negative. How -- and as you said, co-lending, I believe this co-lending is a function of CLM transition. So how should we look at the next year going ahead when mortgage is 10%, 11% and MSME is still yet to pick up? And so far, the growth has been coming from...

Praveen Kutty: Let's look at that. Let's look at that. That's a good question, and I'm sure my answer will help a lot of people on this call. Kindly look at quarter, okay? Look at the quarter and look at the mortgage growth in the quarter. Do you want me to tell you the page number?

Jai Mundhra: Yes, 3.8%?

Praveen Kutty: Okay. For sake of argument, let's say, 4%, okay? And if you were to multiply by 4%, you're talking about 16%. So what you have seen is while the bank has grown 18% in this year, 24% in the last year, we have been busy reengineering the mortgage business, okay? We have really turned it around because that has contributed to delinquencies that it is a lower ticket issue, which was vulnerable. So we have really, really turned -- changed the wheels of the train while the train is still moving. And you haven't felt it because other products contributed to that particular growth.

Now what's happening is a better BL HL SKU, a better self-sourced versus DSA-sourced mortgage is up and running. And every quarter, that growth is better than the previous Q-on-Q growth. So what you have seen, the 10% of growth that you saw in the year, I would look at it slightly differently and say 6.5% was a growth in the first 9 months and 3.5% is the growth in one single quarter. And the 3.5% of the mortgage book that we are growing in the quarter is a supremely better quality than the kind of book that we had a year back. Are you with me?

Jai Mundhra: Yes. Yes, sir. This part is understood, yes.

Praveen Kutty: So clearly, there is a take-off happening on that count. So my finance folks have just come in with some broad math. Can I go to the earlier question?

- Jai Mundhra:** Sure, sir.
- Praveen Kutty:** All right. So -- sorry, Vishal, do you want to explain this?
- Vishal Anchaliya:** Yes. Gold have a weightage of 21% and a slippage of 5.3%. And other than gold have a weightage of 79% and a slippage of 1.4%. So overall, it's coming 2.28%.
- Jai Mundhra:** No, sir, you're right. If the gold weightage is 20%, then...
- Praveen Kutty:** 21.21%. So that covers the discussion. Okay. So that's the second question. Now can I ask you a question, Jai?
- Jai Mundhra:** Yes, yes, please, sir.
- Praveen Kutty:** Do you remember in the Investor Day, we were standing outside and then you told me our -- at that time, our NNPA was 1.22%. And you told me you -- for a business of our type, you remove the 22 basis points from the ROA. Do you remember the conversation?
- Jai Mundhra:** Yes, yes, I do, sir.
- Praveen Kutty:** So I want to tell you, you don't have to do that anymore. We're at 89 bps. No, no, once again, I want to know that. And thank you for it because this kind of conversation, I want to let you know helps us also. So now we're at 89 bps. So I just want to tell you that there are not promises. The intentions that we say, we take it extremely seriously, and we demonstrated by the performance. And you'll see that coming through in the next few quarters as well.
- Jai Mundhra:** Okay. Well appreciated sir, yes. No, sir, sorry, just to come back. So gold loan proportion is 20%, 21%. But in this table, the advances mix, the gold loan proportion looks like 7%, 8%. So I believe the co-lending plus gold plus, it is also some -- sitting somewhere?
- Praveen Kutty:** Absolutely. Absolutely. See, co-lending, we have about INR 8,300 crores, INR 8,366 crores of co-lending bulk of which is gold. And then you have normal gold, our own gold of about INR 4,000-odd crores.
- Jai Mundhra:** Right. Okay. Sure. And sir, then going ahead, so mortgage, I take your point, sir, that mortgage has accelerated and maybe it will sustain. But if the other piece -- I mean, so far this quarter, the growth has also been contributed by corporates and MFI institution, which may or may not be desirable or you can still sustain, but I'm saying that in case of co-lending not being a meaningful contributor to the growth, which portion will do the heavy lifting apart from...
- Praveen Kutty:** So I want to repeat what I said earlier, consistently been saying throughout. We had -- and I will tell you this, our co-lending growth in '24-'25, it is not in this book, but if you have to look at the previous book, it was 108%, 108%. This year, it is 24.9%. That is '25-'26. In the current year, '26-'27, I'm not telling you the percentage, but it will be exactly the same as the overall asset growth of the bank. Are you with me? 108% has been brought down to 24.9%.

And in the current year '27-'28, sorry '25-'26, we will be exact -- co-lending growth will be exactly similar to the overall asset growth of the bank. So that's one part of it. It will not be 0, and it's not even advisable, right? So that will be -- it will be the steady normal growth happening there. You will have growth coming in from the mortgages. And there are some impact players like SME, MSME and construction finance, where a lot of effort has gone into it.

The output is yet to come, but it will not remain like that forever. So we'll see contribution coming in from these core segments. The agri segment, I don't know how fertilizer prices will be affected by this West Asia crisis. But assume that life is normal, I would tend to think that tractors, KCC growth will happen. I'm not a big fan of MFI. We do MFI only to meet the small farmer, marginal farmer requirement. It's not meant for balance sheet growth or you have to do it, you have to do it, right?

The history has not proved very, very good either for us or the industry. But yes, so it will be -- the MFI growth -- sorry, the BC MFI growth will be sufficient to meet our small farmer, marginal farmer appetite. So that's the way we see this. So I take -- I mean, do the math, 6% is a quarter-on-quarter growth. You remove co-lending. It comes to 8.6% non co-lending growth, right? I'm not saying 8.6% into 4. I wish I could say that my senior leadership team also sitting here. I mean just imagine 8.6% into 4, then I could be leaving home at 4:00 every day.

Jai Mundhra: Right. And sir, any guidance or I mean, you would -- I think in the Analyst Day, you had said that this 18%, 20% kind of a growth we should be delivering over the next -- I mean, that still remains a broad guidance, right?

Praveen Kutty: I mean in these times when there are clouds, etcetera, on the horizon, 18%, we are cautious. very, very -- I mean we also -- we only know the pains of getting 1.22% NPA, NNPA to 0.89% and our team is fully aware of the pain of getting a 3.32% gross NPA 8 quarters back to 2.45%. So these are hard -- not to talk about slippage. So these are hard learned lessons. So very confident about growth, what kind of growth that we want. And we think we are fairly on a good track as far as the portfolio is concerned.

Jai Mundhra: Right. And last question, sir, on co-lending CLM change. Correct me, my understanding is that it has now changed from non-discretionary -- sorry, discretionary to non-discretionary and which is why you may have some disruption in the current -- in the March quarter. Has that been sorted already? Or you believe there could be some more teething issues when you align towards the new guidelines?

Praveen Kutty: Jai, one good thing on the bank is the quality of tech, okay? I mean that is one really good thing that we have. So -- but that doesn't guarantee everything because partners tech also should be up to gear. We acted pretty much early around September, October on this, and we got it absolutely right.

Some of the big gold loan players are our partners, and it's working very, very well with them. And probably you -- since we're all in the financial industry, you'll be covering them also. I invite you to even speak to them and figure out how this particular thing is progressing. We are

very comfortable with them. They are very comfortable with us. And I'm sure some of these guys are part of your coverage.

Jai Mundhra: No, sir, just to coming to your question, is that disruption, the transition is over and even incrementally, I mean, you said that co-lending will be doing as much as the overall growth. So I would believe that the entire transition is over, right? And there is no more...

Praveen Kutty: Yes. Why I'm not giving a straight answer on that is it is over for gold. It is not over for -- we do educational student financing, we do -- that is school financing, we do LAP, we keep doing various things. So in areas of little volume consequences, we are a bit slow. So at a bank level, is it done? Fully, no. But as far as our gold loan is concerned, which is our lion's share of our co-lending, we are very comfortable. And the reason why gold loan is a lion's share of co-lending is because you can accurately predict the loss.

Jai Mundhra: Correct. And does this change anything, sir, structurally, I mean, the transition? One is, I believe you may not have a discretion in terms of how you partner with the partner. Is there anything also changes or not?

Praveen Kutty: We had this partnership, Jai, okay, with one of our partners from 2022, okay? He became -- he was -- that partner was our single largest partner until February of 2024. Then we had a second big partner coming through. So we are talking about 4-year history. We are talking about 2-year history, and there is a -- we -- it's like a full-fledged. I mean I can do a Ph.D. on co-lending, gold co-lending at least, right? So that -- these are kind of relationship and partnership that we have for the co-lending part. So no, I don't see any disruption coming in, sorry.

Jai Mundhra: And lastly, sir, if I may ask -- why is there a seasonality in the fourth quarter? I mean, is this a normal seasonality in terms of lower slippages, higher recovery? Or there is something more fundamental in the product that we have? I mean all banks have seasonality, which is favorable seasonality in 4Q. But for our case, it looks slightly more pronounced. So any reason or it's like business as usual?

Praveen Kutty: Our appraisal is in April.

Moderator: Next question is from the line of Aditya from Securities Investment Management.

Aditya: Congratulations on the good set of results. First question was on NIM. So how should we see the NIM trajectory from here on? So do you see them still improving? Because while your deposits are still getting repriced, but your CASA share has been reducing rates industry-wide have been hardening and also your reliance on bulk deposits have been increasing. It is now 20% of your deposits. So how do you see the NIMs for the bank going forward?

Praveen Kutty: I wanted to focus on cost of deposit because the ultimate proof, which is a mixture of the CASA, institutional deposits, excess liquidity that we keep for a rainy day. All that is reflected in cost of deposit, right? So I have a look at the trend line of the cost of deposit -- our belief is that if we were to renew as much as we renew normally, we should be having some advantage going all the way into Q2.

After that, the advantage will stop. But that's only part of the story. In the Investor Day, I had mentioned this, and this is public information. Just do this. Look at the peak retail term deposit rate of 3 of the biggest private sector banks and 3 of the biggest public sector banks and come with a composite peak retail term deposit rate. Compare that with DCB bank and see how convergence is happening.

The number, the difference between the composite rate of the 6 largest banks in India and us at one point in time was about 1.27%. It is 0.89%, if I remember right in March, it's there in my Investor Day presentation. It's 0.89%. We brought it down to something like 0.60% or 0.61% -- and it's completely available.

Why we're not doing bulk deposit is I'm not aware because many banks don't publish that. We do, right? So that is slightly unequal. But this is an indication. One is a longer tenure deposit maturity and you're having a benefit of renewal repricing. The second is even fresh deposit. This bank used to be a bank which was in the top 3 of highest interest rate. Please look at the website of similar-sized banks, we are no longer there.

The bank has learned to sell liability products on items other than price also. Price is still a big, big component. I mean we are not anywhere where we need to be. But the reason why people bank with you, earlier used to be the rate. Today, it is changing. And it's been hard work for the last 1.5 years. Our branch banking team has done a fantastic job of switching it. And the proof of the pudding is look at the website.

Look at the website and find out even -- I don't want to name banks now. We've grown 20.91%. Look at our rates, look at similar size, even bigger sized banks. If we are not lower than them, the distance between the 2 has dropped. So that's how we are seeing it. And like I told another gentleman earlier, we're really working hard on getting our story on current account right. Effort has gone into it. Results are not coming yet, but we're not people who give up easily.

Aditya:

Understood. But now, sir, I do understand that we have been more aggressive in cutting rates as compared to other banks. But now when I look at the deposit growth, so that is majorly coming from bulk deposits. Our retail deposits have not been keeping up pace with the overall deposit growth. So how do you see that going forward?

Praveen Kuttu:

For us, there are 2 things which really, really matter in the order of priority. We should be liquid being liquid is not a choice. So that pure-play liquidity is important. Cost of deposit is important. Long tenure is important. Now if you meet these conditions, frankly, is it a SA coming in, really doesn't matter. There was a time when the bank used to give 8% rate on savings account.

Today, I think it gives 6.7%, okay? That's a rate that the bank gives. There is -- that's why I said, you can -- it's easy to grow bulk SA and show a better CASA ratio. We prefer to grow deposits and keep the cost of deposit down. Whereas CA is an equal story, even compare CA across banks. SA comparing doesn't really make sense because some of the SA is actually more expensive -- like one day, you can put money into savings account and get in our bank, it gives 6.7%. So it is really expensive. But it helps in terms of saying publicly CASA ratio is good.

I would tell you think you should look CA and SA separately. Look at the -- while we don't publish it, our SA average -- weighted average pricing on a SA has come down significantly. I mean, if 25 basis point rate cut happened and we have reduced our cost of deposits in Q4, which is a traditionally very liability hungry market, it comes because we are getting the right kind of deposits.

Aditya: And just last bit on this deposit part. Now DCB is generally known for being focused on granularity, either being on advances or on deposits. Now bulk deposit is currently 20%. So is there any percentage beyond which you won't be comfortable growing bulk deposits?

Praveen Kutty: Like we told you, we have to ensure that getting -- if you get a bulk deposit which is of a lower rate of interest, earlier we were giving it up. But now we are managing 3 things. We are managing granularity. We are managing ROI, and we are also managing the -- sorry, the tenor. So it is an uneven battle. We triangulate these 3 things. Earlier, we should take a stance stating that even if the rates are lower, we will not take bulk because it doesn't meet our small ticket criteria.

But in a time like now when there is chaos and liquidity is important for us, so it is good to have extra liquidity even it means there is a higher carrying cost. So we do have bulk deposit. Do we have a number on retail -- retail term deposit? Yes, of course, we have to grow that. We want to grow that. But there's a good buffer to keep for keeping our cost of deposit down.

Aditya: Sure, sir. Understood. And sir, on your ROA, so for your ROA to improve from here, I believe NIMs would be the major lever for us to grow because the credit cost and opex costs are pretty much under control. And for the NIMs to improve from here, would cost on deposits be the only trigger for us to improve our NIMs?

Praveen Kutty: Yes. We would -- we don't want to go into a higher-yield segment because this is not really the time to go to a high-yield segment. It comes with a sting in the tail. So improvements will come because we're keeping a tighter rein on the cost of deposit.

Aditya: Got it. And sir, on this SME book, this INR 2,000 crores book, so how big is the TReDS part because we were looking to degrow that part of the book? And how is the book apart from TReDS growing for us, the CC/OD part?

Praveen Kutty: It's not growing. So that's why I said we are putting some effort into it. It's not growing. It is stuck where it is. If I see it's about -- it's a flat kind of thing quarter-on-quarter. It has decreased by about 13% year-on-year. So we are kind of revamping that. We got a new vertical to look at the greater than INR 3 crores.

There's a lot of good customers who are above a particular threshold, INR 3 crores, where leaving the bank because it's meant to be a small ticket program. We said, look, that doesn't make any sense. So you're just filling up the -- so we have got a new -- no longer really from July onwards, we've been having this channel. It is just getting set and ready.

So that's where the momentum we see happening, the SME comeback will happen. TReDS is about INR 300 crores book. So hardly -- it used to be INR 300 crores. It continues to be INR 300 crores. So there's no change.

Aditya: Understood. And sir, just last question, any -- what is the banks now position on fundraising? We have got an enabling provision for fundraising. So how is the bank looking...

Praveen Kutty: We should be in the next 2, 3 quarters or next 2 quarters maybe, right, maybe either late Q2 or early Q3, we should be going in for a fundraise because we see that as a bank, we will be continuing to grow at this kind of pace. And if we do continue to grow at this kind of pace with a similar kind of portfolio mix, probably we'll reach our internal red flag by Q1 of '27- '28. We don't want to wait that long. So maybe Q2 end Q3 beginning.

Moderator: Next question is from the line of Param Subramanian from Investec.

Param Subramanian: Congrats on the quarter. Yes. So firstly, on the Board enabling resolution for the capital raise. So is that an enabling -- is it just procedural? Or are we looking at something and INR 1,500 crores seems the largest number?

Praveen Kutty: Yes. Maybe I'd be happy with something like somewhere between I don't know, INR 1,100 crores, INR 1,200-odd crores. So it's good to keep some INR 1,500 crores enabling investment done, yes, \$100 million, not slightly more, maybe somewhere in that particular region. See, the thought process behind it is simple.

Take what you need right now at the price prevailing at this particular point in time. Our belief is that if we continue performing like this, the next raise will be at a different level. So don't over dilute at this point in time just to what is required to continue this particular growth momentum.

And then when the next level of expansion happens, hopefully soon, we'll be raising again at a slightly different level with the fundamental numbers looking even better than what it is looking today. That's what is driving the management thought process.

Param Subramanian: Perfect. Perfect, Praveen. Makes a lot of sense. Secondly, on your provision coverage ratio, I mean, this quarter, it's gone up sharply. What level are we broadly comfortable with?

Praveen Kutty: 78% plus is good. And as a company, we like to keep those provisions, but anything above 75% is okay. But if you remember, we have some MFI loans had gone bad in the last year, Q1, Q2, etcetera. So we want to ensure that the aging provision of that should not stutter us. So we have kind of sufficiently ensured provisioning in these unsecured small ticket microfinance kind of loans of Q1 so that there is some evenness in the way things will happen going forward.

Param Subramanian: Got it. And lastly, this is just -- so on the quarter, so your NIM is up 12 basis points, right? Now is there some day count or something impacting that? Because your NII is broadly in line with your loan growth and your asset growth, right? So a 12 basis point uptick. I'm just trying to reconcile with the quarter-on-quarter 5% NII growth.

Praveen Kutty: See, what I look at is instead of worrying about day count, I just compare this with Q4 of last year. Last year, Q4, we were 3.29%. Neither was last year a leap year nor is this year a leap year. I think so. So you're talking about similar kind of days. So if you're having 10 bps improvement on NIM despite having a 100 basis point repo rate cut impact, not doing too badly.

Param Subramanian: No, I was looking at the quarter-on-quarter sort of movement.

Praveen Kutty: So I would tell -- I always look at Jan, Feb, March or Jan, Feb, March and April, May, June, July in case there are any abnormalities of number of days coming into play, comparison with similar kind of timeframe in the previous year is a good indicator, are we making progress or not.

Moderator: Next question is from the line of Akshay Badlani from HDFC Securities.

Akshay Badlani: So Praveen, just wanted to ask, you mentioned increasing employee headcount to 13,000 from current...

Praveen Kutty: Around 13,000 from current.

Akshay Badlani: Yes. So 1,500 addition for the next year. So just wanted to understand in which areas are you looking to add on? And how would we ensure that our cost to income, the trend that has been there and we have maintained or reducing our cost to income, how would we ensure that in spite of adding employees that we will maintain that run rate? Because we haven't added employees in the last year or so apart from the quarter?

Praveen Kutty: We haven't -- we kept on adding and we kept on getting rid. So it is not as if we never added. So our exit process was very sharp and good. But where I see this coming in is it's not for this year. We see practically all these folks going into the liability and deposit acquisition. So we'll put more people in the branches. We'll put more people on the distribution front.

I realize the basic math tells us that between a self-sourcing sales network on mortgages and the DSA-dependent sourcing, initially, you may feel that 2% or 2.5% to the DSA is cheaper. But if you've seen that it sticks -- the loan sticks with you for 2 years, 2.5 years, whereas self-sourcing loans stick with you for 6, 7, higher than 6 years, you're getting the benefit coming through the BT -- the balance take-outs are considerably less. You own the customer, not somebody else.

So -- and the credit quality of these loans are really better than what the DSA sourced loans are. They are a necessary -- I'm trying to find another word for evil. They are a necessity. We can't live without them, but our dependence has to necessarily come down.

So I don't mind putting in the people there because I will -- I'm very confident that the team has shown to me that from a longevity perspective, from a balance BT out perspective, from a coupon perspective and a credit perspective, these customers over the currency loan in our bank are far, far better quality than DSA -- whereas the basic math of 2.5% per ticket size with a INR 5 lakh salary of a sales executive may initially look like it's a bad call. It is not. I mean if you know how to run the non-DSA channel.

Akshay Badlani: Sure, sure. My second question was on the line of cross-sell. So, at the Analyst Day, we had indicated of DCB Niyo cards where we would like to cross-sell given in terms of liabilities like OD facility, we were wanting to offer. So what progress -- what kind of progress have you made there?

Praveen Kutty: We're very happy to say that not a significant, a sizable chunk of the 3.8% Q-on-Q mortgage growth has come from the branch banking channel. Look, this is bread and butter for most companies. For us, it is not. So for us, there's a low-hanging fruit. It just kind of is kicking in. This should not be news at all. Honestly, this should have been the way things should happen. But anyway, it's not something. So clearly, that is coming through from the branch banking channel, less so from the digital channel. So that's one.

Our credit bureau linked interventions on our liability base is where these LAP loans and home loans are coming through. We are reasonably happy with that. I'm not particularly happy with the level of cross-sell that we have achieved so far. But again, that is not stopping us from trying. There is a pressure within.

It is difficult. It's not an easy thing, but we are at it. It is giving us a result. So -- but -- I knew it will be a painfully slow process, but it is certainly a painfully slow process. But yes, it is -- directionally, is it going okay? Yes. From a volume sense, it's a bit frustrating at times. But there's no choice. I'll keep at it, and we'll see the benefit of it coming through.

Moderator: Next question is from the line of Punit Bahlani from Dolat Capital.

Punit Bahlani: So firstly, on the margin front, like this quarter, firstly, if you could explain where the 12 bps Q-o-Q is coming from? And secondly, if we are looking at from a next year perspective, is it fair to assume that given that we have a lot of bulk deposits and yes, we are growing our mortgage book pretty well. Despite that, we will get some decline from funding costs, like we can expect like margins to be range-bound around these levels because of these 2 factors? Any comment on that?

Praveen Kutty: It can happen. I mean can it be range bound in this particular level? Possible. But like I told the gentleman earlier also, compare us quarter-on-quarter with the same quarter of the previous year. If it happens, it primarily will be an execution issue because our ability to get the liabilities at the cost that we want is a journey that we are taking and we are very happy with the first 9 months of that progress.

Our people have learned that you don't need to be the highest rate or one of the highest rate provider to get liabilities into the bank. So that I would see as an execution risk rather than a strategic risk. So it's worked very well so far.

In Q4, if you can get that kind of volume and still keep the rates not about the cost, the rates, the offered rates on the website lower than who we used to have a margin difference with other banks who had a margin with it's a good thing going. So there is an institutional resilience

building on ability to get lower cost of deposit. Nowhere are we near the big 6 or big 7, but we are not the bank that we were 1.5 years back.

Punit Bahlani: And on the growth front, like I know you have mentioned in your presentation that in 3 to 4 years, you aim to double the balance sheet. But given the fact that now you have -- the way you have highlighted that the gold loan book, it is already at a decent base in the co-lending book. Is it fair to assume that growth will be around these levels for the next couple of years or so? Or you are targeting still the 20% level plus?

Praveen Kutty: I think 18%, 20% is a given. I mean you just look at our March '22 liability numbers and multiply by 2 -- you just multiply our March '22 asset numbers and see where we are. INR29,800 crores was our asset number in March '22. Today, you are at INR 60,000 crores. Your liability number was INR 35,000 crores or slightly INR 36,000 crores -- INR 35,000 crores in March '22. Today, you are at INR 72,000 crores. So that's 4 years and that 4 year where 1 year, we were recovering from -- our bank was recovering from COVID.

So getting up to speed. So in that tough times, and we can do that. We had a microfinance kind of problem hitting us, DA -- secured DA problem hitting us. Despite all this, we are managing both the credit quality and the growth. These things will happen. And that's why we have paid in the first place, right, to manage these imponderables. You know something is going to hit you. You don't know what it is. And how well you manage that is the resilience of an institution.

Moderator: Ladies and gentlemen, we will take this as the last question for the day. I now hand the conference over to Mr. Praveen Kutty for the closing comments. Over to you, sir.

Praveen Kutty: Thank you very much for your attention and watch the space 90 days from now.

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