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The Vice-President, B S E Ltd., Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 BSE CODE-532134	The Vice-President, National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051 CODE-BANKBARODA
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Dear Sir / Madam,

Re: Disclosure under Regulation 46(2) (LODR)

We enclose transcript of Analyst and Media Meet held on 25.10.2024 for Q2 (FY2024-25) Financial Results.

We request you to take note of the above pursuant to Regulation 46 of SEBI (LODR) Regulations, 2015 and upload the information on your website.

Yours faithfully,

P K Agarwal  
Company Secretary



**Bank of Baroda Analyst Meet for Quarter and Half year ended 30<sup>th</sup> September 2024**

**25<sup>th</sup> October 2024**

**Participating members from the Management Team of the Bank**

- *Mr. Debadatta Chand, Managing Director & CEO*
- *Mr. Lalit Tyagi, Executive Director*
- *Mr. Sanjay Vinayak Mudaliar, Executive Director*
- *Mr. Lal Singh, Executive Director*
- *Ms. Beena Vaheed, Executive Director*
- *Mr. Manoj Chayani, Chief Financial Officer (CFO)*



**Moderator:** Good afternoon, everyone and welcome to the Analysts' Meet for Bank of Baroda's financial results for the quarter ended September 30, 2024. Thank you all for joining us. We have with us today, Shri Debadatta Chand, the Managing Director & CEO of Bank of Baroda, and he is joined by the Bank's Executive Directors and the CFO. We will start with a short presentation. We will then have brief opening remarks by Mr. Chand, after which we will have the Q& A session. Mr. Chand, over to you.

**Mr. Debadatta Chand:** Good evening, friends. Just to introduce the management team, I'm D Chand - MD & CEO of the Bank. I've been interacting with you for almost six quarters now. With me Mr. Lalit Tyagi, he is the executive director looking after Corporate Credit, International Banking and also Treasury. And with us Mr. Sanjay Mudaliar, he is the Executive Director. He looks after the entire IT infrastructure of the Bank, along with the Retail Asset book of the Bank. With us again, Mr. Lal Singh, he is the Executive Director looking after the Recovery, the Stressed Asset Book and also the HR function apart from a couple of other platform function. And vis-a-vis the last quarter and this quarter, the new member of the management team is Madam Beena Vaheed. She looks after most of the platforms including control and platform function and also the Retail Liability piece. So, with this Mr. Chayani, he's the CFO. He's interacting with all of you for two quarters now. Over to you Mr. Chayani.

**Mr. Manoj Chayani:** Thank you, sir and a very good evening to everyone. In advance, I wish you and your family members a very Happy Deepavali. It's my privilege to present before you the financial highlights of Bank of Baroda for the quarter and half year ending September 2024. You all will be happy to note that Bank has crossed a business volume of 25 trillion as of 30th September, 2024.

If I look at the components, the Asset side global advances have grown by 11.6% and especially domestic advances has grown by 12.5%. Component wise, we are exhibiting a robust growth in our organic retail by around 20%. Agriculture is growing around 11%, MSME at 12% and Corporate at 10.6%. In Retail also, our growth trajectory is very significant with respect to the Mortgage growing at 13.2%, Home Loan at 16.2%, Education at 17.2%, Auto Loan as almost 23%. And as you all recollect, last quarter and for the past quarters, we have said that we are moderating the growth in our personal loan book. It has come down from 39% as of the last quarter to 25% this quarter. Can you please change the slide?

Coming to the Liability piece, the Liability remains a focus area for the banking industry as a whole. Our total deposit has grown by 9.1%. Our two highlights of performance as of 30th September is that consistently in Domestic CASA, we are growing at 7% and Retail Deposit, we are growing at 7.2%, which is better than some of our peers. As far as our CD ratio is concerned, CD ratio is at 83.83% and CASA remains strong at 40%. Next slide, please.

With regard to our profitability metrics, Operating Profit has a YoY growth of 18.2%, and moved from 8,020 to 9,477 crore. I'm very happy to submit that, for the first time, we have posted a Profit After Tax of more than 5,000 crores with a YoY growth of 23.2%. One of the strong profitability metrics is Return on Asset and for last nine quarters we are posting Return on Asset more than 1%. As of 30th September, Return on Asset on quarterly basis is 1.30. Similarly, Return on Equity is comfortable at 19.22%. Next slide.

If we come to the half yearly piece, Operating Profit has grown from 15,844 crores to 16,638 crores, with a growth of 5%. PAT has increased by 16.5% on a half yearly basis. Return on Asset, half yearly it is 1.20% and Return on Equity is 17.79%. Next slide, please.



Yield on Advances in Q2FY25 versus Q2FY24, there is an increase from 8.43% to 8.48%. However, if I compare that with Q1FY25, there is a slight reduction in the Yield on Advances from 8.55% to 8.48%. Cost of Deposit remains elevated up to 5.12% as compared to Q1FY25 of 5.06%. Net Interest Margin has been within our guidance of 3.15 +/- 5 bps, and as of September, Net Interest Margin is 3.10%. It is more than that of Q2FY24 with three basis points. However, there is a dip as far as Q1FY25 is concerned. This is mainly because of the fact that with the change in the guideline regarding penal interest to be converted to the penal charges, the interest component has gone down. That has resulted in reduction from 3.18 to 3.10. Next slide, please.

Asset quality remains strong at 2.5% Gross NPA. Half yearly basis, it has reduced from 3.32%. Similarly, Net NPA has reduced from 0.76% to 0.60%, and Provision Coverage Ratio remains at a stronger point of 93.61%, improved from 93.16%. Next, please.

If I look at the Slippages, slippages are within our guidance of 1 to 1.25%. As of September, it is 1.07%. Credit Cost again is 0.65%. Slippage Ratio, if I compare each one, then it has come down from 1.28 to 0.90% and Credit Cost is 0.55%, which is within our guidance. Next, please.

SMA book, as of 30th September is 0.47% and our collection efficiency remains robust at 98.5%. Next slide, please.

The Bank is enjoying a strong capital position. CRAR as of 30th September is 16.26% and enjoys a healthy LCR of 123.7%.

That's all from my side. Over to you, Chand sir.

**Mr. Debadatta Chand:** Sure. Thank you very much, Mr. Chayani. Again, to my investor and analyst friends, a very good evening to all of you. The CFO covered everything, but let me make some of the qualitative comments with regard to the financial results we have announced today.

We have again declared a very good quarter due to, both in terms of a very strong top line and also a strong bottom line in terms of the Net Profit going up at 23.2% YoY and 17.4% QoQ. The aspect which is again important on the book side is, that despite the strong growth on the Asset side, we are able to achieve our margin objective, and that is what the CFO outlined before all of you.

On the resource side, a couple of qualitative comments. Earlier also we said that we should not grow books based on the wholesale deposit growth. Our focus was clearly on the Retail CASA, the Retail term deposit. And the numbers you see for this quarter which is at 7% and 9.6% for the Retail term deposit, this is the same growth that we achieved in Q1 also. Clearly, in terms of the peer comparison, we have a very strong performance and that is what the focus is going to be. We want to optimize on the retail space more in terms of the liability, rather than growing on the bulk deposit, which again can be a price impact for me in terms of margin therein.

On the Asset book, again, the domestic asset book, the growth is 12.5%. The global is 11.6%, because earlier also we said that the growth of International which used to be very high earlier, we clearly want to moderate. We have seen that the international book growth is only 7.6% this quarter. And because of that, the global book is 11.6%, but the domestic book, which is very large in terms of the overall book, is still going very strong at 12.5%.

The margin guidance that we had given i.e. at 3.15 +/- 5 bps, in spite of the deposit cost going up by 5-6 bps quarter-to-quarter. Because of the management of the ALM, we are able to maintain the margin guidance. I mean, barring that impact of 5 bps, otherwise the NIM would have been higher than that we have announced, 3.10%, the penal interest to penal charges. Otherwise, the NIM is still



very strong, and that is one of the objectives, in terms of how do we balance the growth and margin. That's clearly our strategy as we move forward. The domestic margin NIM is 3.27%, which is fairly very satisfactory in terms of the peer comparison also and the kind of margin we are generating out of the book.

The Net Profit has been very significant. CFO has already announced the first quarter where we have crossed 5,000 crores of Net Profit. The Net Profit growth YoY is very high, 23%. Quarter-to-quarter is also quite high. Obviously, the Net Profit has been boosted from the recovery out of TWO, which would have seen that we announced the data to you in the market.

ROA has been consistently; we had given guidance earlier to maintain above 1. This quarter it is 1.3% and the half-year is 1.20%. And earlier also we said, while constructing the book both in terms of the Asset-Liability, we operate the NIM and the ROA as twin parameters to optimize in that. So, we will continue to have those focus, going forward also.

The Asset quality has been the GNPA of 2.5%, Net NPA of 0.6%. We have improved vis-a-vis quarter-to-quarter. Although we do not give guidance on the GNPA and Net NPA, but always we say that we intend to trend it downwards, both GNPA and Net NPA on the matter.

And on Slippage Ratio and the Credit Cost, we are within the targeted guidance. The Slippage Ratio, the guidance is 1 to 1.25%, we're at 1.07%. The Credit Cost guidance has been 0.75%, which was reduced from 1 to 0.75% last quarter. We are at 0.65% on that.

A couple of other things which are again important for an overall business perspective is that, as all of you know, we announced a cricket legend as our global brand ambassador recently. And the idea for the face is to retailize the Bank more. So, I think with this brand ambassador face, we are going to have more of retail presence in the entire country. We want to go to each and every customer in the country for the purpose of retailizing the book.

The Bank is committed big time on the ESG commitment. We have earlier also announced a couple of new initiatives. We are one of the banks to be the first or second to announce green deposit. We have a significant green outstanding loan exposure as of today. We planted trees across the country to have a greener planet. Actually, we got some award because of that. On the priority sector lending, the Bank is quite strong at. So, ESG is one of the core themes the Bank is working on, while overall business trying to achieve the business growth, as we said earlier.

Digital is also another focus areas. And as you know, we announced a Virtual Relationship bot, Aditi, wherein it was a Virtual Relationship Manager interacting with the customers based on an AI model. And there are a large number of customers who have onboarded into this customer relationship engagement. And there we are getting good satisfactory comments from the customer on that. Digital customer service is one of the core things that the Bank is working on. And whatever we are doing today, going forward, we'll try to improve the digital customer service. That is one of the things that we are working strongly on.

With this, let me come to some of the guidances part of it. As you know, the deposit market is quite challenging at this point of time. Most of the banks, although I think we have done better quarter-to-quarter on the Deposit, but the growth is a challenge because of the saver's money going to alternate like capital market and all. That is what we have seen in the past. And in case you look at quarter-on-quarter growth, it is almost at around 9% or 8.6%. So, with this actually, earlier we gave a guidance of 10 to 12% deposit growth. But now, because the system has the same issue, we are slightly lowering the guidance from 10 to 12% to 9 to 11%. Although we'll try to operate in the upper band of that i.e.



at 11%. Currently, the growth is 9%. That means my Q3 and Q4 growth on deposit has to be higher than obviously 9% to achieve the 11% kind of a number going forward for FY24-25.

Because the credit growth and the deposit growth are much talked about in the system, because we are revising on the deposit guidance based on the actual numbers we've have achieved; although the growth in Q3 and Q4 has to be much higher than the Q1 and Q2. But then, the loan side guidance also we are revising from 12 to 14% to 11 to 13%. Although we'll try to operate at 13 level. That is precisely on two counts. One is that, we do not want to increase credit deposit growth to a level where it should not be sustainable, point one. Keeping the margin guidance in mind, number two. Third is that, as the deposit is revised, obviously the credit target has to be revised.

The international book is going to moderate actually. That is actually what we're talking about the global book, although the domestic will continue to be higher than 12.5% that we achieved. So, the guidance on the advances is 11 to 13%, with our efforts to operate at 13 for the full year, because we are walking into both, very productive quarters, Q3 and Q4. These are the busy season quarters, and I think we'll be in a position to achieve, rather surpass the guidance that we are giving on the asset side.

Margin, the same guidance we had given, 3.15 +/- 5 bps. The reason being, slightly realigning the balance sheet has given positive outcome to us. We have done that in Q1. And going forward, we are expecting a bit of moderation to happen on the deposit cost based on the liquidity stance or the rate stance possibly that would happen in the economy. So, there are Q3 and Q4 available to us. so, I think we still maintain the NIM guidance at 3.15 +/- 5 bps.

The Credit Cost guidance continued to be the same below 0.7%5. The Slippage Ratio continued to be the same, like 1 to 1.25%. The ROA guidance continue to be above 1% and try to optimized at 1.10%.

So, these are a couple of guidances were given to the market, and I want to reiterate now the same thing. The bank has a significant growth this quarter and Q3, Q4 is going to be higher than the growth that we have seen on the Asset and Liability side in Q1 and Q2.

As you know that in Q1 we realigned the book slightly keeping the fine price book on the corporate side... I mean slightly reducing. The corporate growth was 1.6% in Q1, and this quarter it is 10.6%; very strong and going to again add 10.6% to achieve a 10% growth on the corporate so that I achieve the overall advances growth of almost like 13% or in the band of 11 to 13%.

With this, I think I'm done with regard to my comments and now over to you Phiroza for the question/answer.

**Moderator:** Thank you, Sir. We'll now start the Q&A session. If you have a question, please raise your hand or you may also type in your question in the Q&A box. I would request you to please keep your - limit yourself to two questions, and if we have time, we'll come back to you if you have any additional question, and I would also request you to just introduce yourself before you ask your question. So, the first question is by Kunal Shah. Kunal, request you to unmute yourself please.

**Mr. Kunal Shah:** Yeah. Am I audible?

**Mr. Debadatta Chand:** Yeah, Kunal, you're audible. Please go ahead.

**Mr. Kunal Shah:** Yeah. Congratulations. Couple of questions. First, want to understand on the provisioning side. So, obviously there was recovery from written off, but at the same point in time



provisioning was slightly on the higher side. We did 230 crores of floating provisions, but besides that was there any prudent specific provisioning also done just to make sure that okay, whatever has been the one off on the recovery trying to offset that and if you can just quantify that amount of specific prudent provision?

**Mr. Debadatta Chand:** See Kunal, you said, right, we have 230 crores of floating provision. With this, the floating position has gone up to 600 crores now, outstanding floating provision therein. As you have seen that bit of potential provisioning you have taken both on the standard asset side and also on the NPA side, right. So, exact quantum I can't tell you at this point of time, but then in case you can provide you subsequently, but then clearly, we have taken bit of extra provisioning both that is a prudential provisioning obviously specific provision that is both on the standard asset and also on the NPA side.

**Mr. Kunal Shah:** Okay, because despite write off, our coverage is still sustained, which is a good thing and I think that's more the prudent specific provisions seem like okay and secondly, if you can quantify this impact of penal charges on NIM. So, from 3.18 to 3.10, how much was the exact impact because of this penalty charges?

**Mr. Debadatta Chand:** Yeah, as you said that, it's impact of almost 5 BPS, the amount is almost like 179-180 crore on that. So, that has moved from on the interest income to the other income in that way.

**Mr. Kunal Shah:** Okay, okay. Thanks. Thanks, and all the best, yeah.

**Moderator:** Thank you. The next question is from Param Subramanyam.

**Mr. Param Subramanyam:** Hello? Hi Sir, I'm Param Subramanyam. Yeah, Sir just the question again on the write offs, so we saw high write offs this quarter and then higher recovery from written off as well, are both of these linked? Is it part of one settlement where we see a higher write off and then you know recovery from written off because one of the large private sector banks also talked about this previously, yeah.

**Mr. Debadatta Chand:** No, actually these are not linked in that way. There are different accounts for the write off and different accounts for the recovery that happened. There is one large NCLT account where actually we got good amount of recovery out of that because that got resolved. Write off is typically linked with the level that you can do on the write off and based on that, we have done that. Actually, that's part of the normal that we have been doing for many quarters now. This quarter slightly may be elevated because it does allow me because there was a substantial TWO recovery, allow me to have a higher write off on that. Anything, Mr. Lal Singh, you want to add on this?

**Mr. Lal Singh:** So, there is a guideline and accordingly as per the guidelines of DFS and RBI, we have the provision of writing off the accounts up to the recoveries done in the quarter.

**Mr. Param Subramanyam:** Yeah, fair, okay.

**Moderator:** The next question is from Mahruk.

**Mr. Debadatta Chand:** Yes, Mahruk, good evening. Please go ahead.



**Ms. Mahruk:** Yeah. Good evening. Hi. Sir, I have two questions. Firstly, that was there any penal interest reversal even last quarter, it would have been smaller, but was there any?

**Mr. Debadatta Chand:** Yeah, there is a small amount really because

**Ms. Mahruk:** And then my other two questions, sorry, I'll slip in one more. Sir, my other two questions are that you know a lot of state banks are seeing some central government accounts and some of them are even talking about state government account either slipping or becoming SMA, so without naming, what would be your collective exposure to these accounts? Because your SMA has not gone up, so you may not have any significant exposure or maybe you have and it's not part of SMA already? So, if you could throw some color on any potential SMA or slippage you are likely to see from any central government accounts, at least some color on the exposure there? So, that's my second question and Sir my third question really is, how do you see your cost of deposits given that you know a lot of competition is still happening and there are so many new festive offers now, the real impact of which will be seen in the next quarter in terms of deposits? Sir, these are my questions. Thank you.

**Mr. Debadatta Chand:** See Mahruk, the first aspect in the penal interest in the last quarter, which got reversed into charges that was only around 13 crore therein. So, the major part in the Q2 like almost 176 crore in the Q2 only not in Q1. The second aspect of the SMA book that you are talking about, yes, if you look at our CRILC data, SMA 1 and 2 and there is a bit of increase therein and there are two state PSU accounts therein, but these are purely technical delay which typically would be, I mean recouped in to standard at the earliest. So, absolutely no challenge therein. The state PSU accounts couple of and the amount would be in the range of around 3300-3400 on that. So, they're actually it's a more of a technical overdue, which can immediately be pulled back based on the past track that we have seen. So, there's no slippage of any state PSU or Central PSU in any manner as far as Bank of Baroda is concerned. So, absolutely we have a very good book on that. Thirdly, on the cost of deposit, as you would have seen that Q2, the cost of deposit has gone up by 6 BPS, Q1 over March was almost flat, but it has gone up. With this, actually I believe the repricing effect of the deposit is almost over by this time and there are two outlooks as a house view we are working on. One is a case wherein there may be a bit of cost moderation that can happen maybe towards the late of Q3 or the early of Q4. Considering that the RBI changed the stance from withdrawal to neutral now and the liquidity in the system we have seen October is much better than September. September is much better than August.

So, scenario wise, the liquidity comes back, actually we've seen the CD rates going down substantially till the wholesale deposit and the retail has been kept high because the growth has not been substantial, so the festive campaign is going on. I believe, broadly the cost of deposit side is fairly balanced and, in any scenario, as you are keeping the same margin guidance that means through the ALM asset liability management, I think we'll be able to maintain the margin case where cost of deposit goes up, then we have to pass on to the borrower if it goes down, we'll pass also the benefit to the borrower. So, in that scenario for the full year, we are keeping it balance. So, I don't think much of impact coming out of the cost of deposit going forward, although the levels are elevated, no doubt about it, but then somewhere maybe late Q3 or the early Q4, we are hoping for some kind of a moderation considering better system liquidity.

**Ms. Mahruk:** Okay, Sir. Thank you.

**Moderator:** Thank you, Mahruk. We now go to Ashok Ajmera. Sir, please unmute yourself, you can ask your question.





**Mr. Ashok Ajmera:** Good evening, Chand saab and the entire team of Bank of Baroda and compliments to you, Sir, for a very good quarter of very good set of numbers especially like many a time we just plainly look at the bottom line and the bottom line in these difficult times, when you even the market is also going down for last few days gives a very good feeling like if that has improved. Of course, a major part of his contributed by the other income and I think in your initial comment and the giving the answer of the first question, you had said that there is some smart, I mean recovery from some account and the other income has gone up to 5,081 crore this quarter as compared to 2,487 crore. So, my first question is only on the, I mean considering that the NIM and other thing is not going to change much. I mean you are still continuing your target of 3.15. Going forward, in the coming two quarters, what kind of bottom line we see like your operating profit is growing rapidly, so naturally and the provisions should be under control if there is no chunky account. So, where do you see the profitability of the Bank going forward, are we matching this quarter improving it? So, this is my just the first question and basically, you're a little broader guidance on that and my second question is on the Treasury, treasury is also doing very well Sir. Treasury income even from the trading gains are to the range of 550 crores as compared to last quarter of 164 crore and overall treasury profit, even on the revaluation of the investment has also gone up. So, whether that trend is going to continue in coming two quarters, sequentially when we see that the rates might come down in December review by the regulators. So, on that whether this is going to continuously help the profitability of the Bank.

So, this is on the second this thing and third is, Sir on the deposit front and overall business growth front, many of the senior bankers in last couple of months have been saying that lot of money has flown to the capital markets and because of that there is a pressure on the especially on the CASA side, but now, since the market has gone down, you know like some of these stocks have gone down to maybe 15%, 20%, 25% and maybe the appetite of the people might come back to keep the deposit in the banks. So, going forward, what do you see this pressure on deposits will continue or it may be little bit eased out? So, these are some questions and some of your guidance and observations, Sir.

**Mr. Debadatta Chand:** So, thank you, Ajmera saab. Actually, I was looking forward to when you will come, I'll answer on the treasury side, actually that's something very good between I believe you and me. First with regard to you talked about profit guidance actually normally we don't provide any profit guidance. Only guidance we provide on the ROA. So, we are looking at the asset growth of almost 11%-12% and keeping the ROA at 1.1% you can estimate in terms of that because profit actually we don't know, neither will, but always try to optimize that at any point of time, but the guidance that I can provide is on the ROA. ROA continue to be - we have achieved 1.3% this time. Yeah, and full year is 1.10%, although guidance is above 1, but we'll try to full year 1.10 on the ROA. So, that is something I can tell at this point of time.

On the treasury side, this has been a good quarter, but our trading profit is only by the bond, not equity. So, equity maybe couple of IPOs has given some money, but then mostly on the bond side. So, still with the outlook prevailing, although the market has bit of discounted some of the cuts that likely to happen, but then I think the bond market would be fairly stable going forward and even if the rate cut and all are happening then still it will be very positive because equity, we don't have much of exposure in that way. So, in that way I'm not very largely influenced by what is happening on the equity market.

One positive that I would say that, actually last time when you interacted, the treasury gain was slightly less than the many of the peers. I said that please look into an element of the AFS reserve, right and I would, again request you or else if it is not captured in the analyst, my people would give you the data and we have added almost 1200 or 1300 core of AFS reserve this quarter and that's significant, that's significant. Let's say a scenario of a - we're all migrating to Ind AS and the treasury impact



coming into books. So, we're very well prepared on that and that very significant, the outstanding book would be almost 2800-3000 on the AFS, that's why the capital has also gone up, I mean CRAR. So, that's something very fundamental to us, so we want to have a balance out my Treasury gain at the same time keeping the reserve well in the book, so that we are there for the long term I mean opportunity on that right. So, that is what - You also talked about deposit constraint. That's the issue that we slightly reduced the deposit guidance because on the Q1 the growth was almost 8.5% Q2, it is almost at 9.6%. I had given a guidance of 10% to 12% which again something not happening and all of us know the deposit constraint happening in the system because of alternate like savers are also preferring capital market big time on that.

So, it's impacting us. So, we reduce that guidance, but then at the same time we also said earlier that we are one bank on the deposit innovating, bundling, and trying to capture the market sentiment therein. So, if you say that SIP mutual fund is flexi, now I introduced a product called SDP, which is a recurring deposit scheme, but we are marketing well, getting good traction from many of the savers who come in to this product. This quarter itself we raised almost 250 crore on the SDP. I think the public would appreciate well in case this picks up and some correction happening in the capital market, I think people would more come to the deposit market. So, I think fairly, although I've given a 9% to 11% deposit for the full year, but then I think we will operate at the top notch of 11%. That is what our that means Q3 and Q4, I need to have a higher deposit growth and higher advance growth to achieve my revised target both on the deposit and advances.

**Mr. Ashok Ajmera:** Sir, just one question comes to my mind, some old, I think in the aviation account, that one large you along with the Central Bank, I think you 2 are the main bankers to that and we have been in earlier, I mean a couple of quarters back we were talking very, very strongly about that, that we have got lot of collaterals and the losses ultimately will be very less or we'll recover the whole amount. So, I just remembered that we have not talked about that in the last quarter also, and I think previous to that also. So, what is the development on that account and is there any chances of some major recovery happening or something has already happened or where do we stand on that account on the recovery front, Sir?

**Mr. Debadatta Chand:** No, as I said earlier, 1/3<sup>rd</sup> of the exposure was based on the guarantee cover it had and now we have received the full amount on the guarantee. So, the exposure has gone down to 2/3<sup>rd</sup>, right. So, out of the two third, there are again collaterals over there. There are some primary over there and some litigation finance money also can be expected. So, in that way fairly collateralized for us to recover money to the full extent possible. We are quite hopeful on that, processes are going on because some of the process takes time, but as far as the outlook on the account is concerned, we are fairly confident that we can recover to a very large extent out of this account. 1/3<sup>rd</sup> guarantee we have already received.

**Mr. Ashok Ajmera:** So, in terms of absolute numbers the balance outstanding is about 800-1,000 crore?

**Mr. Debadatta Chand:** No, something around 1100-1200 core in there.

**Mr. Ashok Ajmera:** Yeah, 1100-1200 crores. Okay, alright Sir. Thank you very much, Sir for giving me the time and if time permits, I may come back again, Sir. Thank you.

**Mr. Debadatta Chand:** Okay. Thank you. Thank you.



**Moderator:** Thank you, Sir. We now go to Jay M. Jay, can you please unmute yourself?

**Mr. Jay M:** Yeah, hi. Good evening, Sir, and thanks for the opportunity. Sir, first is, Sir, we had said about that this year is going to be the year of fee and flow, we have done reasonably well in the corporate growth pickup in this quarter and yet the commission exchange brokerage has not picked up to the extent you know or commensurate with the credit offtake, any, any sense there, Sir?

**Mr. Debadatta Chand:** Yeah, yeah, yeah, you said right, actually. That is one area we are trying to optimize. Although, we could not get it to the desired outcome on that, precisely for two reasons. One is that, actually, the corporate book and the Commission Income is getting a proportional increase therein but on the Retail side because we are running lot of campaigns in terms of all this, so the waivers are there on the processing fee and all those stuffs. We had the 'Monsoon' campaign and then immediately after that the festival 'Utsav' campaign. Both on the Liability side and Asset side there are some, what you can say, lower growth happening on that commission exchange on those things. A lot of market, again, on the operational side has moved to digital, so we are not getting the requisite commission out of those. On the Wealth business, again slightly we restricted the business. As you know that the guidance has been to more to focus on the core business. So, there is a dip in the Wealth income therein leading to overall, I mean, there is a growth but the growth has not been substantial to tell us that the fee and flow really impacted the book big time.

But on the Corporate side, there has been good traction on that. The CMS fees and all are going up significantly. Beyond the Corporate, now we are targeting all the MSME account to get into the CMS and there actually we onboarded large number of accounts. The outcome would come later. So, as an action point, clearly internally as a management take also, yes, we have not optimized on the CEB. We'll try to optimize going forward but a couple of aspects, which again has given a lower growth, so we'll focus on those and that, yeah, some point on the management take on this.

**Mr. Jay M:** Sure, Sir. Thanks for the detailed answer. Sir, on your Personal Loan book, which is 32,000 crores, if you can share the outstanding GNPA here and maybe the slippages if you have on this 32,000 crores loan book?

**Mr. Debadatta Chand:** Yeah, our outstanding NPA we have shared possibly somewhere, I don't know. It is around 3.18%. My Retail NPA is around 1.5%; the book as a whole. And, actually, there are two things. The digital Personal Loan is something around ₹10,000-₹11,000 crores, the remaining all is a branch underwriting where it has been there not only recently but it was there earlier. So, if you talk about a couple of segments because, again, Personal Loan is a data driven thing. So, looking at the outcome, we immediately take action like on a digital small ticket we have completely stopped it now. On the physical sourcing, there are segments which are salaried, there are segments which are non-salaried. Actually, we have tightened the non-salaried person.

The growth, actually if you look at, it has come down from 100% to almost normalized 25% now on the Personal Loan. So, clearly, we're acting on that. The Asset quality is much better, okay. Obviously, the Slippage would be, suppose you compare the Personal Loan slippage now and a year back, now would be higher than that. On a number if I give you, let's say, it was ₹100 crores earlier 6 quarters back the slippage, now it would be ₹250 crores out of the total Slippage of ₹2700 crores. So, it's insignificant in terms of impacting anything but is bit of elevated as compared to earlier because the



moment the book gets aging then also the slippages do happen. So, in that way, it's a small book as compared to many of the peer banks. We have taken action on that and I think going forward the same kind of an outlook we have for the Personal Loan.

**Mr. Jay M:** Right. Just to get it clear, Sir, you said this 3.1% kind of a GNPA for the unsecured Retail book, right, which is 32,000 crores.

**Mr. Debadatta Chand:** Yeah, absolutely. My overall GNPA of the Retail is 1.5%; 1.49% something. So, it is only for the unsecured personal. It's 3.1%8.

**Mr. Jay M:** Right. And the Slippages you said is from 100 crores it has moved up to like 250 crores per quarter.

**Mr. Debadatta Chand:** Yeah. Yeah. Yeah. And that I'm talking about 1.5 years back when we never discussed on the issue because there never was elevated concern on that, right.

**Mr. Jay M:** Right. Right. And lastly, Sir, on corporate yield, right, so on your corporate book which is, let us say, I mean, the entire corporate book, what could be the blended yield here? And if you have the loan mix by yield also, I mean, what is the blended outstanding corporate yield? And if you have the percentage of loans for overall loans into EBLR, MCLR, fixed rate and others? Thank you.

**Mr. Debadatta Chand:** Mr. Tyagi, can you take up this question?

**Mr. Lalit Tyagi:** Thank you very much. So, in fact, we may provide you the data if CFO is having right now, otherwise offline we can provide. Largely the pack is, the highest yielding assets are RAM. Within that, Agri and MSME are the highest then Retail and then finally comes the Corporate. You know, within Corporate also we have been able to manage the yield. That's how in Q1 we allowed slower growth because we managed the book well. Q2, probably, we have some traction and we grew. That is visible in the 10.5% growth. However, that was managed well despite the fact that there were challenges on the yield side. So, exact corporate yield we can provide you of the Bank.

**Mr. Debadatta Chand:** So, there are two things here, actually if I say that. Slightly the corporate yield, if you compare the Q2 and Q1, it has gone down because of the penal interest and charges accounting. That's one. Secondly, actually, in terms of the composition of the book, almost 47% is MCLR, 33% EBLR. Roughly around 80% odd has been the floating rate side. So, that there is the ability to pass on is much higher with the bank at different market condition, right. As Mr. Tyagi said, right, Q1 we wanted to realign the book and that was the beginning of the quarter allowing us to realign. Realign only on the corporate side because of the fine priced book and then how do you want to, I mean, how much margin importance you give and how much book growth you want. So, we wanted to realign the growth of 1.6%. Clearly, this quarter, some of the price point was pulled up in the sense that market was offering us a higher yield on those advances. So, then we went ahead with that.



So, it's a balanced view in terms of pricing. But clearly, when we construct the book, clearly our margin is one of the objectives we keep that in mind. So, that's something the margin, RAROC these are all important, what I can say, parameters for us to consider when we increase the book.

**Mr. Jay M:** Right, Sir. And if I may ask one more question. Sir, I mean, your segmental GNPA suggests that the corporate GNPA is now only ₹600 crores, right. And you have ₹10,000 crores of MSME and slightly higher in Agri. But corporate GNPA are like almost zero. And you still said that you would want to keep bringing down Net NPA. So, I mean, you have already 0.6% Net NPA, so what is the thought process there of further reducing...?

**Mr. Debadatta Chand:** No, that's why actually...Yeah, please go ahead.

**Mr. Jay M:** No, no. So, that is why I wanted to check.

**Mr. Debadatta Chand:** So, I'll tell you. Actually, before this meet there was a Media meet and everybody was asking a guidance on the Net NPA. We said that we do not give Net NPA guidance but always we try to trend it downward. That is what I said. So, the trending downwards is up to what extent and what actually, that time and market would tell or our position would tell.

So, Corporate side actually, I mean, there is not much of scope in terms of the NPA outstanding. Although the Recovery out of TWO, there is a good kitty on that actually but then this is clearly less. The focus that we are giving much of the slippage that happened, that you have seen, it is more in less than 5 crores segment where the slippages happened. And these are again Retail book or MSME book or Agri. So, the probability of again getting them upgraded is quite high as compared to a Corporate Loan book because the moment corporate goes down because the exposure is huge, the market conditions are different, very difficult to pull it back unless and until you get into a resolution process or like the IBC process. So, I think, the recovery out of the small loans which slipped in last 2-3 quarters, although the level is very less as compared to the bank is concerned. ₹2,700 crore is the normal run rate kind of a slippage but then we'll try to again optimize on that.

So, when I was talking to the Media on the same thing, our Recovery target is ₹12,000 crores for the full year whereas the slippage you need to contain at ₹9,000-₹10,000, so giving us a ₹2000 at least a delta in terms of reducing all these percentages. But having achieved 2.5 and 0.6, I'm absolutely clear that it's a difficult move to again bring substantially down on these two ratios.

**Moderator:** Thank you, Sir. The last question for today, we'll take it from Rakesh Kumar. Rakesh, can you please unmute yourself?

**Mr. Rakesh Kumar:** Yeah, hi. Thank you, Sir. So, just a couple of questions I had. Firstly, on the Interest Income from the dummy ledger recovery, has it not been that great considering that we had return of recovery of ₹2,500 crores and margin was slightly soft. So, that was the first question. Second question, 18% of our Loan book, the overseas Loan book has quite a lot of volatility on the margin front, so if you could help us on that front? And the third question is, basically, we used to have the



provision write back with this restructured book being upgraded. I think that did not happen this quarter and this was a regular thing in our provision line item. And the nature of Agri slippage, the last question, Sir? Thank you so much.

**Mr. Debadatta Chand:** So, I'll take the second with regard to the international margin. International, actually if you look at the international market, at some point of time the returns were quite high. So, we almost achieved a NIM of almost 2.13 or 2.14, which has gone down to 2 now. What is happening in the international market is that a lot of repricing happening at this point of time, right, because there is a Fed rate cut, there are overall cooling of the rate of interest in those markets. So, that's why the growth if you look at, we have clearly moderated keeping this in mind that the repricing pressure. And since overseas market, both Asset and Liability are floating, there is a bit of lag in terms of repricing on the Deposit side. So, that would eventually catch up putting the margin. And, normally on the international, internally we target something around 1.9 to 2% as the ideal margin level to maintain going forward. But the Advances growth clearly moderated. The growth has been lower this quarter.

On the interest from the Dummy Ledger, Mr. Chayani, can you take this question or you could provide later on?

**Mr. Manoj Chayani:** So, Sir, the interest, Rakesh, what you are talking about, the Other Interest Income and the comparison between the Q2 of FY24 versus Q2 of FY25, there is a reduction in the interbank the placement of around 13,000 crores. Hence, there is a dip what you are observing. And if any further clarification/queries required, please contact with me and I'll provide that.

**Mr. Debadatta Chand:** He also has a third question. What is that, you said? Agri slippage has been broad base, actually. That's sometime seasonal also. The moment you migrate to Q3, actually, this is the time where the crop harvesting and the money they get. Actually, the position improved significantly in Q3 and Q4 as far as Agri book is concerned but these are all small ticket diversified across the country kind of a thing, so nothing specific with regard to that.

**Mr. Rakesh Kumar:** Got it, Sir.

**Mr. Debadatta Chand:** Anything else you wanted, Rakesh?

**Mr. Rakesh Kumar:** Just one question, Sir, that was, you know, the provision write back we used to do in the standard asset provisioning.

**Mr. Debadatta Chand:** Okay. Actually, if you look at the standard asset provision this quarter, there is a bit of prudential provisioning has happened actually. That is what, actually, if you look at the outstanding, not increasing the NPA level but there is a prudential provisioning. So, the standard asset provisioning is gone up marginally, I mean, maybe around ₹300 crores. That what we see from Q2 and Q1.



Rakesh, is that ok with you? All the question, we have answered that?

**Mr. Saket Kapoor:** Sir, I have one question here.

**Mr. Debadatta Chand:** Yeah, please.

**Mr. Saket Kapoor:** Saket Kapoor here. Yes. Sir, when we look at the Other Income component for this quarter, that has seen a big jump year-on-year also and quarter-on-quarter also. So, taking into account the nature of Other Income, what should we pensioning in going for H2? Because, Sir, if we remove the increase then the interest expenses don't commensurate with the bottom line which we have posted; if we remove that increase in the Other Income. So, if you could give us some more color how this line item is going to shape up or what factors led to this huge jump in the Other Income component, Sir?

**Mr. Debadatta Chand:** See, there are three components. One is the Fee Based Income, Treasury Income and Other Non-Interest Income, which typically the write back we got it because of the recovery in TWO accounts. And on a normal scale, this run rate is almost 800 crore as compared to 2,500 crores. 2,600 crores was for Q2, the normal run rate on this is around 800-850 crores on a quarter-to-quarter basis, right. The Fee Based Income, it's mainly the CEB and Other Income that have a steady state kind of a thing. We're going to focus on this. It may see a 5% or 10% increase. Treasury Income is again market dependent. One thing, while talking to Ajemera ji, I was telling that our AFS reserve is quite significant like from the sense the start of accounting from 1<sup>st</sup> April we built up substantial AFS reserve therein. That means the book has in money position significantly. So, that can be in a scenario where the market is not good, we can still leverage that.

So, it's, component wise, difficult to give you a clear run rate but the item which has seen a significant jump that is the Other Income from the recovery out of the Written off Accounts, TWO accounts. There the run rate is around 800-850 crores maximum. On a normal scenario, if we get again couple of other recovery that can happen, so we have a large kitty. The TWO kitty is also substantially large. Suppose you get, then it can further add to that like it happened in this quarter.

**Mr. Saket Kapoor:** But other than that, Sir, you are lowering your growth target for H2. Can you repeat? In terms of the Advances and the increase in the Loan book, we are lowering our expectation for H2 by what basis points? Sir, if you just repeat once?

**Mr. Debadatta Chand:** Yeah, actually, I'll start with the Deposit. You would have seen the Deposit growth for Q1 and Q2 has been around 9% or 9.6% and the guidance earlier was 10%-12%. And always debated in the market a lot the gap between the Credit growth and the Deposit growth, right. So, we wanted to take a call at this point of time. So, the 10%-12% on the Deposit, we have aligned to 9%-11%. Although, we'll try to grow at 9%. This is on the backdrop of a Q1 where we realigned the book, where the growth has been much lower. So, in case to achieve 11% growth in Deposit, actually the Q3 and Q4 is pretty much higher than the Q2 growth, right, and then only we will achieve 11%. So, very clearly, the growth in Q3 and Q4 will be much higher than the Q2; forget about the Q1. One, because on the Deposit here we have to recalibrate the Advances growth forecast and that is what actually it



was 12%-14%. We have reduced by 1% point making it more realistic from 11%-13%. Although, again as I was saying earlier also, we'll try to operate at the upper band, that means at 13%. Current growth is 11.6% globally, 12.5% domestic. Domestic continue to be strong, that means the growth has been higher than 12.5% for Q3 and Q4. Internationally, since we are moderating as I said, because of couple of other reasons, the overall growth would be again at 13%. So, the 1% reduction is not a reduction per se on the growth forecast. It's something realigning or calibrating the growth outlook based on the Deposit growth, which you'll appreciate that it's not for Bank of Baroda. Rather, we have done well vis-à-vis the peers.

In case you have the data as on today, the Bank has done well on the Deposit front. But since there is a change, so we are expecting asset growth to realign keeping the margin at the same level. So, that's very important when I'm saying that there's a growth in the year, the margin. So, one of the objectives is to clearly keep the margin into consideration, particularly on the Corporate Loan book side. So, there are couple of guidances. We want more realistic as compared to what we can give you guidance of not lowering the growth in that way, right.

**Moderator:** Yes, Sir. Chayani Sir, would request you to give vote of thanks, please.

**Mr. Manoj Chayani:** Thank you all for sparing your time and guiding us for our future prospects. Due to shortage of time, we may not have answered some of your queries or clarification, please do connect with me or connect with my office any time to have more clarity on any matter. And with all your good wishes, the Bank is going to achieve new heights every quarter. Lastly, on behalf of our management, I wish you all and your family members a very Happy Deepawali. Thank you.

**Mr. Debadatta Chand:** Thank you all. Once again, thank you very much.

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**Bank of Baroda Media Meet for Quarter and Half year ended 30<sup>th</sup> September 2024**

**25<sup>th</sup> October 2024**

**Participating members from the Management Team of the Bank**

- *Mr. Debadatta Chand, Managing Director & CEO*
- *Mr. Lalit Tyagi, Executive Director*
- *Mr. Sanjay Vinayak Mudaliar, Executive Director*
- *Mr. Lal Singh, Executive Director*
- *Ms. Beena Vaheed, Executive Director*
- *Mr. Manoj Chayani, Chief Financial Officer (CFO)*



**Moderator:** Good afternoon, everyone, and welcome to the Media Conference for Bank of Baroda's financial results for the quarter ended 30<sup>th</sup> September, 2024. Thank you all for joining us. We have with us today, Shri. Debadatta Chand, the Managing Director & CEO of Bank of Baroda, and he is joined by the Bank's Executive Directors and the CFO. We will start with a short presentation followed by brief opening remarks by Mr. Chand, after which we will have the Q&A. Chand Sir, request you to begin, please.

**Mr. Debadatta Chand:** So, good evening, media friends. Just to introduce the management team. I'm D. Chand - MD & CEO of Bank of Baroda and we have been interacting almost for five quarters now. With me is Mr. Lalit Tyagi. He's the Executive Director looking after the Corporate Credit, International Banking and Treasury. And we have with us, again, Mr. Sanjay Mudaliar. He's the Executive Director looking after the IT part and also the Retail asset of the Bank. And then we have Mr. Lal Singh. He's the Executive Director who has been there with us for a couple of management discussion. He's the Executive Director looking after the Recovery part of it, more importantly the HR and some of the other functions. And we have a new member, as far as the last interaction goes, is Madam Beena Vaheed. She's the Executive Director looking after most of the platform functions including the Retail liability piece. So, with this, the CFO, as you know, Mr. Manoj Chayani, so the CFO would run through a short presentation and thereafter I'll give my brief remarks on that. So, over to you.

**Mr. Manoj Chayani:** Thank you, Sir. Good evening, everyone. In advance I wish you all and your family members a Happy Diwali and it's my privilege to present before you the financial highlights of the Bank for quarter and half year ending 30<sup>th</sup> September, 2024. As you all know, the bank has surpassed 25 trillion of business as of 30<sup>th</sup> September, 2024.

Coming to the components. Advances side, Asset side; it has grown at 11.6%. Domestic Advances have grown by 12.5% and international by 7.6%. Coming to the component wise - our organic Retail growth remains steady and robust at 20%, Agriculture at 10.6%, MSME is growing comfortably at 12% and corporate at 10.6%. In case of Retail also mortgage piece and home loan piece, they are growing at 13.2% and 16.2% respectively. Education at 17%, Auto Loan at 22.9%. As you can recollect, in case of Personal Loan, last time we had said that we have moderated the growth and this as of 30<sup>th</sup> September our growth is 25.2% as compared to our previous growth of 39%. Next slide, please.

Coming to the Liability side, liability remains a key focus area for the banking industry as a whole. Our deposits have grown by 9.1% YoY. However, two highlights I would like to bring to your notice is that domestic CASA has grown by 7% and Retail Deposit has grown by 7.2%, which is better than our peers. Coming to the Credit Deposit Ratio. The Bank is having CD Ratio of 83.83%. Domestic CASA is running around 40%. Next slide, please.

Profitability metrics, very happy to submit that Operating Profit has increased by 18.2% from 8,020 to 9,477 crores. And all-time record high PAT for the quarter we have posted at 5,238 crores with a YoY growth of 23.2%. We also have a robust mechanism to monitor the profitability and in terms of the Return on Asset and for last nine quarters we are posting Return on Asset more than 1%. And as of 30<sup>th</sup> September, Return on Asset is 1.30% YoY, 16 basis point more. Half yearly basis if I see, our profitability, Operating Profit, has increased by 5%, Profit After Tax has increased by 16.5%, Return on Asset, by 8 basis point and Return on Equity is at 17.79%. Next slide, please.



Yield on Advances, YoY there is an improvement from 8.43% to 8.48%. However, there is a shrinkage as far as Q1 is concerned. It has come down from 8.55% to 8.48%. Cost of Deposits, there is an increase from 5.06% to 5.12%. Net Interest Margin; as per our guidance, we have posted a Net Interest Margin of 3.10% which is within our guidance of 3.15, plus/minus 5 basis points. And if I compare with the YoY growth, there is a growth of 3 basis points. And the sequential shrinkage from 3.18% to 3.10%, what you are seeing is because of the regulatory requirement of some of the penal interest being converted to the penal charges to comply with the regulatory guidelines.

Next, please. Asset quality remains healthy with Gross NPA at 2.50%. Net NPA YoY half yearly basis, it has come down from 0.76% to 0.60%. Provision Coverage Ratio is healthy at 93.61%. Next slide, please.

Slippage Ratio remains 1.07% within our guidance. Credit Cost has come down from 0.92% to 0.65%. Slippage Ratio, if H1 I have compared, then it has come down from 1.28% to 0.90%. And, similarly, Credit Cost H1 '24 to H1 '25, it has come from 0.82% to 0.55%. Next slide, please.

SMA book remains very healthy at 0.47 and this is as compared to 0.18% of June. That is because of some of the prudential provisions which the bank has provided. Collection Efficiency remains at 98.5% and it's a healthy sign. Next, please.

Bank enjoys a strong capital position and CRAR remains at 16.26% there is a shrinkage as compared to Q1 due to increase in the risk weighted asset. However, this 16.26% as such, is a very healthy CRAR position. That's all from my side. Over to you, Chand Sir.

**Mr. Debadatta Chand:** So, thank you very much, Mr. Chayani. To media friends, again good evening to all of you. And as you have been interacting from quarter to quarter, let me again say that this quarter has been a very strong quarter both in terms of the top line and also in the bottom line. As the CFO said, the Net Profit growth has been YoY 23.2% and quarter-on-quarter also has been over 17.4%. So, the Bank is trying to balance in terms of both the business and margin and we had slightly a lower growth last quarter, although the profit was very strong. But this quarter, the growth has been very strong, particularly I'll highlight on two aspects here. One on the Liability piece if you see, we have been guiding the market that our reliance on the Bulk Deposit will be lower. At the same time, the focus on the Retail, particularly on the Retail CASA and the Retail Term Deposit, has to be higher.

And as the CFO said that not only this quarter, that means September, but in June also the Retail CASA and the saving has almost been the 7% growth. And if you look at the market scenario, because there is a huge, I mean, Deposit growth constraint, this growth has been very, very satisfactory as far as the bank is concerned.

At the same time, let me also highlight that on the Advances side the Retail continue to grow at 20%, which has been one of the strong points of the bank for last many quarters now. At the same time, the corporate growth is almost 10.6% and the Domestic Advance growth is at 12.5%. So, in terms of the growth aspect, the bank is quite clearly focused and at the same time keeping the margin guidance intact and that you would have seen that the margin has been maintained at 3.10%. Barring that, roughly around 4-5 bps impact because of the penal interest and penal charges, the NIM would have been higher otherwise.



So, as we go forward, the bank would be quite conscious of the fact that while constructing the business on the top line we need to again be mindful of the margin side. And that is what the core business philosophy of the bank in terms of how do you then construct both book and at the same time the profitability.

The profit growth has been substantially this quarter boosted by the Non-Interest Income, more from the recovery out of TWO and also on the Treasury Income. So, going forward, the focus also continues to be that other core element of Non-Interest Income, that is the commission exchange brokerage aspect, and we would try to optimize that going forward also.

Another aspect, which is also important for us to understand is that the profitability metrics of the bank is strong. In earlier quarters also we announced, almost now 7-8 quarters, we are announcing Profit in excess of 4,000 crores and to our satisfaction now this quarter the Profit has gone above 5,000 crores. And this again, the half year for this year, the Profit has been 9,696 crores as against the full year profit of last year at 17,789 crores.

ROA, as the CFO said, now the 9<sup>th</sup> quarter we are posting ROA in excess of 1%. Rather, the ROA has been optimized this quarter to 1.30% and for the full half year it is at 1.20%.

On the Asset quality front, our GNPA is trending downwards. Initially, couple of quarters back we wanted the GNPA, the guidance, I mean not the guidance but the efforts was just to make it below 3% and now almost we reached a level of 2.50% for this quarter means the half year ending. That's something very, very satisfying as far as the Asset quality is concerned. Same time, the Net NPA is also at 0.60%, which is below that of the same quarter last year and also the Q1 of this current FY.

Both Slippage Ratio and the Credit Cost has been within the guidance that we had given earlier. We always used to give the guidance of Slippage Ratio at 1-1.25%. We are at 1.07% this quarter. Similarly, the Credit Cost last quarter, as against our earlier guidance of less than 1%, we revised to 0.75% and we are able to achieve the Credit Cost at 0.65% for this quarter.

Couple of other initiatives, let me again as a management take, outline that as the Deposit market is quite competitive, I mean, it's a competition over there. We have been one bank innovating on the product side, bundling it so that we can grow and that is what has been reflected in the growth in the Retail CASA and the Retail Saving. At the same time, we're also trying to like recently, as you would have taken note of that we have onboarded the cricket legend as our global brand ambassador. So, the idea here is to like actually earlier also we gave a guidance to retailize the book, so I think with the cricket legend being the brand ambassador we are going to retailize the book more and reach out to each and every customer of the country in terms of Bank of Baroda being a Retail bank and this would help us greatly with this.

Another aspect, again, which is core to us with regard to our ESG commitment and mandate. We have been working a lot in terms of the ESG, both in terms of, greener planet and at the same time a lot of ESG agenda. And let me again outline while interacting today that ESG is going to be one of the core things for the bank to again committed big time with regard to our ESG commitment.



Digital has been one of the key themes and we have been guiding the market that we want to be on the curve on digital. We want to be rather ahead of the curve on digital. We are spending good money with regard to the Capex on the IT side, both on the revenue side also and at the same time the headcount on the IT resources. Rather, you would have noticed that on the Foundation Day we announced a virtual Relationship Manager called ADITI and now that virtual Relationship Manager has got good feedback in terms of the customer service and the way the interaction happening with the customer has improved significantly.

So, these are a couple of points that I thought let me highlight at the beginning of the interaction. As far as the guidances are concerned, let me again highlight the fact that the Credit growth that we said earlier that it was between 12%-14%, that was the guidance we had given earlier. But because of the reduction in the Liability, slightly it is growing lower than that. We have reduced that guidance now. So, the Credit guidance is going to be 11%-13% as compared to 12%-14% earlier. Similarly, the Deposit growth, which again we gave a guidance earlier with regard to 10%-12% and now because of the changes in the deposit market, slightly we are reducing that. The Deposit growth guidance is now going to be 9%-11% as compared to 10%-12% earlier. At the same time, we are keeping the margin guidance the same while reducing the growth guidance by 1%. But clearly the objective is that on the margin side we are keeping the margin guidance the same at 3.15, plus/minus 5 bps. So, the margin guidance continues to be the same even if there is a slight reduction on the growth guidance, growth on the Deposit side and also the one Advances side. Looking at the Slippage Ratio and Credit Cost, they continue to be the same like the guidance we are given earlier. The Slippage Ratio was 1-1.25% and continues to be the same guidance. At the same time, the Credit Cost is going to be below 0.75%. And the third thing, the last thing, is with regard to the ROA. We had guided the market that we need to have ROA in excess of 1% and trying to optimize at 1.10%. So, we continue to have the same guidance of keeping the ROA guidance above 1% but trying to optimize at 1.10%.

With this, I think, I'm done with the opening remarks. So, now over to you for the question-answer. Phiroza.

**Moderator:** Thank you, Sir. We now open it up for questions. If you have a question, please do raise your hand. Alternatively, you may also type in your question in the Q&A box and we'll come to you.

The first question is from Vishwanath Nair. Vishwanath is from NDTV Profit. Vishwanath, if you can unmute yourself and ask your question, please.

**Mr. Vishwanath Nair:** Hi, Sir. Good evening. I just wanted to get a sense about your guidance reduction. You're saying you're going to maintain your NIM. Currently, what, 3.1%. That's where you are likely to maintain your NIM. But despite the festive season coming in, I mean, we're already one month into the festive season. Is there a reason? Is something looking a little slower for you for the rest of the financial year, in terms of growth and margins both?

**Mr. Debadatta Chand:** Growth have revised it 1% downward, because if you look at the deposit growth both in the Q1 and Q2, it has been lower than the guidance, right? And as all of us know, the deposit is one market where it is something not growing to the extent because of the savers' money



is going to capital market more than the deposit market, in that way. So, it is a competition over there. So, having a slightly achieved lower on the deposit market, both for Q1 and Q2, we are reducing that deposit guidance by 1%. And as you calibrate the advance vis-a-vis the deposit growth, then we are reducing the advance guidance also by 1%. At the same time, we're quite mindful of the margin aspect. Actually, the reduction of 1% on the growth is more from the point of keeping the margin guidance in impact. So, it is a balance in terms of how do you calibrate the book going forward and that is what we are trying to do.

A couple of things I would say why again we keep the margin guidance is that, we still expect a bit of moderation to happen on the deposit cost Q3 and Q4, going by some of the fundamental factors happening in the global market and also in Indian market. The liquidity in October, system liquidity if you talk about in October, it has improved vis-a-vis September. I think then if the system liquidity goes up significantly, possibly even if the rate stance to be the same, I think the cost of deposit for banks would go down. So, keeping the margin guidance the same, I think that is a fair call to take at this point of time.

**Mr. Vishwanath Nair:** Sure. On the advances side, what exactly are you looking to cut back on? Is there anything specific that you are looking to cut back or is it broad-based?

**Mr. Debadatta Chand:** No, the retail continues to grow at rather 20%. At the same time, the Agri and MSME would grow at 12 to 14%. The only aspect which slightly because, again as you know, corporate advance is also very price sensitive. So, that is something we can look into in terms of our margin guidance so as to how to protect that. The cut that can happen marginally is only on the corporate side, not otherwise.

**Mr. Vishwanath Nair:** Okay. In the corporate side also, I just want to get a sense of is there a pricing issue? Which is why you are probably looking at that as a way to maintain margins?

**Mr. Debadatta Chand:** No, it is a call like how do you optimize on everything? So, the market is quite competitive as far as corporate credit is concerned. There are assets available, but then it may not fit into your price objective. So, it is something of a balance game. You would have seen that Q1 the growth was only 1.6%, Q2 we are at 10.5%. So, that is the element where you can typically balance so as to protect the margin, at the same time giving a decent growth on the book side.

**Mr. Vishwanath Nair:** Right. One last question, sir. In terms of the unsecured portfolio, is there something that you are looking at in terms of delinquencies? Are you seeing anything rising? And future growth, you are seeing Retail will continue to grow at about 20%. But unsecured side is the growth likely to continue?

**Mr. Debadatta Chand:** Earlier also we guided market as far as unsecured personal loan, we started moderating from September '23 onwards. You would have seen the growth in the personal loan book, it is almost come to the level of 25 to 30% on an annualized basis. So, clearly, we have moderated that substantially. The housing loan has picked up if you compare the Q1 growth in housing loan and the Q2, the Q2 has picked up over Q1. So, the focus more would be on the mortgage side, auto side, rather than on the personal loan side. In personal loan the book is also not very significant, it is very small. So, in that manner, that is not going to be a substantial driver in terms of maintaining margin. The non-personal, which you can say is the mortgage-based, asset-based, there the growth would come.

**Mr. Vishwanath Nair:** All right. Thank you.



**Moderator:** Thank you, Vishwanath. Sir, the next question is from Ritu Singh of CNBC. She said, we have seen that you have cut your deposit growth to the range of 9% to 11%, FY25. What was the credit growth guidance?

**Mr. Debadatta Chand:** That is what we said. Actually, earlier we guided the market that the credit growth would be 12 to 14% and the deposit would be from 10 to 12%. Having achieved slightly lower in terms of the deposit, we are revisiting the deposit guidance to 9 to 11%, at the same time, making the credit guidance at 11 to 13%. We are at 11.6% global advances growth and domestic advances we are at 12.5%. So, I think we will operate in the upper band of this guidance of 11 to 13% that we are giving on the credit side.

**Moderator:** The next question is from Mayur Shetty of Times of India. Are you seeing a general slowdown in the economy? Why have you scaled down growth target?

**Mr. Debadatta Chand:** No, the general economy is going to be robust. Our house view on the GDP has been almost like around 7.3 or 7.5 level. The only, as the regulatory guidance is also coming, that you need to calibrate your asset growth based on the deposit growth, so that you do not run into issues on the ALM. So, that precisely is the purpose. Actually, the deposit market is quite competitive. Actually, it is not Bank of Baroda, if you look at the system, the growth has been very muted for last couple of quarters, right? So, based on that, it is a realistic call to realign the growth guidance. Otherwise, it is something that we do not want to run faster than on the system in terms of the credit and deposit gap. Actually, the gap has to be minimized to the extent that I do have borrowing and other means of alternate resources to match it. So, the change of guidance on the credit side is precisely to calibrate on the deposit, not otherwise. The economy is going at a very good pace. There are good potential opportunities available. Pricing corporate is something where it possibly can moderate a bit, so as to maintain the margin guidance.

**Moderator:** The next question is from Siddhi Nayak of Reuters. Siddhi, you can please unmute yourself.

**Ms. Siddhi Nayak:** Hi, sir. So, my first question is going to be on your asset quality. Any guidance that you could give on your Gross NPAs going forward? And also, if you could help with the kind of recoveries that you're expecting, both in Q3 and Q4.

**Mr. Debadatta Chand:** Okay. So, in terms of the Gross NPA, normally we don't guide the market, although efforts of the bank are always to trend it downwards. Actually, when we're at 3% also, the same thing we told to the market that the efforts would be trend it downward. Two guidances normally on the asset quality side we give, one is the slippage ratio and other is credit cost. So, the slippage continued to be 1 to 1.25%, the credit cost continued to be below 0.75%. So, with those guidances, I believe, we can maintain the level of Gross NPA and Net NPA going forward. Having achieved 2.5% and 0.6%, actually, it's very difficult to bring it further down to a large extent. But we're be trying our best to trend the GNPA and Net NPA downward.

The recovery this quarter has been slightly higher because we got some good recovery on the TWO side. So, on a normalized run rate, our quarterly run rate would continue to be the same, like 2,700 to 2,000. The overall recovery has been 5,200, but then, we'd continue to maintain at a normalized rate rather than the one-off that happened this quarter. Mr. Lal Singh, anything you want to update on this?

**Mr. Lal Singh:** Yeah. So, we are quite optimistic in the recovery side and we are going to surpass the target set by the board for the recoveries.



**Ms. Siddhi Nayak:** Sir, any target that you'd want to share with us?

**Mr. Debadatta Chand:** Just to update you, I have a recovery target of roughly around 12,000 crore for this year. And at the same time, containing slippage around 9,000- 10,000, so that I get an incremental delta in terms of reduction to the external 2,000 to 3,000.

**Ms. Siddhi Nayak:** Okay. Also on the microfinance side, we are seeing quite some stress from the private players that reported earnings. I wanted to get a sense from you on how that portfolio is doing for the bank? And in particular, what's the reason for the stress in the economy that we are feeling?

**Mr. Debadatta Chand:** Our book is not large enough in microfinance. Actually, we do have two kinds of finance in micro. One is a direct, another is through all these NBFC microfinance institutions. So, as far as the current book position is concerned, it's fairly comfortable. Currently, there is no stress level as far as either my direct exposure to microfinance, the MFI, the SHG and all loans we give, at the same time, on the lending through the indirect means in terms of the NBFC microfinance. So, the current level is very fair as far as we are concerned. Our book has not shown any kind of elevated risk in terms of any slippage as far as MFI is concerned.

**Ms. Siddhi Nayak:** Okay, thanks.

**Moderator:** Sir, the next question is from Ram Kumar of the Hindu Business Line. He has two questions. First one is, why have provisions from standard assets gone up? And the second question is, with the moderation in credit growth projection, how will the loan portfolio composition change?

**Mr. Debadatta Chand:** So, these two are fair questions. The provision on standard asset has been a bit up because of the prudential provisioning we have taken on the standard asset. You would have seen that the SMA-1 and 2, there is a bit of incremental level as compared to the last quarter. So, consequent to that, we have taken a bit of prudential provisioning on the standard asset.

At the same time, the other question was what? Can you repeat the second question?

**Moderator:** With the moderation in credit growth projection, how will the loan portfolio composition change?

**Mr. Debadatta Chand:** See, the moderation is not actually, if you look at the global credit growth, this is 11.6%. And the guidance that we are giving is 11 to 13%. And as I said, that we will be operating at the upper band of this guidance, which is almost going to be 12.5 to 13%. The domestic advance growth is 12.6%, which is one of the strongest growths in the entire system. In a scenario like that, when we try to have a range operated, rather, if I operate at 13%, that will be higher than the current quarter growth. And all of us know that we are walking into a busy season of Q3 and Q4. So, the guidance has been fairly balanced because the guidance has slightly been lowered considering the deposit growth, at the same time, keeping the margin intact. That is very important while we talk the slight reduction that we are talking about.

So, the composition of book is more to retailize. That is something we have very clearly outlined earlier. We have added a couple of percentage points on the composition of Retail to Corporate. Retail means all our RAM book and the corporate book. The intention was to grow slightly, adding a further couple of percentage points on the RAM book. The RAM book is almost 58% now. So, as we migrate towards March '25, possibly I'd like to add further 50-100 bps while deciding on the mix of the loan book vis-à-vis March '25.

**Moderator:** Thanks, sir. The next question is from Mr. Ashok from The Hindu. Ashok, if you can please unmute yourself.





**Mr. Ashok:** Good evening, sir. So, I have two questions. One is, what will be the impact of the LCR regulations that RBI brought in? And second one is, in the run up to the implementation of the Ladki Bahin Scheme in Maharashtra, there are some snags in some of the branches; shortage of staff has been reported. Is there a shortage of staff? And, what does the headcount ratio look like in this quarter, and coming down? And, is there cost overrun in employee compensation expense?

**Mr. Debadatta Chand:** So, on the LCR side, this is a draft guidance as on today, and even if I assume the impact, normally, we don't comment on the draft guidelines, but assuming that the draft guidelines become the final guidelines, the impact would be something around 12 to 15 percentage points. So, the current LCR that we have declared on this quarter is 123%. So, it would take around 10-12% further impact on that, because again, as the classes of assets are changing.

**Mr. Ashok:** 10 to 12 percentage points, you mean?

**Mr. Debadatta Chand:** Yes. So, our normal band for operating the LCR post the guidelines coming into effect, would be something between 115 to 120%. And once the guidelines are issued, then we'll be operating in that band. So, that's why the current LCR is quite comfortable to account for any impact because of the new guidelines. This is one.

Secondly, with regard to the scheme that you talked about, we have no issue today with regard to anything that you're talking about, neither any kind of issues that you addressed. It's business as usual, it's normal and on an on-going basis. So, I think there's much of anything that we can articulate at this point of time on the issues that you've raised with regard to the scheme that you referred to.

**Mr. Ashok:** Okay, thank you.

**Moderator:** Thank you. The next question is from Kshipra Petkar of Informist. Her question is on slippages. Slippages have picked up since the last quarter. From which segment are these coming from?

**Mr. Debadatta Chand:** So, the slippage for the quarter is 2,700 crores, and that's our normal rate. If you would have seen our Q1 as well, the slippage would almost be the same level. So, there's nothing incremental happening vis-à-vis this quarter than the last quarter. Slippages have been mostly on less than 5 crore kind of segment, because you would have seen that the data that we have provided on Corporate, there's hardly any slippage therein. Even out of the 2,700 crores, mostly slippage is on the Retail side and some of the other MSME and Agri side, which is a normal run rate for us as far as slippage is concerned. When we guide the Slippage Ratio to be 1 to 1.25%, anything between that would be fairly comfortable to take the impact therein. So going forward also, the guidance is to operate in this range. So, the normal run rate would be something around 2,700-2,800 kinds of range.

So, within that, Retail as a component, MSME as a component, Agri as a component, some of the data that we have provided on the Retail side also, the slippage has been fairly stable, including all the loans, including all the personal loans. Yes, if you compare the personal loans this quarter vis-à-vis a year back, obviously, there would be a higher amount therein. But then, my book is also increasing in the same pace, right? So, we do not see any incremental slippage immediately on a case like personal loans, which is very very marginal, which would significantly change my guidance or as far as its impact on my book is concerned. So, we're fairly comfortable at the current level, because we're able to, again, recover more than the slippage. That's the normal strategy we have. We want to recover more money out of the current kitty of NPA and TWO, rather than the slippage. Normal slippage would continue to happen. The guidance run rate of 2,700 is a fairly balanced level for us to manage.



**Moderator:** Thank you, sir. The next question is from Ashish Agashe of PTI. He has two questions. The first question is on corporate lending. On the corporate lending front, what helped in the growth going up in Q2? What are the sectors? How much of it is Capex demand from companies for greenfield, brownfield expansions, and also what is the pipeline of loans right now?

**Mr. Debadatta Chand:** So, Mr. Tyagi, can you take up this question?

**Mr. Lalit Tyagi:** Yes, Sir. So, the corporate growth has come from various sectors and primarily which are the sunrise sectors of the economy such as infra, power, renewables, then chemicals, and other sectors of manufacturing, FMCG, chemicals. So, it is fairly spread across various sectors. As far as Greenfield and project exposure or disbursements are concerned, exact distribution probably we may be in a position to give you separately offline, but fairly balanced, some amount which has gone into the project loans, Greenfield, brownfield, of course we know that infra is all Greenfield. Similarly, some of the traction has come from the working capital side also as corporates have gone into that.

**Moderator:** And his next question is, how does the bank look at alternative avenues of raising liabilities beyond deposits?

**Mr. Debadatta Chand:** Yeah, that's a very fair question. We are like our tagline is, India's International Bank. So, for me, resources, not only domestic, it is also international. So, like the guidance, as I said that when I slightly lower the credit guidance precisely to calibrate with the deposit growth happening in the system. At the same time, not to widen the credit deposit gap, which has been much talked about in the media nowadays as far as the gap of credit and deposit growth is concerned. We have multiple ways and there are borrowings that we have done possibly we have raised infra almost 10,000 crore refinance option is there. So, any alternate option which is a cheaper option for me, I'll always be there. So, that is what precisely while I mean creating the mix of the liability in the book at the same time keeping the margin thing into consideration that fairly balancing this aspect wherein anywhere that helps me to create a stable kind of a resource at the same time optimize on the rate side, we normally get into that. So, we have multiple options available and fairly these are very large options which also we can explore in case the deposit is not going to the extent that we desire. Anything Madam Beena, you want to supplement on this, on the resource side?

**Ms. Beena Vaheed:** No, Sir. Yes, Sir, whatever you just mentioned, Sir apart from the liability side, which actually we have just reduced the guidance only by one basis point, but apart from that, whatever the MD Sir has just mentioned, there are other avenues for us to raise funds for our credit growth. So, liability we are seeing a decent growth apart from that we have other avenues for whatever was just mentioned.

**Mr. Debadatta Chand:** Yeah. Okay.

**Moderator:** Thank you. The next question is from with Pushpita Dey of Outlook Business. Pushpita, can you please unmute yourself?

**Pushpita Dey:** Hello. Hello Sir, am I audible?

**Mr. Debadatta Chand:** Yeah. Hello. Please go ahead. You are audible. Please go ahead.



**Pushpita Dey:** Yes, Sir. Sir, could you please give us an idea like, what is the plan going ahead in terms of opening new branches? I mean any plans of opening new branch in the coming quarter and number of branches opened this quarter?

**Mr. Debadatta Chand:** Yeah. Actually, we have planned to open almost 250 to 300 branches this year. As on today, we have almost opened 102 branches and the remaining part of the year we will open the remaining branches. As I said earlier, we are opening branches in those areas where we are underserved in those market and those potential geography. So, clearly the focus is to grow on those area where there is a potential area where we are not present to that extent. That is what is the strategy of the bank, so 250 to 300 branches this financial year. Already, we have opened 102 branches as on today.

**Pushpita Dey:** Okay and Sir, just one more question. Sir, what is the plan for green financing because we are expecting the green taxonomy to be out soon. So, any plans of green financing in the coming quarters? What is the road map for it, if you could give us an idea?

**Mr. Debadatta Chand:** Absolutely, actually, on the ESG front, as I said in my initial remarks also, the bank is quite committed, that is point 1. The second point is on the green financing, we have created a very large book on the renewable side. So, as on today, if I talk about, it's almost more than 2 billion in USD terms the kind of book that we've created in last three years' time. We are one of the banks having issued a green deposit and the outstanding green deposit as on today almost 700 crore. Significant traction coming on depositors willing to put money in the green deposit for a definitely for a large intention and large purpose. So, the bank is quite keen. We are exploring multiple options in terms of taking green financing overseas also lines and then deploying green book. So, the ESG mandate, the bank does the ESG policy and it talks everything with regard to how do you again take resources and deploy into assets, which are green in nature and typically helping the country to achieve its carbon emission commitment whatever the mandatory target as far as the country is concerned. So, the bank is quite committed on that and on the book size, we have almost more than 2 billion USD in terms of the exposure to the renewable side.

**Pushpita Dey:** Okay, Sir. Thank you, Sir.

**Moderator:** Thanks, Pushpita. Sir, one question coming from Rajesh of Mathrubhumi. Your gold loan growth is 118.4% YoY. What is the reason for the whopping growth and which parts of the country is it mostly distributed in?

**Mr. Debadatta Chand:** Mr. Mudaliar, can you take it up and then I'll supplement on that. You're on mute, Sanjay.

**Mr. Sanjay Mudaliar:** See, if you see the gold loan portfolio has been doing pretty well over a period of time and this time there was a special focus was there, special efforts were there to market it in a calibrated way in a compliant way, and that has given us some kind of a traction. As far as areas are concerned, obviously, it is spread out, but dominantly in the southern part of the country where the gold loan business is high, we do have some traction coming from there.

**Mr. Debadatta Chand:** Okay.

**Moderator:** Okay. The next question is from Babu Narayankar of UNI. Sir, can you please unmute yourself.



**Mr. Babu Narayankar:** Am I audible?

**Mr. Debadatta Chand:** You are audible. Please go ahead.

**Mr. Babu Narayankar:** Yeah. Look, I have 3 questions quickly, I will field it for you. How does the bank foresee interest rate fluctuations impacting its future net interest income? Secondly, what sectors are contributing most to the bank's loan growth and are any new segments being targeted? And thirdly, has the bank made any provisions for potential loan defaults and how are these affecting overall profitability?

**Mr. Debadatta Chand:** So, on the interest rate side, as you know, the market on the asset side, the prices are fairly stable now on the incremental MCLR changes are very, very less now. So, the return on the asset side is very fairly balanced and that is what the position as on today. On the liability side also, I think the deposit rates have peaked out in the sense, the cost of deposit although or this quarter there is a marginal increase almost by 6 bps, but I think the deposit cost also has fairly stabilized now and there are two outlook we have going forward. One outlook is with regard to the kind of like the scenario that you're seeing globally and also in Indian market. As I said, the liquidity has improved in October as compared to September and that's on an improving trend. So, globally, as you know that the Fed has cut the rate and couple of central banks have cut the rate. RBI changed the stance of the monetary policy. So, I think the liquidity would improve then possibly a bit of moderation should happen on the cost of deposit. So, for Q3, although the levels would be almost like the same like Q2, but I think Q4, we can see some changes either because of the rates trends or substantial liquidity coming into the system.

Then, I think the margin guidance that we are giving would be intact as it is. If you look at the like the Q2 of last year, also our NIM was 3.07%, but the overall year was 3.18%. So, now the NIM of Q2 of this year is 3.10 levels. So, I think we will maintain our margin guidance of 3.15 + /-, 5 bps. We in banks normally align our pricing based on the market movement. So, in case there is a cost pressure, then we pass on to the borrower. In case there is a reduction in the cost of deposit, we again pass on the benefit to the borrower. So, it's so that the margin remains the same. So, in terms of our outlook, I think our interest is fairly balanced and stable now. We won't see much of change in the cost of, I mean the return on advance and cost of deposit, but some change can typically put us in a better position on the margin side.

On the loan growth, as I said, retail, we have what we can say the consistency of growing more than 20% and continue to be the same for the future quarters. MSME and Agri, which is something around 11%-12%. We slightly intend to grow higher on that going forward on Q3 and Q4, as these are again productive quarters on these two counts. Corporate is almost like 10% growth, that is what actually this quarter we achieved and going forward also the same thing we'll try to achieve. So, in the manner the mix of RAM and corporate slightly would undergo a change in terms of a higher RAM as compared to the corporate. So, this typically you can maintain the margin and also the growth that we're talking about, so retail 20+, Agri and MSME 12% to 14%, and corporate around 10%, which is also our current quarter almost the growth in the same manner.

Your third question was with regard to potential loan segment that you are targeting, yes. Corporate, you know, these are the scheme, but on the MSME side, we think there are couple of sectors where we can play slightly bigger role therein.



**Mr. Bapu Narayankar:** Sir, can I interfere here?

**Mr. Debadatta Chand:** Yeah, please.

**Mr. Bapu Narayankar:** Sorry to correct you. The question was on potential loan defaults and how are these affecting overall profitability? That was my question.

**Mr. Debadatta Chand:** No, no. Actually, as I already said that as far as the run rate in terms of the default or the slippage that we talked about, the guidance is around 2700 crore, the same level. So, the economy going forward is very, very productive. The quality of assets is very good. The collection efficiency has been very high at 98.5% and keeping everything intact, I do not see any elevated risk in terms of slippage. These are all contained. That's we are guiding the market saying that rather on the GNPA and net NPA, we will be trending it downwards. So, we do not expect any potential loan losses impacting the banks book anyway.

**Mr. Bapu Narayankar:** And one last question, how do these results compare with Q2 results of other leading banks in India, very briefly you can answer?

**Mr. Debadatta Chand:** I think that's for you to compare and let us know that what you understand about our performance, but our performance is good in this quarter, particularly as I say that we have achieved more than 5,000 crore of net profit. On many of the parameters that we guided; we are in line with those guidances on the advance's growth at 12.5% for domestic which is one of the best in the market. Many banks have not declared results so far. So, it will be difficult to compare, but our growth, I think we have given the robust performance for this quarter.

**Mr. Bapu Narayankar:** Thank you very much, Mr. Debadatta.

**Mr. Debadatta Chand:** Thank you. Pleasure talking to you.

**Moderator:** Thank you, Sir. Sir, we will take the last two questions. One question is from Shipra of Informist asking, are there are any fundraising plans for the rest of the year?

**Mr. Debadatta Chand:** To reply that on the equity side, absolutely no, because our CRAR is quite comfortable actually at 16.26% level and if I add back the profit, it will be in excess of 17%. So, there is no plan on the core equity side. As far as AT-1 and Tier 2 as we have already announced to the market that we intend to raise 7500 crores this financial year and as on today, we have not raised anything, so any raise would be in these two quarter like Q3 and Q4, but on the core equity, no plan to raise any money this year.

**Moderator:** Thank you, Sir. Last question, Vishwanath Nair has a follow up question, I'll just ask you to unmute yourself.

**Mr. Vishwanath Nair:** Thank you. Just a quick question, Sir. On the corporate loan growth, coming back to that. Are you looking to moderate the growth because of your pricing and margin concerns or is it a demand issue - is there a demand issue as such? You said that you have done 10.6% odd this quarter Q2, but Q3 and Q4, I'm just trying to understand because I don't think we got a clear answer on the pipeline going ahead for the rest of the fiscal?



**Mr. Debadatta Chand:** So, the industrial demand is very strong. Let me be very clear on that and we do have very strong pipeline for growth. Just I'm only comparing couple of data points here. The Q1 growth on the corporate credit was 1.6%. So, clearly, we wanted to realign the book at that point of time in terms of fine priced book and the book which are again above MCLR kind of a number. So, to maintain a 10% growth for the full year, I need to grow higher than 10% in Q3 and Q4 and in case you normalize, the growth can be as high as 12%-13%. I'm giving you guidance of 11 to 13%. Again, I said that in the guidance, I'll be operating in the top band in the sense that I would like to attain 13% growth on the corporate credit, I mean overall book. So, in that scenario, our growth in all segment including corporate for Q3 and Q4 has to be higher and what again we have achieved in Q2, that means there is a strong demand pipeline, we want to go ahead on that, but Q1 of the financial year, we wanted to realign the book more from the point of margin, I mean achieving our margin guidance.

So, the Q1 book, all of you would have seen that the growth has been 8.5% or 9% or 9.5%. So, going forward Q3 and Q4 would be stronger than that of Q2 in terms of growth both on the corporate side, noncorporate side in terms of RAM, but in the process, we'll try to slightly increase our retailization concept of retailization the book slightly more as compared to the corporate. That's a long-term plan. We have announced earlier also. We want to achieve this 58% RAM to 65% in three to five years' time. That's something work in progress actually that would give me more I mean, the book would be more diversified in that way. The income earning potential of the book would be also higher in that way and that is what actually we're trying to achieve out of the process.

**Mr. Vishwanath Nair:** Sure. Sorry, if you allow me one more. The RBI put out a draft around subsidiaries and associates and it is in that sort of context that I'm asking you, the plans with Nainital Bank and Bobcards, we haven't heard much since the last announcement that came, were you were looking to hire bankers to try and see if you can find investors or looking at public listing. Just trying to get a sense as to is there some kind of plan, any movement in that direction?

**Mr. Debadatta Chand:** See, as far as the RBI draft guidelines is concerned, the focus is more on the NBFC and HFC on that. Actually, we do not have any NBFC or HFC. So, I mean the part A of the guidelines is complied in that way. There are two only, not only Nainital Bank, there is also, we have promoted the IDF also which again can be part of the draft guidelines. Once the guidelines are issued in finality, then we will take a call how to comply to the regulatory guidelines on that. Coming to specific to Nainital Bank, the process is on because as all of you know process has multiple, I mean there are building blocks therein to achieve and the only I can say at this point of time the process is on, on that, right. So, that's where we are currently. So, as far as the guidelines is concerned, once it is issued, then we'll definitely comply to that, but we don't have NBFC or HFC subsidiary. So, I mean major part of the guidelines is compliant as far as we're concerned.

**Mr. Vishwanath Nair:** What about the card subsidiary, sorry?

**Mr. Debadatta Chand:** Card subsidiary, I don't think that guidelines have that implication as on today because we have not evaluated, but again today there is no plan to divestment in Bobcard for the matter, right, but in case the guidelines comes and there is a requirement, we'll look at that point of time, but currently we're not posting any process for divestment in Bobcard.

**Mr. Vishwanath Nair:** Alright, thank you, Sir. Thank you. Thanks.



**Mr. Debadatta Chand:** Thank you.

**Moderator:** Thank you everyone. Sir, this was the last question. Thank you all for joining us. Have a good day.

**Mr. Debadatta Chand:** Thank you very much. Thank you all again for sparing your time to join in our Q2 performance. Thank you very much.

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