August 18, 2026

BSE Limited
P.J. Towers,
Dalal Street,
Mumbai- 400 001

Scrip Code: 543386

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

Symbol: FINOPB

Dear Sir/Madam,

Sub: Transcript of the earnings call with the investors and analysts held on August 14, 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 August 14, 2026

In continuation to our letter dated July 27, 2026 and August 14, 2026, please find enclosed herewith the transcript of the earnings call with the investors and analysts held on August 14, 2026.

This disclosure will also be 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 Shivanand Loni
Digitally signed by Basavraj Shivanand Loni
Date: 2026.08.18 17:58:22 +05'30'

Basavraj Loni
Company Secretary & Compliance Officer

Place: Navi Mumbai

Encl: As above

"Fino Payments Bank Limited

Q1 FY27 Earnings Conference Call"

August 14, 2026

MANAGEMENT:	**MR. KETAN MERCHANT – INTERIM CHIEF EXECUTIVE OFFICER – FINO PAYMENTS BANK LIMITED** **MR. ANUP AGARWAL – INTERIM CHIEF FINANCIAL OFFICER– FINO PAYMENTS BANK LIMITED** **MR. TEJAS MANIAR – CHIEF DIGITAL AND LIABILITIES OFFICER – FINO PAYMENTS BANK LIMITED**
MODERATOR:	**MR. NIKHAR ARORA – GO INDIA ADVISORS LLP**

Moderator: Ladies and gentlemen, good day, and welcome to Fino Payments Bank Limited Q1 FY27 Earnings Conference Call hosted by Go India Advisors LLP. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nikhar Arora from Go India Advisors LLP. Thank you, and over to you, sir.

Nikhar Arora: Thank you, Palak. Good afternoon, everyone, and welcome to the Q1 FY27 Earnings Call of Fino Payments Bank. We have on call Mr. Ketan Merchant, Interim Chief Executive Officer; Mr. Anup Agarwal, Interim Chief Financial 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, therefore, be 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, sir.

Ketan Merchant: Thank you, Nikhar. Good afternoon, everyone. Hi, this is Ketan here, Interim Chief Executive Officer for Fino Payments Bank. Good afternoon, everyone, and thank you for joining Fino Payments Bank earnings call for the first Quarter of FY27.

It is just about fair for me to say that Quarter 1 FY27 has been one of the toughest quarters in the history of bank. Besides the event of Feb '26, one of our most profitable B2B business has been paused for recalibration, and it will take at least next couple of quarters for the relaunch. However, amidst the challenges, there are silver linings in Quarter 1 FY27.

Our focus is on retail segment, customer acquisition and referral lending, and we are taking right strides and at a steady pace in each of these. This is a conscious strategy in light of our small finance bank transition.

Let me now talk about our lending ecosystem. As you know, we consciously built our referral lending business as an important stepping stone towards our future lending franchise. Referral loan disbursements had reached INR 1,285 crores in FY26 and the momentum accelerated further in Quarter 1 FY27.

During the quarter, referral loan disbursement increased to INR 628 crores, which is reaching 50% of the total disbursal in FY26. In line with our long-term vision of building predominantly secured lending portfolio, our referral lending business is also fully focused on gold loan, affordable housing and loan against property.

This allows us to develop customer relations within the secured lending space, create customer credit insights while building agile underwriting and servicing capabilities over the next couple of quarters and more.

Further, I am pleased to share that we are advancing well and remain on track to meet RBI stipulated conditions for transition to Small Finance Bank. We continue to expect that all required milestones will be completed within the prescribed 18-month timeline, and we remain on course to submit our readiness to the Reserve Bank of India by end of Quarter 4 FY27.

We have appointed PricewaterhouseCoopers to support the implementation and overall operational readiness of SFB. We have also onboarded technology partners for our loan origination system, loan management system and other lending applications that will form the backbone of our lending platform.

Alongside this, we continue to strengthen our governance framework by putting in place the required policies, operating procedures and compliance process to support Small Finance Bank. On the leadership front, recruitment is progressing and progressing well. Individuals for key leadership positions have been identified, and we expect these senior executives to join us by end of the calendar year.

In parallel, technology stack for the end-to-end customer loan journey is under development and is expected to be ready by Feb '27. Overall, the implementation of road map remains well aligned within our planned time lines.

As we prepare for next phase of our journey, technology and AI-led automation will remain central to the improving customer experience, enhancing risk management and driving operational efficiency. Our USP, the existing fee-based income, which contributes over 75% of the revenue stood at INR 234 crores in Q1 FY27, and it remains our distinct advantage over other SFBs once we transit.

Our cost of funds currently at 1.4% and our plans to enhance that will enable us to have a higher NIMs for secured assets. Our capital position continues to remain comfortably above the regulatory requirement for the proposed small finance bank.

At the same time, our business plan through FY30, which we have enunciated earlier, remain unchanged. We will continue to build a predominantly fee-based business complemented by secured lending portfolio, allowing us to maintain prudent balance between growth, profitability and capital efficiency.

Coming to our liability franchise. This continues to be the cornerstone of our business model and remains our biggest strategic differentiator. The average CASA balance stood at INR 1,280, while the average total deposit increased 12% Y-o-Y to INR 2,772 crores and renewal income grew by 7% year-on-year to INR 67.5 crores during the quarter. Customer acquisition remained healthy, and we added 8.4 lakh new accounts in this quarter, taking our total account base to 1.83 crore.

Our merchant network, which is close to around 20 lakh continues to be one of the biggest competitive strengths. It gives us unmatched physical reach across the country while also supporting the growth of our digital ecosystem. This network not only helps us to acquire customers at a relatively low cost today, but also provides a ready distribution platform for future banking and lending products.

Customer engagement across our digital ecosystem also continued to strengthen during the quarter. Digitally active customers increased by 22% year-on-year to 64.6 lakhs, while active FinoPay, which is our app customers, grew even faster at 38% to 8.4 lakhs. This clearly reflects the growing adoption of our digital channel and validates our strategy of combining assisted banking with digital convenience.

On the technology front, we successfully implemented Finacle core banking platform in the previous quarter. During Quarter 1, our primary focus shifted from implementation to platform stabilization while simultaneously progressing Phase 2 capabilities that will support lending, new product development and operational scalability. Combined with our modular technology architecture and AI-enabled lending platforms, this provides a scalable technology backbone for our proposed small finance bank. It will allow us to launch new products faster, improve customer experience and strengthen operational controls and support business growth much more efficiently.

We are preparing to relaunch our high-growth B2B UPI P2M segment. However, this would depend on the ecosystem and other developments, which could result in the relaunch tentatively in Quarter 4 FY27.

Our objective remains to build a differentiated small finance bank anchored on 3 enduring competitive strength. The first is strong liability franchise that gives us structural advantage in terms of cost of funds. Second is predominantly secured and asset-light lending model powered by huge network covering more than 95% of India's pin code, enabling efficient customer acquisition, disciplined underwriting and scalable growth.

And third is technology-led operation platform built around Finacle, AI-enabled lending capabilities and robust digital infrastructure that will support innovation, operational efficiency and superior customer experience.

Overall, this quarter has been a testimony of resilience, and I'm glad that in a relatively difficult phase, we've been able to excel on our strategic priorities of retail growth and customer acquisition. Our B2B business has been impacted due to Feb '26 event, and we are working towards rebuilding the same in next couple of quarters.

We remain confident that the combination of our 3 competitive strengths, which are key pillars will clearly differentiate Fino and position us to create sustainable long-term value as we move towards a small finance bank.

With that, let me now hand it over to Anup, who will take us through financial performance and analysis for the quarter in greater detail. Over to you, Anup.

Anup Agarwal: Thank you, Ketan. Good afternoon, everyone. As Ketan mentioned, our focus has been building a sustainable institution by leveraging our distribution network and technology for our next phase. Currently, the focus is on improving the quality of our revenue mix, expanding our net revenue margins and continuing to invest in capabilities needed for our proposed differentiated small finance bank.

One of the key highlights for the quarter was a continued improvement in our net revenue margin. Despite lower revenues, our net revenue margin expanded to its highest quarterly value of 42.8%, improving 275 basis points sequentially and 925 basis points year-on-year.

This clearly reflects the increasing contribution from our ownership-led business and reinforces our strategy of improving the quality of earnings. With retail focus enhancing, our margins are expected to be higher as compared to last year. And with increase in business momentum, this can lead to better earnings.

As expected, EBITDA declined to INR 43.1 crores from INR 56 crores in Q4 FY26. This was largely due to the pausing of our UPI P2M B2B business and digital acceleration moderating our cash transaction business and our continued investment in technology and risk management. We view these as investments that will strengthen our operating platform and support sustainable growth over the long-term.

Another favorable trend during the quarter was our continued improvement in our revenue mix. On the back of 1.83 crores customer base, of which around 8.4 lakhs were added during the quarter, CASA increased its contribution to the revenue from 45% in Q4 FY26 to 54% in the current quarter, reflecting the growing strength of our liability franchise.

Our liability base continues to be one of the strongest pillars of our business and the biggest growth driver. Average total deposits in current quarter grew by 12% year-on-year to INR 2,772 crores with a structural low cost of deposits, as mentioned by Ketan.

Renewal income for the quarter remained healthy at INR 67.5 crores, a growth of 7% year-on-year. We continue to view renewal income as one of our best indicators of customer ownership and engagement as it reflects customers choosing to continue their relationship with the bank.

We also witnessed an encouraging trend of newly acquired customers becoming UPI active within the same quarter which stood at 68%. During the quarter, the customers acquired became UPI active in the same quarter. Higher UPI adoption is expected to deepen customer engagement and improve stickiness over time.

This growing liability franchise is improving the quality of our earnings today while also creating a strong funding base for our proposed small finance bank. Our cost of funds further strengthens our liability franchise as we expect this to translate in approximately 300 basis points advantage as compared to other small finance banks in future.

As we continue to build a liability-first bank, we believe the funding advantage will remain one of our biggest competitive strengths apart from the distribution network. Our loan referral business, which serves as a pilot for our future lending franchise, continued to see a good momentum during the quarter.

Referral loan disbursals surged 214% on year-on-year to INR 628 crores, nearly 50% of the total disbursals in FY26, indicating growing demand for credit in our banking ecosystem and our target customer segment.

The referral pipeline remains well aligned with the secured lending segments that we intend to focus on, including affordable housing, loan against property, gold loans and secured MSME lending. This not only validates the strength of our asset-light distribution network, but also gives us confidence in our ability to create high-quality secured lending opportunities at scale.

Our capital position also remains comfortable above regulatory requirement for the proposed small finance bank. As we have consistently maintained, our business plan through FY30 is built around predominantly fee-based model, complemented by secured lending portfolio.

We continue to believe our future franchise will be differentiated by 3 structural strength, low-cost liability franchise, asset-light operating model and a technology-led distribution platform. Subject to the necessary regulatory approvals, we remain on track with our implementation road map.

Coming to the operational performance for the quarter. On a year-on-year basis, the total throughput declined by 10%, largely due to the strategic recalibration of our UPI P2M B2B business segment and traditional cash transaction business hit by the industry's continued migration from cash to UPI, along with our focus-conscious decision to focus on high-quality, more active merchants.

However, throughput grew 3% sequentially, indicating our customer relationship depth and faith in Fino's model. In the B2B CMS segment, throughput grew 26% sequentially to INR 18,000 crores as we further broadened our client base. This also resulted in 5% revenue growth in this segment compared to previous quarter as it is facing challenges on the pricing.

Our traditional transaction business, which forms of remittance, micro ATM, AePS saw 13% sequential revenue decline as it continued to face industry headwinds due to growing digital adoption in Bharat.

However, due to this rise in digital adoption, we are witnessing encouraging trends in digital engagement as UPI throughput grew 14% year-on-year to INR 60,000 crores and digitally active customers for the month of June '26 stood at 65 lakhs, a significant growth of 22% year-on-year compared to June '25. Coming to UPI P2M B2B, as communicated earlier, the segment is currently undergoing a strategic recalibration, and it will take at least a couple of quarters for relaunch.

Overall, on operating cost front, we remained flat year-on-year despite inflation and other related parameters. We continue to monitor costs and invest in technology, risk management and AI-enabled solutions.

Looking ahead, our priorities remain unchanged. We will continue to strengthen our liability franchise, improve the quality of our revenue mix, maintain disciplined cost management, invest selectively in the capabilities required for the small finance bank transition. FY27 is a year of consolidation, building on the foundation, investing in people and technology and pivoting to our next phase of growth.

Overall, we believe the banking platform and the liability franchise that we have built over the last several years, together with our structural funding advantage, disciplined execution and focus on secured lending positions us well to create sustainable long-term value for all our stakeholders.

With that, we are happy to take the questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ankit from Zen Nivesh.

Ankit: Congratulations on the steady growth in the referral loans. My first question is related to that only. So as you highlighted in your previous calls also and it is there in the business updates also, our cost of fund is so low and our loan referral is going steadily well. So any color on at what rates are we giving these gold loans and LAP and housing loans?

Anup Agarwal: Yes. So, see, currently, what we are doing for the referral loans, we are partnering with a lot of NBFCs in the market in terms of when we are offering to our customers.

When we will be going in the market when we become SFB in terms of our products, we are also looking at products of like housing loan, LAP, gold loan and other products. We'll be better than these NBFCs in the market in terms of the rate of interest, which they are offering currently to our target segment. That is one.

And second, what we are looking at is 90% secured book of lending for our SFB portfolio with an average portfolio yield of around 14%. So, which will be having a blending mix of gold loan also, housing loan, LAP, MSME secured lending. So considering all that, we are looking at a blended portfolio yield of 14%, which will be better off than a lot of competitive players in the market, which are largely NBFCs in our target segment.

Ankit: Got it. Got it. So my second question is related to the recent MDR-related provision, which is getting discussed at the level of the government. So if that comes through and since we have a large merchant network and good usage of UPI on our app. So do we stand to benefit if that MDR comes in or can you give me more color on that?

Ketan Merchant: Ankit, I'll get Tejas to answer on that. He's our Chief Digital and Liabilities Officer and closely working on that based on what is currently available.

Tejas Maniar: Thank you, Ketan. So Ankit, it's a fair question. And this is again being introduced as we speak. How do I say this? We are currently calculating or we are currently modeling as to in which other areas where it will be helping us because it's very clear that the MDR will not be applicable on P2P or direct to customers.

It will be on a B2B basis. So, we'll be recalibrating this when we anyways relaunch our B2B UPI P2M business along with some of the partners. So once we recalibrate that, along with some of the larger strategies for the digital payments, we will be in a better position to answer because we are actually waiting for some clarification on the amount where this will be...

Ankit: I'm not asking for a definite guidance as to what kind of numbers you are looking at. I'm just trying to understand -- can you hear me?

Tejas Maniar: Yes, yes. Please go ahead.

Ankit: So, I'm just trying to understand from a qualitative perspective is this MDR, and as per the current reading of the news which I see, top 6% would be eligible in terms of the more than INR 2,000 where the transaction is more than INR 2,000. So if that comes through, will we stand to benefit in some way? And would it be beneficial for us? That is my larger question. Not asking for a definite guidance?

Tejas Maniar: Okay. So in that case, my answer is a definite yes.

Ankit: Okay. Okay. So the kind of business which we lost in the last 1 year or 2 years stands to revive slowly if it gets implemented, right?

Tejas Maniar: Now that's a definite position you're putting me. That's what I'm saying. That at a qualitative level, yes, Fino Payments Bank will stand to benefit. The control of business as we go along, we'll be in a better position to highlight as we go along.

Ankit: Great, thank you so much. My third question is, so when I look at the promoter shareholding, so Fino Paytech has complete control over the shareholding of Fino Payments Bank. And I happen to look at the annual report of Fino Paytech and I find that something like BPCL is one of the largest shareholders there.

So, I'm just curious as to if BPCL tomorrow, for BPCL, it would definitely be a non-core investment. If they want to liquidate their investment, how would we facilitate them because Fino Paytech is invested in Fino. So are we trying to do something about it? Or can you throw some light on that?

Ketan Merchant: Ankit, let me understand your question. Your question pertains to the holding company investment where BPCL holds the higher a significant percentage. Now technically, Fino Paytech and Fino Payments Bank work at a complete arm's distance. They are our holding company. However, Fino Payments Bank is a primary driver for Fino Paytech and is a key business of.

So there isn't any awareness of why anyone should attempt to offload their investments, etc. And anyway, those conversations essentially happens. My understanding is that maybe 7, 8 years back, BPCL invested in Fino given the strategic partnership which can happen. Now core, non-core, that is something which BPCL can best reflect upon.

But I think from our functioning, our growth, our small finance bank perspective, nothing of this sort is being envisaged. And just so that we can reiterate it all, our capital position is also very adequately said, Anup had said that we have reasonably capital position even to go into SFB and stuff. So there is no bearing on any activities of holding company investment on the Fino Payments Bank.

Moderator: The next question is from the line of Yash Singh from AG Capital Investments.

Yash Singh: Yes. So my first question is how much of the SFB technology invest is now behind the bank? And should investors expect technology costs to moderate after FY27 as the platform moves from implementation into steady state?

Anup Agarwal: Yes. So Yash, to answer your question, in terms of the investment, yes, a large part of investment is already done by moving the core banking from FIS Global to Finacle. We have to add a few modules relating to our lending business, which is like LOS, LMS other related modules in terms of the technology. And as you rightly said, after FY27, we should be completed by our entire technology transition in terms of the SFB as well, at least for the first 3 phases of our SFB.

Yash Singh: Yes. Okay. Got it. And I had one more question. I just wanted to know the future guidance on ROEs post the development of our loan book and what is the expected boost in our top line growth due to us transitioning to SFB, speaking on a longer-term basis, I guess, FY30?

Anup Agarwal: So I think, Yash, it's too early to comment on that right now. I think currently, we are in the consolidation phase. Maybe as we move along, we'll get more clarity around this thing.

Ketan Merchant: Ketan here. Whilst we've not put a guidance around this, but let me just tell you some facts, which Anup earlier reiterated off or iterated off. Currently, our liability book is broadly in the range of INR 2,800 crores to INR 3,000 crores. Cost of funds is 1.4%. Currently, we deploy or our yields are anywhere in the range of around 6% - 6.5%, which is based on our current listing.

So, when we start the SFB on day 0 itself, we have -- And one of the earlier questions, Anup mentioned about the yield expected, which is anywhere in the range of 14%. So, there is a big upside which can come through. Typically, when an SFB or any other bank comes through, the biggest challenge which they essentially have is the liability generation, specifically if it's low cost.

So in our model, and I also made it in my, sort of, notes that our fee-based income will continue to grow. We have a distinct advantage and an opening balance of our deposit coming through– And technology cost, etc., which Anup has anyway answered it off as well.

So from an SFB perspective, with the kind of asset products which we are looking at, we expect our NIMs, and that may not answer your ROE question fully, but at least NIMs, which is highest in the industry, which we are looking at anywhere in the range of 8% to 9%.

Yash Singh: So can I assume the earlier guidance of 20%-plus on ROEs will hold still until further update then?

Anup Agarwal: Yes. Absolutely.

Moderator: The next question is from the line of Gurvinder Juneja from Fortuna Asset Managers LLP.

Gurvinder Juneja: Two questions. First, on a step-by-step basis from here to getting the Small Finance Bank operational, would you kindly lay down what are the exact steps? How have you planned those time lines?

And second, the referral business that you're doing today and assuming you keep doing for the next few quarters, is there any noncompete when you actually become a small finance yourself that you can or cannot go after those customers on your balance sheet?

Anup Agarwal: Yes. Thanks, Gurvinder, for asking the questions. So in terms of the SFB operational plan, I think we have included one slide in our investor presentation outlining the entire broad contours of our plan.

The Slide number is 10 in our presentation. Just to give you a heads up in terms of the plan, currently, in terms of people, the senior management, which we are required as per the proposed org structure, they are in the process of being hired and all of them are likely to join between September and October, the top management, that is one.

In terms of the middle management and the lateral hiring, it will be based on our rollout plan of the SFB because in terms of the business plan which we have in terms of our asset book growth, it is in line with that, which will happen over a period of time. That is one.

Second, in terms of our technology, for LOS, LMS and other key systems, we are already engaged with our technology partners, and we are working with them and based on that, we are also preparing for our asset product journeys and everything, then there are GRC, Governance, Risk and Compliance-related requirements.

Everything is work in progress. We aim to roll out everything by end of Q4 and provide the operational readiness to RBI to give us the further approval to move ahead as an SFB. So as of now, we are working on that plan. Our time line, RBI has given us 18 months on 5th December 2025, which ends on 5th June 2027. Before that, we need to submit an application to RBI showing that we are operationally ready to launch the SFB. That is on the plan, and we are on plan for that.

Now in terms of loan referral business, whether we have a noncompete clause in terms of when we move to our SFB lending, the answer to that is no because currently, the referral lending is to our own customers. So these customers belong to the bank and not to the NBFCs whose loan referring we are doing. So there is no noncompete clause or any implications for that matter. I hope I've answered those 2 questions, Gurvinder?

Gurvinder Juneja: Yes, please. Thank you, sir.

Moderator: The next question is from the line of Divyansh Gupta from Latent PMS. As there is no response, we'll move to the next question.

The next question is from the line of Parimal Mithani from Credential Asset Management Private Limited.

Parimal Mithani: This is regarding the referral business that we are getting the...

Ketan Merchant: Sorry, Parimal, your line is not clear. So we couldn’t hear...

Moderator: Parimal, sir, can you please use your handset? I guess he has dropped. So can we move to the next question?

Ketan Merchant: Yes, please.

Moderator: The next question is from the line of Divyansh Gupta from Latent PMS.

Divyansh Gupta: So a couple of questions. You mentioned that the people for the leadership role have been identified and they are joining in October. So this is the leadership for, let's say, for the CEO and at least the CEO level designate that you want to hire or we are, let's say, talking one level below the CEO?

Ketan Merchant: Ketan here. So the hiring, which we were essentially referring to was the hiring which we are doing for small finance bank. This is the credit vertical, which we are essentially making of. That's where I think Anup in his note enunciated the time lines coming across in terms of the hiring.

Divyansh Gupta: Got it. Got it. And with respect to the CEO for the bank, have we zeroed down on the candidates? Have we submitted anything to the RBI? What's the visibility or plan around that?

Ketan Merchant: So that is a good question. I think this is being worked out by the Board, the relevant stakeholders and in conjunction with the Reserve Bank of India. As we speak, all of us are holding our positions. And as and when the development happens, we will keep the stakeholders updated about that. That is being very critically handled by the Board and the investors as required.

Divyansh Gupta: Got it. Understood. So on the people hiring that we are doing, let's say, for the credit function, so while the bank doesn't, let's say, get launched as the whole process goes on, right? And assuming that the B2B business also will take a couple of quarters how much of -- or actually independent of the B2B business drive, how much of opex burn should we expect to incur while we go towards the SFB, let's say, commercialization, if I have to use that term, or launch on the SFB?

Anup Agarwal: So Divyansh, Anup here. Let me take this question. So, in terms of the burden on opex this year, we are anticipating anything around INR10 crores on this year's P&L in terms of the SFB opex which includes hiring, which includes all the other related opex for the bank.

Ketan Merchant: Divyansh, just to put it in perspective, what Anup was saying is that October onwards, the leadership teams or the unit vertical heads are expected. And Anup in his note again earlier mentioned it of as well that the operation hands-on guys are expected in the subsequent quarter or thereafter as well. Having said that, I think your assessment seems to be right. There will always be a quarter or 2 kind of lag between these infrastructure being set up and the SFB operations being started.

Divyansh Gupta: Understood. And just the last question. So while, let's say, we would have given the bank RBI the application of doing the secured base loan, and we continue on that part. But given that there is a -- you're doing a good job. I'm not commenting on that, but let's say, the new CEO who comes he might have different product nuances or strategy nuances, right?

How should we think about that transition from the moment he comes to what we are developing from a tech side to what gets eventually launched and what we actually -- what he might want the bank to take direction, right? How should we think about that -- this aspect?

Ketan Merchant: So again, that is a question to reckon. I think I'll answer it in a manner. There is no single individual who has been contemplating a business move. Fino in its own virtue, the way we are going about small finance bank and it was never an individual earlier who built it, it will never be an individual earlier and in the subsequent times who will run with it. We have our distinct strengths.

Anup again highlighted it of asset-light model, financial inclusion, secured loans, BC leveraging network. So from an overall perspective, the business model and plan is how it has been built across. And as we speak now or otherwise, we do not see a major change happening in terms of philosophy of the organization.

We have our sets of strengths we will leverage that sets of strengths, and it is irrespective of the individuals which are running. Otherwise, we lose our first-mover advantage. We lose the way we have institutionalized and modernized our business model. Having said that, there will always be some amount of tweaks which can happen to plan irrespective of new people, old people, etc. Those kind of agility and the ability to modify are always inbuilt into the agile systems.

But by and large, as we are looking at it, our Fino model and somewhere I or maybe Anup in our notes also mentioned it of that we are on our FY30 plans the way we had envisaged and the way we had articulated in our earlier calls as well.

And this is a thought-out strategy, which has been worked out over the past couple of years that when we have been anticipating to become a small finance bank, socialize it with RBI blessed by the Board, etc. So we do not see a sudden and a sea change happening in terms of any individuals or any sort of tat changes out here.

Divyansh Gupta: Got it. And just the last question, I think Ankit in the first part asked about the Fino Paytech. Now I understand that there will be some slump sale and then, let's say, change in the HoldCo structure, right or will Fino Paytech -- will the current legal structure remain as it is?

Ketan Merchant: No, I think this has come in the past as well. Ankit's question was slightly different. He was more towards...

Divyansh Gupta: Yes, he was asking about BPCL stake and everything but...

Ketan Merchant: As things are calibrated or as things are being envisaged and being worked out, our current structure vis-a-vis the holding company and the listed OpCo, all of that remains unchanged for some time.

Moderator: The next question is from the line of Nitin, an Individual Investor.

Nitin: Ketan, so I wanted to understand is the sale of the BC business and the reverse merger, are these 2 the requirements laid down by RBI to get the final approval or that more that can be done even after we get converted to SFB?

Ketan Merchant: No. So as regards to that, there are prescribed conditions. And by virtue of the regulation, a small finance bank cannot carry out BC activities for other banks. So that is one of the prescribed stipulation, which is there by virtue of the small finance bank license.

Nitin: So basically, that means that by the end of Q4, we would have sold our BC business because we are agreeing that we would have finished all the requirements of RBI, correct? That becomes one of the things that we will be finishing by March end?

Ketan Merchant: So there are a couple of things out here. RBI definitely has its own conditions, which are, as I said, one of the conditions or one of the regulations, which essentially says that I would not want to currently put a definitive action plan. Yes, we have to look at the BC business differently in some form or the other. There are various avenues to look at it, including some sort of restructuring, etc. We are working on that, and we may come up with a very concrete plan on this over the next quarter or so.

Nitin: And reverse merger is not something that RBI stipulated in their requirements, like that was never put down by RBI.

Ketan Merchant: No, I think this is similar to the previous question. Our holding and the OpCo structure or the ListCo structure essentially remains the same as it is currently there.

Nitin: So one last thing…

Moderator: Sorry to interrupt, Nitin sir, may we request that you return to question queue for follow-up?

Nitin: Okay.

Moderator: The next question is from the line of Harsh, an individual investor.

Harsh: Yes. So again, my question was a little bit about our strategy, right? So we have a very granular and a very short-term liability book. And then we plan to lend primarily in the secured division, which is usually a longer tenure loan. So how do you look at the asset liability management because you're using a short-term liability, which again is very, very granular. So it's not really supposed to be sticky?

Ketan Merchant: Thank you. Let me just give some statistics around it. Our typical book, if I do a behavioral study across out there, around 90% plus. Mostly our book is SA and a very small component is CA given it is. So contrary to what your understanding is, it is our stable book or our core book, as we call it in the asset liability management is in the excess of 90% plus.

So there is no challenge or it actually suits us in terms of having a midterm to long-term kind of a scenario. And these are statistics which have come based on the behavioral study over last 4, 5 years, and that is the kind of the demographic profile of our current liabilities.

Harsh: Okay. So just a follow-up. Did the liability book behave in the same manner during like periods of stress like maybe COVID or and recent microfinance crisis?

Ketan Merchant: I'll give you one more bigger black swan event, which we went through in March. Actually, with that event which happened in March, we were not only able to maintain our liability book. And typically, in such a scenario, the most important aspect all around was managing liquidity. In the month of March, we reached one of our highest possible liability book balance. And thereafter, on an average basis, our liability in the month of March perhaps increased by around 9%.

I think from a liability franchise, which we are running across or we are building across, besides the cost of funds advantage, we also have ourselves reasonably insulated by -- and I'm using the word reasonably insulated by such kind of events, whether it is internal or external.

So the core nature of the book, the stability of the book remains. And in the earlier calls, we have provided our building plans or liability book building plan, which we have anyway provided as well that how much will come from our current expansion of our current BC business, etc., and how much will come from branch. So from an asset liability mismatch from the stability of liability and from the cost of funds, all of 3 are a reasonable advantage which we put for ourselves.

Harsh: Understood. And my second question along similar lines would be, so, we are, sort of, catering to the lower end of the pyramid, right, in terms of liability. So how do you look at term deposit accretion in that state or the society?

Anup Agarwal: See, Anup here, let me answer that question. So currently, as per our business plan, we are looking at 2 main ratios. One is the credit deposit ratio, we are looking at around 70%. So we are not looking at aggressive lending book right now as per the plan for the first 3 years. That is one.

Second, we are looking at, as Ketan mentioned, our core book is stable. So 90% of our current CASA is the core. So we are looking at a CASA ratio of around 65%. So that itself shows that we are less dependent on the term deposit. Term deposit offering will be only from a customer stickiness point of view and not aggressively sourcing liabilities for building our asset book.

Harsh: Okay. No, my question was more about so customer penetration in terms of -- because I am going by the fact that maybe the term deposit accretion in rural and lower end in lower income would be lesser than higher. So how do you look at that?

Ketan Merchant: So on that particular thing, I think in our earlier SFB plans, and we will further bring it out perhaps in the next call as well, we are also enhancing our -- whilst BCs and merchants will become our best kind of a scenario. There are new products, there are new target segments and there are new geographical locations, which are coming across as well.

So we intend to open in year 1, 40 new branches as well, and that is part of our plan as well. And that is where it will cater to the location and the demographics of the term deposit in terms of economic viability.

What Anup essentially answered is that our primary source will continue to be low-cost SA, which rate we have earlier put it across. That will be dovetailed or that will be enhanced with this term deposit and a differential product and location and geography strategy in terms of term deposits. So there is a plan, which, if I'm not mistaken, we have put it in the past as well, and we intend to bring it as we go closer towards the next couple of quarters.

Moderator: The next question is from the line of Sachi from Indorient Financial Services Limited.

Sachi: So my question has been partially answered. It was regarding the current status of the sale of the BC business. And what is the expected time line for completion? I wanted to know that as well as is there any M&A news that we are expecting?

Ketan Merchant: Sorry, what was your second question? I think the first question anyway stands answered what I've just said. I didn't get your second question, please.

Sachi: It was regarding the reverse merger, but you answered that the reverse merger is not a condition by RBI, but can you elaborate on the reverse merger? And also, since we are transitioning into an SFB, are you looking at any acquisitions or strategic investment to accelerate your lending and digital capabilities?

Ketan Merchant: So now actually, you have 3 questions. First one, I think BC got answered…

Sachi: First one we answered, yes. Regarding the M&A news?

Ketan Merchant: Yes, yes, you wanted a reverse merger kind of a scenario. As I said, in our thought process is -- and the way we are functioning is over the next couple of years, the HoldCo and the OpCo structure will essentially remain the same, okay? So that's how we are going towards.

As regards to the inorganic opportunities in terms of acquisition, etc., with our kind of a liability franchise, we will keep our eyes and ears open. And if anything interesting comes across, we will be looking at it as and when it comes and if at all, it comes through. So at current stage, our plan, which we have put for our FY30 is an organic plan.

And in the bargain, if there is something which is coming up to accelerate the book building, we will look at it as and when it comes -- or as and when we want to see it across. Our current focus remains essentially is to organically build the institution and our technology and our franchise based on the kind of advantages which we currently have.

Moderator: Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to management for closing comments. Thank you, and over to you, sir.

Ketan Merchant: Yes. Thank you. As I earlier said, it's been one of the toughest quarters and the resilience, which the team has shown, the focus, the priorities, which we have stuck to and the rebuilding of some of our B2B businesses, which we are working through. Our priorities remain on the SFB execution as well and bringing back some of the businesses, which is on account of ecosystem or otherwise, we have lost across.

But we can assure you that management in its current state is fully geared to get across or rather the worst seems to be behind us, and then we are just going towards an accelerated growth or the days of glory again. Thank you. Thank you, everyone, for joining the call.

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