

May 04, 2026

BSE Limited
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National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G
Block, Bandra - Kurla Complex, Bandra (E),
Mumbai - 400 051

Scrip Code: 543386

Symbol: FINOPB

Dear Sir/Madam,

**Sub: Transcript of the earnings call with the investors and analysts held on April 30, 2026
- Disclosure under Regulation 30 of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

Ref: Earnings call with Investors and Analysts on April 30, 2026

In continuation to our letter dated April 20, 2026 and April 30, 2026, please find enclosed herewith the transcript of the earnings call with the investors and analysts held on April 30, 2026.

This disclosure will be also available on the Bank's website i.e. www.fino.bank.in

Kindly take the same on record.

Thanking You,

Yours faithfully,
For Fino Payments Bank Limited

Basavraj Loni
Company Secretary & Compliance Officer

Place: Navi Mumbai

Encl: As above



“Fino Payments Bank Limited
Q4 FY'26 Earnings Conference Call”
April 30, 2026



MANAGEMENT: **MR. KETAN MERCHANT** – INTERIM CHIEF EXECUTIVE OFFICER
MR. ANUP AGARWAL – INTERIM CHIEF FINANCIAL OFFICER
MR. SHAILESH PANDEY – CHIEF BUSINESS OFFICER
MR. TEJAS MANIAR – CHIEF DIGITAL AND LIABILITIES OFFICER

MODERATOR: **MS. SHEETAL KHANDUJA** – GO INDIA ADVISORS

Moderator: Ladies and gentlemen, good day, and welcome to Fino Payments Bank Limited Q4 FY'26 Earnings Conference Call hosted by Go India Advisors. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance, please signal for an operator by pressing star and zero on your touchtone telephones. Please note that this conference call is being recorded.

I now hand the conference over to Ms. Sheetal Khanduja from Go India Advisors. Thank you, and over to you, ma'am.

Sheetal Khanduja: Thank you. Good afternoon, everyone, and welcome to the Q4 FY'26 Earnings Call of Fino Payments Bank hosted by Go India Advisors. We have on the call Mr. Ketan Merchant, Interim Chief Executive Officer; Mr. Anup Agarwal, Interim Chief Financial Officer; Mr. Shailesh Pandey, Chief Business Officer; and Mr. Tejas Maniar, Chief Digital and Liabilities Officer.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be, therefore, viewed in conjunction with the risks that the company faces. May I now request the management to take us through the financials and the business outlook, subsequent to which we will open the floor for Q&A. Thank you, and over to you, Ketan.

Ketan Merchant: Thank you, Sheetal. A warm welcome to all of you joining us today for our bank's Quarter 4 FY'26 and full year FY'26 earnings call. Well, FY'26 has been, in many ways, the most defining year in Fino's journey since inception.

We came into the year on the back of a landmark FY'25 with a clear focus on risk-calibrated growth in what we knew would be a challenging operating environment. What followed was a year that tested franchise on multiple fronts, and I'm pleased to share that it has emerged stronger on every parameter that matters to long-term value creation and our focus on differentiated SFB, that is Small Finance Bank.

Let me set the context briefly. Through FY'26, the broader ecosystem witnessed heightened regulatory scrutiny, industry-wide efforts to tackle digital fraud, the rise of mule accounts in banking system and a tightening of operating environment. In addition to these industry-wide factors, the bank also navigated an unprecedented event in Quarter 4 2026.

As a part of our steadfast commitment to timely disclosure and transparency, we have provided detailed disclosure on these matters through our regulatory filings across the month of March and April. And if I'm not mistaken, we have put around 40 disclosures in the month of March and April, a testimony of our transparency towards our stakeholders.

I want to take a moment to thank each of you, our Board, investors, analysts, customers, merchants, regulator and the entire team at Fino for the trust and patience you have extended to the institution through this period. Through all of this, our approach has remained very clear and simple. We have consciously chosen sustainable and compliance growth over short-term acceleration. We have taken measured path and prioritize building a stronger and a more resilient institution for the long term. And the results, I believe, speak for themselves.

On the governance front, I want to be succinct but absolutely clear. Throughout the second half or the Quarter 4 of FY'26, the bank had acted institution first at every step, coupled with keeping in mind mid and long-term objective intact. The Board swiftly convened within 24 hours to ensure continuity through interim leadership arrangements approved by the Reserve Bank of India.

Now, in the lifespan of an organization, specifically a bank, the most important aspect is robustness of its business continuity plan, that is BCP. For us, March'26 turned out to be a testimony of our execution on BCP and amidst all this, what came out is resilient business model of ownership reflected in accounts being opened and increase in deposit balance in March 2026.

In addition to these business parameters, what was successfully tested was the stability and levelheadedness of the leadership team in keeping mind focused amidst the chaos and thereby not deterring from mid- to long-term vision of the organization.

Let me come to what I believe is the single most important development in FY'26 on the business front. Yes, this is the strength of our deposit franchise. Our customer base stood at 1.75 crores by the end of March'26, growing 22% on a year-on-year basis. We've added approximately 6.9 lakh new CASA accounts in Quarter 4'26 alone.

Eclipsed by this event in February '26, focus for the month of March was on CASA and liability generation. In this context, in the month of March'26, we opened 3.2 lakh new accounts. Yes, this is 3.2 lakh new accounts, highest in last 3 years. Our total deposit balance increased all-time high of ₹2,957 crores post event and the sustaining of that has been consistent across after achieving the highest possible peak. I want to emphasize this point because it speaks directly to the quality of the franchise we have built and in compliance-driven culture being implemented for long-term value creation.

Our renewal income in Quarter 4'26 reached ₹62.2 crores, the highest single quarter renewal in the bank's history. For the full year, renewal income grew by more than 25% year-on-year. This is not transactional revenue, but customer-owned ownership revenue, the most authentic measure of the trust of our 1.75 crores customers have placed in this institution and also corroborate our plans for journey towards Small Finance Bank.

Coming to our digital and transaction business. Through the second half of FY'26, we further heightened our deliberate risk-calibrated approach. We tightened merchant onboarding and strengthened transaction monitoring. We exited certain partnership on suo moto basis and certain merchant categories where the risk return profile was no longer aligned with where Fino wants to be as an institution. The result in short term was moderation in our digital throughput and our transaction-led business as well.

Throughput from B2B digital payments were down approximately 17% sequentially in Quarter 4'26. It is exactly the kind of decision a prudent bank should make when its business associate risk framework needs an overhaul, and we made it on our own accord being aware of the short-term impact on our profitability.

Let me come to technology. As committed in earlier calls, our core banking system migration to Finacle has been completed in this quarter. This was an investment of around ₹200 crores for the bank and one of the most consequential technology projects we have undertaken, and it has gone live within our anticipated time line.

Alongside Finacle, we've also developed Hollow the Core modular architecture, which decouples high-frequency transaction handling from the core. This significantly reduces the failure rates, enhances traceability and crucially provides us with technology backbone that is ready to cover scale and complexity of Small Finance Bank. We expect significant improvement in ease of doing business, faster product launches and better customer experience over the coming quarters as the new platform stabilizes.

Now moving on to another important aspect of FY'27, that is Small Finance Bank. As you are aware, on December 5, the Reserve Bank of India granted us in principle approval to convert from payment bank to SFB. We are the first payment bank in India to receive such approval, and we are deeply grateful to Reserve Bank of India for the trust they have reposed on us in the institution.

Per the RBI's framework, we have a defined window to satisfy stipulated condition for final SFB license, including the thresholds of network, capital adequacy, promoter shareholding, branch rollout, and overall a differentiated business plan. I want to assure you that execution is on track on every front.

On lending side, we made steady progress on our referral book, which is a proof of concept for our lending franchise, which we will eventually own as an SFB. FY'26 referral business stood at approximately ₹1,300 crores with Q4 alone contributing around ₹592 crores, a 97% sequential increase. The referral mix is heavily aligned to the kind of secured priority sector aligned lending that an SFB model is designed for and that is the model which we are also looking at, housing loan, affordable housing, gold loan, loan against property and MSME are the key products which we are looking at.

Our intent, as I stated in earlier call, is to build a differentiated SFB focused on secured asset and an asset-light model that can deliver superior return on equity. To reiterate, our business model for SFB revolves around 3 primary moats. First one is our cost of fund advantage over traditional bank, wherein we are looking at around 300 basis point advantage on our cost of funds, the asset-light model, which will be predominantly through our merchant network, 20 lakh-plus merchant which we already have it currently and a strategic edge on our technology and digital platform, which we built.

To summarize, FY'26 has been a year that has asked franchise to demonstrate 2 things: Deposit base is durable through a difficult environment and that the institution can execute on SFB transition on every condition that the regulator has set. On both counts, the answer in numbers, record deposits, record customer base, record renewal income, CBS migration delivered, compliance leadership strengthen. As I have repeated in my earlier calls as well, our priority continues to be steady, sustainable and a predictable bottom line growth rather than pursuing

exponential top line expansion, along with a sound base going towards a Small Finance Bank transition.

With this, I will now hand over to Anup, who will take us through the financial performance for the quarter and full year in detail. Over to you, Anup.

Anup Agarwal:

Good evening, everyone. Thank you, Ketan. As mentioned, FY'26 has been the year of challenges, but let me assure you, Fino has emerged stronger and more resilient with single focus on building prudent franchise with governance-first approach. Let me take through our Q4 and FY26 financial performance.

The total revenue for the quarter dropped by 31% year-on-year and full year by 14%. The causes are discrete and largely external. The regulatory-driven contradiction in digital payments from Q2 onwards, the industry-wide collapse of bank-led DMT remittances following the November'24 RBI circular has caused the decline. And further, on our B2B business, because of the slumber in the NBFC & MFI sector, the revenues have declined for the quarter and for the year. None of these reflect customer attrition or a loss of market position.

Our margins expanded by 250 bps for quarter-on-quarter and 500 bps on a full year basis. This itself demonstrates the shift from a low margin to high margin and ownership business. Our CASA base reached 1.75 crore accounts as of 31st March'26, up 22% year-on-year. We added nearly 7 lakh accounts during Q4 alone despite tightening our onboarding framework and overall difficulty in the ecosystem conditions.

The headline metric I draw your attention to is the renewal income. Q4 FY'26 renewal income reached ₹62.2 crores, the highest in the quarter and the history. Full year renewal income grew 25% to ₹237 crores from ₹190 crores in FY'25. Renewal income is the cleanest measure of our customer ownership. It reflects customers actively choosing to stay with Fino. 25% increase in a year of an industry disruption tells you something durable about this franchise.

Our cost of funds remained structurally low below 2% on the core CASA book, entering our SFB phase with approximately ₹2,800 crores of low-cost liabilities, it gives us a cost of funds advantage of approximately 300 basis points relative to our typical Small Finance Bank. That is the foundation of our lending business case.

Coming to digital. The revenue decline from ₹63 crores in Q3 to ₹41 crores in Q4 reflects a deliberate derisking of high-margin program manager flows in response to the regulatory environment, not a loss of platform capacity. We have intentionally trimmed down on this segment as we recalibrate our approach, reflecting in our active client base declining from 347 in December'25 to 229 in March'26.

Operating cost discipline has remained tight throughout the year. FY'26 operating expenses, including depreciation, grew only by 9% year-on-year, absorbing the Finacle migration investment, which is a proof of concept for the lending franchise we will eventually own as an SFB.

FY'26 referral disbursements stood at approximately ₹1,300 crores with Q4 alone contributing around ₹592 crores, a 97% sequential increase. The referral mix is heavily aligned to kind of secured priority sector lending SFB model is designed for housing, gold, LAP, MSME. Our intent, as I have stated in earlier calls, is to build a differentiated SFB focus on secured assets and an asset-light model that can deliver superior return on equity. To reiterate, our business model for SFB revolves around 3 moats, which is the cost of funds advantage, asset-light model and cutting edge of our technology.

In summary, FY'26 has been a year of a lot of challenges. We have navigated through those challenges coming through the difficult times in Q4. In FY'27, we look forward building a prudent franchise of liability and preparing ourselves for the SFB.

With this, I open the floor for questions.

Moderator: Thank you, sir. The first question is from the line of Ankit Kanodia from Zen Nivesh. Please go ahead.

Ankit Kanodia: Sir, my first question is related to the SFB transition. Sir, if I understand the business correctly, we are currently doing a few services or products which will probably be in a conflict of interest when we start lending as an SFB. So for example, when we look at our cash management business or our business correspondence business, I think a lender basically takes this business -- basically gives this business to us. Now how do we make sure that there is no conflict of interest? That is number one.

Number two, we are also doing some of co-lending with other lenders. But when we start our own lending book, won't there be a conflict of interest from that part as well? That is my first question, sir.

Ketan Merchant: But coming back to your question, and I'll take the second question first about your co-lending. I think we put some statistics on -- actually, it's not co-lending, it is about lending referral, the amount which we've done for the last quarter of ₹592 crores of disbursement. There is no intent of co-lending. SFB are also not allowed co-lending.

Before we migrate and before the launch of operations start, this is our way to establish a proof of concept or a pilot that how our differentiated model, which we are doing through merchant, what kind of demand it can raise. So it is actually showing a very good traction. It is helping us to prepare the guardrails.

Once this -- essentially, it is not a revenue-accretive business currently, but it is a business which is being prepared for getting the railroad, establishing the potential of our differentiated channel, and that seems to be going on the right direction. So that's where our lending referral will translate itself into our SFB loan book through our differentiated channel.

Coming to your first point, conflict of interest. In the past also, we have actually said it many times, we're not going to go into a brick-and-mortar Small Finance Bank with multiple branches and traditional cost of funds and traditional business models. We intend to continue our payment business, which are regulatorily allowed.

You had used the example of cash management services. Yes, we do have some of the financial institutions where we act as cash management services. But in addition to financial institutions, the industry is far and wide. Its logistics, its operations, its quick commerce. So there might not be an impact. If your question alludes towards that, is it either and or, the answer is no. From a regulatory standpoint and from a business plan perspective as well, our CMS will essentially continue.

Coming to the second example, which you said, business correspondence, yes, that business approximately has a revenue number of around ₹140-odd crores in FY'26. That is a business which we are not allowed to do in Small Finance Bank, and we've made our business model after factoring that. So once we transit into a Small Finance Bank, the business model has envisaged all the business which will continue barring this business correspondence, which will be separately dealt with. I trust this clarifies your point.

Ankit Kanodia: That was very helpful, sir. And I read a news article that you are planning to sell this business correspondence. So do we have any progress on that front? And anything which we want to share in this call regarding...

Ketan Merchant: I typically do not answer on any media articles, but we are looking at strategic options, which we can look at for this business, and we will provide an update on this as things progress out.

Ankit Kanodia: That would be great, sir. And sir, one last question, if I may. Again, I think we have mentioned in the past that as per the transition to SFB, we'll be doing a fundraise. So any time line, any valuation or any kind of dilution numbers which we have internally chalked out and we want to share with the investment community right now?

Ketan Merchant: Okay. No, I think you mentioned it that as we currently speak, our capital adequacy ratio is 83%, if Anup can validate that for me, vis-a-vis a 15% regulatory requirement. We have made our business plans until FY'30, which will be a fee-based business plan, coupled by the secured lending book as well. So as things stand now, from a business projections perspective, we are technically not requiring to have capital. So our SFB launch is not dependent on any capital based on the business plan which we have drawn across. How do we take it forward? If and all, whatever happens, we'll keep an update on that.

Ankit Kanodia: And RBI doesn't mandate us to reduce our promoter holding because our promoter holding is 75% today in the company. So is there any mandate by RBI to reduce it once we transition into SFB?

Anup Agarwal: So Ankit, as mentioned in the speech, whatever the conditions RBI has laid down from implementation point of view or a promoter shareholding point of view or like exiting certain business or whatever the requirements, we are in process of progressing on the same. And as and when things progress, it will be updated to the relevant stakeholders, including the stock exchange.

Ankit Kanodia: Right. That was very helpful, sir. One last question. Sir, one of the payment bank license has been canceled by -- actually, it was canceled long back. It has been just executed recently. Any particular -- I mean, I know you would not want to comment on any...

- Moderator:** Sir, I'm sorry to interrupt, but could you please return to the question queue? We have the next question from the line of Anand Dama from Emkay Global. Please go ahead.
- Anand Dama:** Ketan, What explains the drop in the CASA opening in Q4? I understand digital payment business, but CASA was a small business where we had a strong funnel for the DMT and the non-DMT customers. So what explains the fall in the CASA account opening in fourth quarter?
- Anup Agarwal:** Anand, so the answer to your question regarding the CASA slowdown in Q4 other than the digital business. So during the Q4, we had initially in the first month, in January, we had a core banking system migration. So for around 4 to 5 days, there was a disruption in terms of the technology switchover. That's one of the causes that.
- Second, at an overall level, as mentioned in Ketan speech, also comments that we are now focusing on a high-quality customer with higher balances which will enable us to lay the foundation for our SFB plans. So these are the 2 factors which led to the Q4 dip during -- sorry, the CASA account opening dip in Q4.
- Ketan Merchant:** Anand, Ketan here. Just one thing to add. If you're looking at it from a representative way forward, I think our focus is fully on retail and CASA as we had seen across in the month of March as well. So that momentum is expected to continue in FY'27 in the manner which Anup just explained.
- Anand Dama:** Should we expect that FY'27 or particularly first quarter FY'27 should be a normal quarter where we don't have any technical issues and so the CASA momentum should again pick up?
- Ketan Merchant:** Yes, yes, Anand. As I said, the technology change, et cetera, was already completed in Jan and Feb. March was a testimony of that, and our focus remains back to going back into the CASA and retail momentum, and that is our high focus.
- Anand Dama:** And in the digital payment segment, the customer cleanup that we have done in the fourth quarter -- in the third and the fourth quarter, most of these customers were largely related to real money gaming business or there were other customers also that we have done a cleanup in terms of either profitability or regulatory issues, whatever is the case?
- Ketan Merchant:** Yes, I'll ask Shailesh to just take this one.
- Shailesh Pandey:** Thank you, Ketan. So if you recall, the real money game was actually stopped in August 2025 as per the regulation issued by the Government of India. So the cleanup was at that point, immediately the next day, we had blocked all the merchants who were doing real money gaming as per the circular. And the current quarter 4 changes which we have done is belonging to merchants, which are predominantly within the program manager ambit.
- Anand Dama:** So in that case, and I think Ketan mentioned about that we're looking at better profitability and better profitable customers. Does that mean that the margins of the DMT business now that we have done the cleanup should be better incrementally?

- Anup Agarwal:** So I think, Anand, I think maybe there are 2 products which we are talking about. One is the digital payment, which is a UPI P2M product, which is where the real money gaming was there. Whereas now in your question, I think you mentioned about DMT. DMT...
- Anand Dama:** Sorry, that was digital payment. My mistake. It was about digital payment.
- Anup Agarwal:** Digital payments, sorry. So digital payments -- so what -- sorry, can you just repeat your question, sorry?
- Anand Dama:** So I was saying that we have done a cleanup in the digital payment business now. And somewhere, I think you said that you're looking at now more of a profitable customers. So does that mean that incrementally the margin of the digital payment business should be better?
- Ketan Merchant:** Anand, sorry, this confusion because of digital payment and DMT, you are saying that should going forward, our digital payment margin be different from what we've seen in the FY'26, correct? That is your question.
- Anand Dama:** Yes. Yes, sir.
- Ketan Merchant:** To answer to that, I think what we've essentially done based on March is we've taken a pause. We are relooking at our processes, recalibrating our risk and so on and so forth. On the digital payment, as and when we progress after the reviews, which we are doing internally and otherwise as well, we'll just keep an updated on the entire business model in later part of the quarter or towards the end of the quarter.
- Anand Dama:** Sir, how should we model FY'27 in terms of our various business lines? Where should we expect improvement and where we should see deceleration in terms of the business, except for BC business, which we know that would undergo a change. But other business lines, how should we model it in terms of throughput revenue and margins?
- Ketan Merchant:** So I'm not going to -- we're not putting currently any guidance. But however, I can just provide a direction in what we were looking at. Perhaps in the previous question also, this came up. Our focus for FY'27 is driven into 3 parts. One is the CASA accounts, which we had seen a historic high in the month of March after a relative slumber in Jan because of reasons which we explained. So that is one of the growth factors which will come across. Anup earlier mentioned, we are looking at a corresponding liability balances, which is essentially there as well. So that is an important part and our focus essentially is going out there.
- Digital payment, I have earlier mentioned it. We are also looking at -- our transaction business typically has been a challenge on account of what Anup said in his note, but we are looking at an upside coming across in our Aadhaar-enabled payment system. And that is also we are looking at our CMS business, which will bounce back from the slumber, which you see. So if you're asking about the growth levers and all of these 4 growth levers, along with -- I'm not repeating the lending referral, which is not from a modeling perspective, but from a business model perspective. All of this taken together is our priority for FY'27.

- Anup Agarwal:** And to add on to that, since the product mix is moving towards more CASA-driven focus and liability-driven focus, the margins are also will be dependent and moving in that line as well.
- Ketan Merchant:** So typically, high product margins will lead to an improvement in the margin is what we're saying in a nutshell.
- Anand Dama:** And is it possible for you to tell us like what kind of commission that we make on this business -- I mean, referral business that we do for loans?
- Ketan Merchant:** No. So again, typically, the referral business, as I said, is not driven by -- not driven essentially by the P&L, but we around make 100 basis points on the lending referral business, which we are currently doing.
- Moderator:** The next question is from the line of Saikiran from Pulavarthi Finserv.
- Saikiran:** Just curious, extending the conversation or rather referring to your April 13 press release about Mr. Rishi Gupta being unavailable for more than 45 days. And then you explicitly mentioned that the Board as well as RBI will take a call on his fit and proper status. Just trying to understand what is the procedure which as an organization have to apply to get this -- what I can say, this assessment to be done. If you can just help us with the time lines also, that would be really helpful.
- Ketan Merchant:** Ketan here. As you rightly highlighted to a stock exchange disclosure, in addition to the stock exchange disclosure, which we said you mentioned before, I think there was an earlier stock exchange disclosure of 7th March as well, if I'm not mistaken, where the Reserve Bank of India had approved the interim management structure and helped us in terms of directional way forward through a fit and proper and their review.
- So as we speak, the way things have progressed across as well, the bank and the Board is evaluating the guidance and the prescription which the Reserve Bank of India has given. And we will be working towards that. At the current stage, this is under work in progress and is being evaluated by the bank Board. That's where I should stop at.
- Saikiran:** Just extending that conversation if I may ask whether the bank and Board had done any special audit, appointing any external agency? And is there any findings regarding the same, of course, subject to the sub judice and as well as the regulatory thing. But of course, if you can comment anything which the bank specifically had done to address this issue?
- Ketan Merchant:** Yes, it's a fair point. I should have covered it in my listing as well. We are doing a special review of the product and process in contention. That review, as we speak, is currently on. And as you rightly said, the bank and the Board are evaluating various options, including the outcome of the special review and we'll take the step forward.
- Saikiran:** Got it. And one last question from my side, Ketan, is that this event has happened late in the quarter. Just curious if you can -- and also you mentioned that in the last quarter, the account openings were very large. If you can just try to break the quarter between pre this event and

post this event, have you seen any slowdown in the account openings or the business? If you can just comment on.

Ketan Merchant: I think I mentioned it in one of my notes as well. The account opening for the full year was around -- a full quarter was around 6.9 lakhs. Anup earlier explained the January and February month. In the month of March, which as you -- as we say it as post event, we've opened around 3.2 lakhs account, which is a historic high of last 3 years. And our deposit balance has also reached a stage of, I think, total deposit of ₹2,957 crores, which was again one of the historic high which we've seen. So the customer confidence, the business model resilience and perhaps on account of all of these business parameters, retail business parameters, the business for the month of March and thereafter has been going as business as usual on account of retail banking.

Moderator: Our next question is from the line of Siddharth Gupta from Voyager Capital.

Siddharth Gupta: Congratulations, Ketan, Anup and the entire team on this result. I just have a few specific questions. Firstly, over the past few months, and this is directly in line with the problems that we are facing on the management end, have we lost merchants or noted a slowdown in merchants being onboarded with us?

And just to clarify, on Page 31 of the presentation in context of Soundbox, the merchant numbers mentioned as 2,951. Is that an absolute figure or a scale figure? I just wanted to understand the difference because according to Slide 10, we have about 20,84,000 merchants. And just wanted to understand the difference. If you could answer this, and then I can take up the other couple of questions that I have.

Anup Agarwal: Siddharth, Anup here. So to answer your question on that Soundbox thing, so the 20 lakh merchants are the physical merchants network, which we have across India, covering 98% Pin Codes. The Soundbox are we started as a strategy for our SFB foundation saying that we want to provide a soundbox and capture more data points from our existing merchants who are having a better transactions. That's where we implemented Soundbox. And these are absolute numbers and not in any scaling. So out of that universe of 20 lakhs, we have deployed Soundbox for these merchants. I hope that answers your question.

Siddharth Gupta: Right. If you could -- just a couple of -- a follow-up on this. So are we pursuing Soundbox as a revenue strategy that will it form part of our like rental income from these Soundboxes? Are we charging anything or anything along those lines? And the other bit that I wanted to understand, are we recipients of the UPI incentive from the government given that there's a lot of UPI throughput that goes through? If yes, if you could quantify the amount received in the last financial year or provision to be received for the last financial year?

Ketan Merchant: Let me just take the first one. Soundbox strategy is not a revenue-accretive strategy. This is to something the way I explained the lending referrals where we are building our guardrail so that it essentially can -- we can leverage all of this at the time of Small Finance Bank's launch. On the second point on perhaps you're looking at UPI incentive, Anup is a better person to answer that.

Anup Agarwal: So, although -- so the incentive from the Government of India only came until FY'25. FY'26, although they announced something in January, but till date, we don't have any line of sight. Unless any further communication is there from the Government of India on this, I don't think we will be able to comment on that.

Ketan Merchant: No. So Siddharth, I think if your question is towards UPI incentive, I think increasingly, it's going towards the nature of the merchant, the small merchant and the mid or the large merchant as well. As we are understanding, most of the banks which are operating may not be coming under the umbrella of the small merchants. So as Anup explained, it is not currently factored into our model or neither it is there in FY'26, neither factored in FY'27.

Siddharth Gupta: Great. Just last 2 quick questions...

Moderator: I'm sorry, Mr. Gupta, could you return to the question queue sir? The next question is from the line of Ashish Kumar from Infinity Alternatives.

Ashish Kumar: Just quickly wanted to understand in terms of the account openings. How has been the month of April? Has it been similar to March? Or is it similar to Jan, Feb? If you can kind of give -- because we are also 1 month additional, which has passed. If you can give some...

Ketan Merchant: Ashish, Ketan here. I think I'm not commenting or giving -- divulging the numbers of April currently. However, earlier, someone had asked the question of whether the momentum which has been picked up, is that a momentum which we intend to continue for the coming quarter and coming year? The answer is, yes, CASA account opening is our -- the fulcrum of all our strategy coming across, and we expect the momentum to continue.

Ashish Kumar: Okay. Secondly, in terms of the merchant partners that we have, I see -- we see that there's a big drop in -- dip from December to March in terms of total number of merchants. Is it fair to say that a lot of that is already behind that we have discontinued the whole merchant program and now it's only direct merchants? Or there's still some more cleaning up needed?

Ketan Merchant: Ashish, are you -- presumably you're referring to our digital business...

Ashish Kumar: Digital business, I'm sorry.

Ketan Merchant: Yes, I can get Shailesh to answer that, please.

Shailesh Pandey: Thanks, Ketan. Hi Ashish, we have been following a risk-calibrated growth strategy for our UPI P2M business. And we have highlighted that in the earlier calls also. What we've been doing as we move in FY'25, the management team in its internal discussion has decided on a suo moto basis that we will do a comprehensive review of the digital payment business.

As we embark on this journey, I think we have decided to pause the UPI P2M business, which means the existing merchants will not be able to transact as well as we'll not be onboarding any new partner as well as merchant. The objective actually is to strengthen the overall monitoring systems and develop a long-term sustainable business model in alignment with our overall

strategy of the bank. So currently, we are pausing the business, and we will come back as we do the entire -- complete the entire review.

Ashish Kumar: Shailesh, when we say pausing, does it mean that the revenues are near 0 in the month of April?

Shailesh Pandey: April, there will be some revenue which will happen, but from now on it will be 0?

Ketan Merchant: Yes, Ashish, so just to give a context to everyone and we clarify it off, as Shailesh said, and I earlier alluded to this as well, it is like a pause, look at rehaul, look at the ecosystem, get reviews done. And then we will announce a separate plan, as I earlier said, maybe towards the end of the quarter or thereabouts in terms of our digital plan. Until then, the focus very persistently remains on the 4 items, which I had earlier alluded towards.

Ashish Kumar: Sure. The second question was in terms of depreciation and interest. We see a large jump quarter-on-quarter on that. Is that because of the new IT system being capitalized? How much would that have been the impact because of that?

Anup Agarwal: So Ashish, Anup here. So to answer your question first, yes, depreciation is completely primarily the impact on account of the core banking system migration completion and capitalization of the same in Q4. That is one. Second, in terms of the interest cost increase, it's primarily on account of the leveraging our -- in terms of the license, which we have in terms of participating in reverse repo...

Ashish Kumar: I understand, Anup, on that. So how much is the increment on depreciation?

Anup Agarwal: So depreciation, the complete increase is on account of that.

Ashish Kumar: Okay. And that would be going -- continuing, I guess, going forward?

Anup Agarwal: No. The next year will be a larger impact because here this quarter -- this year only, you had around 2.5 months impact, whereas..

Ashish Kumar: So I'm saying this quarter, what is the depreciation for this quarter?

Anup Agarwal: Sorry, the depreciation for this quarter? ₹23 crores.

Ashish Kumar: Yes. And so that's going to be your run rate going forward broadly?

Anup Agarwal: Probably a little better.

Ketan Merchant: Yes. And this, as Anup explained, already factored in the migration of our core banking system is what we were essentially saying. So Ashish and maybe for rest, we can just draw the attention on Slide number 12, where if we see until EBITDA level, despite a benign business implication and everything what we've discussed earlier, EBITDA has largely been impacted only by around ₹6 crores, ₹7 crores.

And this is where when we come down to PBT and PAT, the impact gets larger is because of the investment which we've done and which has been something which we've been telling about for a while as well. And that is the capitalization, which has happened in the month of January.

Moderator: Our next question is from the line of Shazad Shroff from Demeter Advisors.

Shazad Shroff: My first question is, given the management disruption that we saw in the last quarter, do we expect this 2028 launch of our lending business getting impacted? That's one. Second, what regulatory milestones do we need to get cleared over the next 12 months to get to our SFB launch? And third would be, we've broadly given out the 20% ROE target. But if you can -- if it's possible, if you can break it up into expected yields, NIMs, opex costs, that would be helpful?

Ketan Merchant: Let me just take the first question is about the challenges in SFB launch. As I had mentioned earlier, and maybe we had referred it in earlier calls as well, RBI has given us in principle approval on 5th December and has given us a specific time line. If I'm not mistaken, we have actually articulated a time line, and I'll just give a reference of the slide as well, if there is one, yes. So if you go to Slide 22, this is exactly the same what you've been asking across. There is no change in our SFB plan.

And as we speak, the work is essentially happening. We are going towards a differentiated SFB. We've given our thoughts in terms of the assets and liabilities as well, liabilities being core. So in a nutshell, to answer your first point, the SFB functioning or SFB preparation, if at all, has further intensified for FY'27 and the time lines currently as we see are completely intact.

Second aspect, which you asked about was the regulatory milestone. I think this is no different for us. After RBI gives an in-principle approval, there is a time line which is given across and which we've attempted to capture in Slide number 22. As we speak, the major part of our technology upgrade is already done, and we will be adding some more technology levers and the relevant specialized staff as well, and that is being progressed. After that, the process -- RBI defines the process that we'll apply for or we will tell them about the final launch preparation, and that's how it will go through.

As regards to your third point on the yields and the kind of products. If I take -- on the liability side, if I just take everyone towards Slide 18, and I mentioned it or rather Anup mentioned it in his note as well that one of the key aspects which we are essentially looking at is the cost of funds in FY'30 and around 3.9% based on current. So that will be around 300 basis points. So we are getting skewed towards the CASA liability. That is our strength.

The point to remember is we are not starting. Whilst we have put an articulation of around ₹13,300 crores, we already have some ₹2,800 crores, ₹2,900 crores of deposit, which is anywhere there. And with our payment bank license evolving into Small Finance Bank, there are other avenues which we can go into in terms of our low-cost liabilities. As we mentioned it off and it is there on the slide, around 2/3 or more business is expected to come on the liability

side from our merchant model, which is our current existing model. And then, of course, that will be dovetailed by with some of our branch setting as well.

As regards to the yields and the NIMs, I think in the past, either we've given or we'll just come back, we have listed down products, which we are looking at largely secured, 90% secured portfolio, which we are looking at affordable housing, MSME, gold loans, LAP, micro LAP and a bit of personal loans. We will -- as we progress towards, we will be providing a much more detailed impact or detailed strategy on how are we essentially building. This is also going to happen through our asset-light model or the merchant-led model.

As regards to broadly NIM and if I just recollect it off, NIM, we have been putting it across because of our low-cost deposit base, which we have is anywhere in the range of around 8% to 10% is what we are looking at.

Moderator: We have a follow-up from the line of Ankit Kanodia from Zen Nivesh.

Ankit Kanodia: Sir, one last question, which is related to our PPT where we have mentioned about our CASA revenue of ₹629 crores in FY'26. Just a request, sir, if it is possible to give a breakup of how much of float income is included in this?

Anup Agarwal: Ankit, Anup here. So to answer your question, yes, out of the ₹630 crores of the CASA revenue, we have ₹136 crores of float revenue in this.

Moderator: The next question is from the line of Siddharth Gupta from Voyager Capital.

Siddharth Gupta: Sir, 2 quick questions. One on the reverse merger with the promoter entity, which we had announced back in '23. Any updates that you can share with us? And second, I wanted to know the renewal percentage of our CASA subscribers.

Ketan Merchant: On the reverse merger, yes, we have updated on our earlier call as well that eventually or rather at the time of the application, our intent was to have a reverse merger as well as Small Finance Bank application. As things stand now and consistent with what we said in the previous calls as well, currently, we are on the path of a Small Finance Bank, which will proceed. And reverse merger is something which if it's regulatorily allowed, it will be explored subsequently as and when the Small Finance Bank comes through. On your second point on the CASA renewal percentage, Anup, do you want to say it?

Anup Agarwal: Yes. So Siddharth, on the question on the CASA renewal, we are maintaining the renewal run rate of around 60% to 65% for the CASA subscription renewal.

Moderator: We will take the last question from the line of Nitin, an individual investor.

Nitin: Ketan, so I know that you said you won't be giving any guidance. But if you look at the Slide number 22, and you have consistently said that you were looking at ROE of 20% as part of your SFB plan. Is this 20% something that you're looking by FY'30 or you're planning to achieve that much earlier as per your business plan? Also, this ₹100 crores of investment that

you're going to do, is that also basically on your branch expansion or it includes all other expenses like staff, et cetera?

Ketan Merchant: So let me just take the second question first. The investment which is you quoted about or rather we've quoted around ₹100 crores is primarily around the technology infrastructure enhancement, which we are doing over and above the core banking, which we've done across. So primarily or the larger part of that will be on the digital and the technology part.

On the branch, as I have earlier said, it's our business model or a larger part of our assets and liability franchise will be on a variabilized cost model, which is the merchant. We will open branches, but not in comparison with the traditional brick-and-mortar business. So that perhaps answers the second question.

Nitin: Which is fine, but that will incur more whatever, even if we open a few branches. So that cost is not part of this ₹100 crores. That will be on top of ₹100 crores.

Ketan Merchant: I essentially said primarily it was the technology driven. So if we are looking at ₹100 crore, that is the overall capex at this stage, which we are looking at, including that, but the branches from a business model perspective may not be material is what I'm saying. Your first question on Slide 22 was about 20%, and Anup is jumping on his chair.

Nitin: I mean the thing is, see, we talked about TAM and we talked about so much in our earlier presentations. I've been an investor for a very long time now. But unfortunately, last year's events of remittance going out, mule accounts, then what happened with Rishi, a lot of other things, Investor confidence is certainly down, which you all know. What are you really doing to get that confidence up and the 20% is definitely something that will help towards that basically.

Ketan Merchant: So let me just answer your second point now in terms of -- definitely, as, Nitin, I said in my note as well, it has been a redefining year for us, risk calibration, suo moto moderation and the event which we are talking about.

But one thing which has happened and maybe I'm reiterating it off, and this also resonates or maybe answer some of the earlier questions as well from a management intent and from a management or the stability of the organization, March has been an historic high for us. So there is definitely a retail business and it is institutionalized. The processes are institutionalized and not essentially person dependent or a person heaviness as well. So -- and our focus is going towards the SFB, which we are looking at.

As regards to your specific questions of ROE by which time, so before Anup answers that, I think we recognize people who have been standing with us in all of this, and we are working towards that, and we are making a differentiated SFB. Not many will have a 300 basis point advantage of cost of funds, which I am essentially saying it off. So there is an element of definitely a differentiated model, which is being worked out.

Anup Agarwal: Nitin, Anup here, to answer your question on the ROE, the ROE of 20% is what we aim to achieve by FY'30. And there are 3 main factors for aiming that ROE. One is we -- our asset-

light model. So 2/3 of our business, whether be it liability or an asset will be sourced through the merchant network, which we already have or which is already established.

Nitin: Yes. I think I know all of that, but what I'm trying to really understand is how fast are we working? Because see, the thing is we should have been monetizing everything that we worked for the last 3, 4 years, we have been seeing this investor presentation for a very long time now. So all I'm trying to understand is how soon are we looking at -- our profits are down like from ₹100 crores to ₹60 crores?

And we know the reason, but we still need to really move ahead and try to get back where we were, which I understand is asset-light and we are differentiated. So we know all of that very well by now. I'm just trying to understand how soon are we going to get some ROE, which will bring back the confidence in the institution, because that's what investors look at, at the end of the day?

Anup Agarwal: No. So Nitin, as Ketan mentioned, we are completely the whole entire management and the Board is working towards the same. One thing we can assure you is we are working on operationalizing SFB at the earliest. What we have given the time lines based on what RBI has also given us, we are working towards the same.

Second, in terms of getting the higher profitability, we are maintaining that cost discipline. If you see overall, the variable -- variabilized cost model has led to this profitability also for us. So we are -- as a management, we have been trying to overcome those challenges around the same. And we can assure you that we are completely working towards the same.

Nitin: And you're not going to give any guidance for this year at all in terms of what we are planning to achieve in terms of...

Moderator: I'm sorry to cut you off, but due to time constraints, we would need to close the call now. I now hand the conference over to the management for closing remarks.

Ketan Merchant: Thank you. Thank you, everyone. As I have said earlier, it's been quite a task on this quarter, but there have been a lot of positives which we have come across, and I'm not repeating them. But just to give an assurance to everyone, our focus continues to remain on our retail CASA, liabilities, ATS and more importantly, how we are building towards SFB. There has been some amount of events which have happened or event which has happened, but the management is completely resilient and working towards this.

And when I'm saying this across, it is entire bank is rallying towards the commitment which we have made towards our stakeholders. So, I thank every one of you, and we are doing our best to increase the momentum and FY'27 would be again a redefining year for us in terms of going towards an SFB. Thank you, everyone.

Moderator: Thank you. On behalf of Go India Advisors, that concludes this conference call. Thank you all for joining us, and you may now disconnect your lines. Thank you.

Ketan Merchant: Thank you. Thank you, Farah.