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Dear Sir/Madam,

Sub: Transcript of Bank's Conference/Earnings call held on 20th January, 2025.

We enclosed herewith the transcript of Conference/Earnings call hosted by Bank with the Analysts/Institutional Investors on 20th January, 2025 on Financial Results of the Bank for the Third Quarter and Nine Months ended 31st December, 2024.

The copy of same is made available on the Bank's website under the following web link: https://www.centralbankofindia.co.in/en/investor-relations

This information is furnished in terms of Regulation 46(2) and Regulation 30 of the SEBI (LODR) Regulations, 2015.

Please take the above on your record.

Thanking you.

Yours faithfully,
For **Central Bank of India**
CHANDRAKANT C BHAGWAT
Digitally signed by CHANDRAKANT C BHAGWAT
Date: 2025.01.27 15:16:13 +05'30'
CHANDRAKANT BHAGWAT
Company Secretary & Compliance officer

Encl.: As above

"Central Bank of India Q3 FY '25 Earnings Conference Call"

January 20, 2025

MANAGEMENT: **MR. M V RAO – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CENTRAL BANK OF INDIA**
MR. VIVEK WAHI – EXECUTIVE DIRECTOR – CENTRAL BANK OF INDIA
MR. M V MURALI KRISHNA – EXECUTIVE DIRECTOR – CENTRAL BANK OF INDIA
MR. MAHENDRA DOHARE – EXECUTIVE DIRECTOR – CENTRAL BANK OF INDIA
MR. MUKUL DANDIGE – CHIEF FINANCIAL OFFICER – CENTRAL BANK OF INDIA

MODERATOR: **MR. RAJU BARNAWAL – ANTIQUE STOCK BROKING**

Moderator: Ladies and gentlemen, good day and welcome to the Central Bank of India Q3 FY '25 Conference Call hosted by Antique Stock Broking Limited.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

I now hand the conference over to Mr. Raju Barnawal from Antique Stock Broking. Thank you, and over to you.

Raju Barnawal: Thank you. Good afternoon, everyone, and thank you for joining post result conference call of Central Bank of India. From the senior management side today, we have with us Shri M V Rao, MD and CEO; Shri Vivek Wahi, Executive Director; Shri M V Murali Krishna, Executive Director; Shri Mahendra Dohare, Executive Director; and Mr. Mukul Dandige, Chief Financial Officer. Now without any further delay, I hand over the call to MD sir for his opening remarks, post which we'll have the Q&A. Thank you, and over to you, sir.

M.V. Rao: Yes. Thank you, Raju ji, and a very good afternoon to all of you. First of all, thank you for giving us the time. First I'm going to just give you the broad performance highlights on a year-on-year basis and then followed by a detailed presentation by our CFO. Our Bank's total business grown by 8.31%. Now it stands at INR6.68 lakh crores. Total deposits grown by 5.34%.

Now it stands at INR3.97 lakh crores, wherein CASA has grown 5.72% and the share of CASA, one of the best, is a 49.18% of the total deposits. Gross advances has increased by 12.99% that is 13%. Now it stands at INR2.70 lakh crores. And credit deposit ratio, it is improved, now is at 68.25 from the earlier December '23 figure of 63.60.

Gross NPA, which was 4.50% in December '23 has come down. Now it is at 3.86%. Likewise, net NPA, which was 1.27% in December '23, now it is at 0.59%. Provision coverage ratio has improved to 96.54% from earlier figure of 93.73%. Net profit, which is the highest for the past 15 quarters, that is INR959 crores for this quarter and for these 9 months, we have recorded INR2,752 crores. And if you see the whole financial year of the previous year, it was at INR2,549 crores, that is in these 9 months, we have surpassed the previous year's net profit.

And coming to the NIM, that is Net Interest Margin, it stands at 3.48%, which is 20 basis points higher than the previous year, that is 3.28% in the previous year. Return on Assets has increased by 18 basis points, now it stands at 0.87%. Return on Equity, now it is at 12.96% and the CRAR, capital adequacy ratio, has improved to 16.43%, and previous December, it was 14.74%. Now this is only the performance highlights, just I have given. For further details, our CFO will be taking you through. Thank you.

Mukul Dandige: Thank you, Respected MD sir. So as given -- highlights have been given by MD and CEO, sir, our profitability, as you would have seen for the last 15 quarters, the Bank has been able to give a sustained profitability growth. The 3 quarters' profitability has been at INR2,752 crores, which is 57.98% higher than the corresponding 9 months period of the last financial year and we have already crossed the entire last financial year's net profit during these 9 months period only.

If you see the headline numbers, there has been improvement across the board with yield on advances at 9.01%, yield on investment at 6.87%. The cost of deposit increasing by only 9 bps to 4.81%, which is again, one of the lowest in the industry. The NIM being very strong and robust at 3.48%. The credit cost is coming down to 0.49%.

The slippage ratio is at 0.39% and the very comfortable liquidity coverage ratio of 233.60% and net stable funding ratio of 140.44%. The ROA at 0.87%. And if we consider the 9 months ROA, there is an uptick of 22 bps in this, and it is a very, very substantial improvement over the last financial year.

The total interest income has improved by 8.98% on a Y-o-Y basis, and the total interest expenses have improved by 6.72% to INR4,970 crores. Thereby, the net interest income has improved to INR3,540 crores, an increase of 12.31% on a Y-o-Y basis. The total expenditure increase has been at 7.88% to INR7,776 crores. The operating profit has increased by 1.66% to INR1,963 crores.

And the net profit, there is an improvement of 33.57% to INR959 crores, which is the highest ever net profit recorded by the Bank in the quarter. The interest on advances has improved by 10.06% to INR5,689 crores. Similarly, the interest on investment has improved by 10.26% to INR2,590 crores. Thus, the total income has improved by 8.98% to INR8,510 crores.

The non-interest income and other operating income put together has improved. I mean, there is a slight decline on a Y-o-Y basis to INR1229 crores, mainly because of the slightly lesser recovery in write-off accounts. But other than that, it is more or less same. As far as the total expenses are concerned, the interest expenses on deposits have increased by 7.5% to INR4,700 crores.

The operating expenses have improved by 10% to INR2,806 crores. The staff cost has improved by 7.69% to INR1,792 crores. And thus, the total expenses have improved by 7.88% to INR7,776 crores. The provisions NPA provisions, the Bank has made INR310 crores of provision on NPAs. Income tax provision has been made at INR448 crores.

We have made a provision of INR250 crores on standard restructured accounts where we expect that there might be some impact due to the ECL guidelines, if and when they kick in. So overall, the total provisions at INR1,004 crores are lesser by 17.23% on a Y-o-Y basis. Then the asset quality, if we see the, gross NPA has come down to INR10,460 crores, representing 3.86% and net NPA is at INR1,555 crores, which is 0.59%.

If you see on a sequential basis, the gross NPA and net NPA has come down over the last quarters. The sector-wise NPA classification, if we see. The Retail is having NNPA of only 0.08%, Agriculture & Allied activities at 1.50%, MSME at 1.21% and Corporate & Others 0.12%. The provision coverage ratio has further improved, and it is at a very healthy 96.54% now.

The slippage ratio is at 0.39% and the credit cost is at 0.49%. Resultantly, the capital adequacy ratio of the Bank has further improved, and it stands now at 16.43% with 14.21% of CET1. The restructured book stands at total INR5,515 crores and special mention accounts of INR5 crores and above, total constitute now INR979 crores only, with hardly any stress in any of these major accounts. If we go into the details of the business across the board. Total business improved by 8.31%, and it stands at INR668,686 crores.

The advances grew at 12.99% to 270,779 crores, of which RAM is INR189,303 crores and the growth in Retail, Agri, MSME was at 17.99%. The risk-weighted asset, if we see, it is at one of the lowest in the industry, despite the corporate credit at a healthy percentage. The deposit front, Bank is still able to maintain its premier position as far as the CASA is concerned, with 49.18% of the deposits under CASA.

Bank has got a much diversified loan book with Retail, MSME, Agri and Corporate being spread evenly. Within Retail, which constitutes 29.52% of the total advances and the growth in Retail was at 16.18%. Housing loan constitutes 62.95% and the growth in housing loan was 19.24%. As far as rated standard advances are concerned, the concentration in AAA-rated accounts has increased by 10.02%.

In A-rated advances, it has increased by 31.29% and investment-grade advances by 19.12%. The Bank maintains its premier position as far as the co-lending book is concerned, and the co-lending book is at INR13757.92 crores as on 31st December '24. The treasury is very well managed with total book size at INR153,070 crores, and the yield on treasury has further improved to 6.87% as on December '24 compared to 6.40% in December '23.

The modified duration in PV01 is very well controlled and it is managed in a very, very efficient way. So, these were the overall highlights of our performance during the Q3 of the current financial year. Now we would request for any questions that are there.

Moderator: Thank you very much. We'll take the first question from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

Ashok Ajmera: Compliment to you, sir, for yet another good quarter in spite of so many issues, headwinds. A little bit pressure on the operating profit, though the net profit has been managed well with may be a little lower provision of taxation and a little bit of other provisions. But having said that, sir, now going forward, with this current scenario, like where a lot of news flow and the rumours are around, how do you see in the basically in the commercial Bank and mostly in the public sector and some of the large private sector Banks, the growth prospects in the coming quarter and the whole FY '25 ending?

Because so far, the results have been good of whatever has been declared. But in spite of that, I mean, we all know that the stocks were hammered down very badly. So, is there any concern on that front of the growth front or the profitability front as such? This is my first question, sir.

M.V. Rao: Okay. See, what is the position of other Banks, private or larger Banks that I do not want to comment upon. Just as far as my Bank is concerned, we are very sure that whatever the guidance we have given earlier that we are going to achieve. Earlier, we have given that our business growth will be 10% to 12% that we are going to touch that band. Likewise, for your advances also 14% to 15% band we have given that we are going to be there in that band.

Likewise, in deposit growth, 8% to 10% guidance what we have given in April that continues to hold good and that we are working towards that, and we are confident in achieving. As far as the profitability is concerned, anyhow, the figures are out that we have surpassed the previous entire financial year's net profit, and we don't see any break or any kind of struggle or hurdle in that way to achieve the figures for the March. This is a very simple way of putting my Bank's position. And I do not want to comment on the other things, what you have asked earlier.

Ashok Ajmera: Point well taken, sir. Similarly on the recovery front, where do we stand? And that one big that aviation account, what is the prospect? I mean, is there any progress or any what are the chances of the recovery and the how fast and the overall recovery scenario?

M.V. Rao: See, overall recovery, whatever the amount that we have targeted that we are achieving under recovery, as far as that one big account, what we are referring to, we don't see any great recovery within this March quarter. Definitely, it will be there in the first half year of the next financial year.

Ashok Ajmera: So even that I'm not seeing I mean, that collateral we had.

M.V. Rao: Yes, yes, that is a lot of inquiries are happening, a lot of due diligence, a lot of things are happening, but unless until it is crystallized, we cannot tell with certainty.

Ashok Ajmera: Sir, you said about the growth and the growth will continue. But now with this many of the new norms introduced by and restriction introduced by RBI on the co-lending, I mean, your Retail space by the NBFCs also and so don't you think that there too many people are chasing too few good accounts there, and there can be a pressure on our retail loan growth also and co-lending growth also?

M.V. Rao: No. We see in some other perspective. Cake is too large. So, there is no depth of opportunity. It is only that what is the trade-off you are going to make with your lower rate of interest and quality of advance that is the cusp of the entire growth story now.

Ashok Ajmera: So, we have been reading sir that, there are delinquencies on the personal loan front in the small loan accounts where the defaults are increasing in the recent months. So, do we have any such concerns, any such kind of portfolio in our retail loan book?

M.V. Rao: No. See, ours is a plain vanilla type of personal loans we have. We extend the personal loans only to the salaried employees where employer gives the undertaking for deduction and salary accounts are with the Bank. Ours is a very limited portfolio, and we do not have any type of concerns or issues in that portfolio.

Ashok Ajmera: Okay. Sir, last question in this round. On the treasury front, of course, the profitability now mainly going to the reserves. But on the trading profit side and the investment through the equities and IPOs, what could be the approximate ball-park numbers on that? On the equity trading front and the IPO investment profitability and some of the other investment in equity?

Mukul Dandige: See, Ajmera ji, total trading profit if we compare quarter-on-quarter, this quarter it has been INR216 crores against trading profit of INR151 crores in the December quarter of previous year. So, you'll appreciate there is a decent job. So that is the reason that our yield on investment including trading profit is now at a very healthy level of 7.32%. Equity share would be around INR100 crores in this.

Moderator: Next question is from the line of Sushil Choksey from Indus Equity Advisors.

Sushil Choksey: Congratulations to team Central Bank for a very stable and a positive number. Sir, before I start Q&A, I know that you've given some guidance on the year. But can you throw some light where return on equity, return on assets, what kind of NIM will in that? Advances number you've already indicated and second thing, some picture on CASA, because our strength is CASA. So, some highlight over there. Where is our CASA coming from? Is it Tier 1, Tier 2 cities, smaller towns?

M.V. Rao: Yes. As far as -- I will take the last question first. As far as CASA is concerned, you know that market is very tight and a lot of competition that is there. Yes, because our rural and semi-urban presence, network reaches almost 65%. That's why we could be able to hold on to the 49% of CASA. It is the interior of Maharashtra, Madhya Pradesh, Eastern Bihar and Eastern Uttar Pradesh and Eastern West Bengal, these five areas that are contributing to us for the CASA.

Going forward also, we think that we are going to maintain our turf in this. That is on the CASA front. Regarding the ROA, whatever the guidance earlier, what we have given in April 2024 is, we will be in the band of 0.75% to 0.85%. Now I'm very happy to share with you we are right now at 0.87%. So, it is not the optimistic projection. It is with confidence I can tell that we are going to touch 1% for the March, for the ROA.

Sushil Choksey: And what about NIM and ROE?

M.V. Rao: NIM, our guidance was above 3% and we are at 3.48% as that, definitely, we are sticking to the floor level of 3%. Definitely, it will be above that only as far as the NIM is concerned.

Sushil Choksey: Sir, when I see your presentation on diversified loan book, your total Retail business is almost matching Corporate book. With your CASA, where it is today, the customer reach which you have created an 80 million-plus customers, do we think we've become a consumer Bank among the public sector Banks with initiatives, which I'll ask you in the next question, in a stronger way than what we are targeting?

M.V. Rao: See, our rebalancing of the credit book what we have done for the past 3 years now, it has come to a stage right now, we are at 70%-30%, 70% is our RAM segment and 30% is Corporate. And the guidance what we have given is 65%-35% with plus or minus 5% that we are maintaining.

As far as a Bank turning into a totally Retail oriented, definitely, as far as risk part is concerned, we will continue to be on the same platform what we have told earlier, 65%, 35%, so that shock absorbance will be much higher than the concentrated corporate lending portfolio.

Sushil Choksey: Sir, my question pertaining to consumer Bank is more because either it is not only interest rate but service, which may be supporting the Bank's business. It's not that only interest rate can attract.

M.V. Rao: Previously also, I told that we are totally transforming the entire digital platform and now almost seven products are already rolled out on our new digital platform and new super app with 200 plus services already it is rolled out to the entire staff of 33000. And once whatever the deficiencies that is coming up, that will be stabilized, and it will be rolled out to the public max to max within a month. That will be the biggest product app, mobile Banking, which is having your investments, your insurance, your deposits, fund transfers, almost 200-plus services are covered in that.

Sushil Choksey: The super app will become our total consumer-related app, or it will be something more?

M.V. Rao: No, it is a consumer related. And going forward, for Corporate also, we are going to launch.

Sushil Choksey: Sir, what kind of investment we would have and time invested in to create this app?

M.V. Rao: Say, almost 18 months.

Sushil Choksey: 18 months. And what kind of investment or capex we would have done to enable the Bank to create a super app?

M.V. Rao: In previous year, I told you, our total investment on the IT is around INR800 crores.

Sushil Choksey: And we've spent most of it or we are still to spend?

M.V. Rao: No, no. Still, it is a 5-year project life. It will be spent in 5 years.

Sushil Choksey: How do you see traction in housing loans, specifically, which is a bigger chunk at INR50,000 crores in our Bank?

M.V. Rao: See, we are growing almost at 19.80%. So because of our niche area and then customer profile and then segment what we cater and the geographical area that still we are that is a forte for us, and we continue to grow there. We don't see much challenge because even our growth in metros is less when I compare with my portfolio growth in the Tier 2, Tier 3 cities.

Sushil Choksey: Sir, as I look at our book, we have maintained Corporate Credit, but at the same time, balance well with RAM and Personal Loans. Personal means housing loans and other sectors. How have you balanced? Have you shredded more in HFC and NBFC and advanced more to manufacturing business?

M.V. Rao: No, no, I didn't get it.

Sushil Choksey: Sir, our Advances to core economy segment has increased over HFC and NBFC, because I didn't I might have missed in the presentation.

M.V. Rao: No, see, for NBFC, HFC, we have the caps. We are not growing beyond 10% or 11%. That is the cap what we have kept, and we are sticking to that. All remaining is only retail contributed by our Branch network.

Sushil Choksey: One question in this round. One of our subsidiary's year-on-year has dipped, the Gramin Bank, on profitability. Any specific reason for it?

Mukul Dandige: See, the RRBs were mandated by DFS that they have to pay the computerization allowance to their employees, and with retrospective date. So, 50% of it was supposed to have been paid up to December '24 and remaining 50% is to be paid up to March '25. So that is why the performance has dipped in one of the RRBs.

Sushil Choksey: Uttar Bihar Gramin Bank.

Mukul Dandige: Yes.

Sushil Choksey: Okay. Second thing, sir, publicly it is already acknowledged that the insurance company, we have finalized the acquisition. With the CASA at 49%, General & Life Insurance in our pocket, what is the vision the Bank has with the insurance arm, which will become a major chunk of your subsidiary as your holding will be 26%?

M.V. Rao: See, we will be unveiling our entire aspirations and also the action plan once we are nearing to the signing of the shareholders' agreement. Once that is done, we will be unveiling the entire plan.

Sushil Choksey: Okay. Sir, any indicative deadline or timeline on that?

M.V. Rao: May be another max to max 1 month, by February 20th or 25th.

Sushil Choksey: Sir, congratulations and best wishes for the year to come.

M.V. Rao: Thank you, sir.

Moderator: We'll take a question from the line of Amit Mishra from Indus Equity Advisors.

Amit Mishra: Congratulations on the great set of numbers. I just had one question. Like our Bank has done really well on all the parameters. Except for this cost to income, we have been not able to, I think, achieve the targeted guidance. So, if you can elaborate on that, what is your guidance on cost to income for full year and going further, how we are trying to achieve our guidance number, which was 50% to 52%?

M.V. Rao: Yes. See, before our CFO steps in, let me tell you the major parts. One is the staff cost, which is involved. That is not too great, to the extent it tilts the scale. It is only the other part where other operating expenses where our investments, which are going heavy investments in the IT and consequential depreciation what we are booking, that is the major factor as of now.

Going forward, because of these technology initiatives and the business, which is going to be garnered through this end-to-end journey that is going to contribute much on this. And next financial year, we expect that it should be 50% or below 50%. But our guidance in this year, we have given 50% to 52%. Now we are at 58%.

Let us see to what extent we will be successful to touch this. This is only the parameter where we are seeing. The only thing is how fast we can improve the incomes that is one part that we are checking out our own program. Meanwhile, our CFO will give some inputs.

Mukul Dandige: So exactly what I wanted to say, MD sir has summarized it. Staff cost also, there, I would like to give additional this one. What we have done is these terminal benefits, we are funding it in such a way that in 6 years' time, that fund becomes self-sustainable. And thereafter, the Bank need not provide for anything for the terminal dues.

And out of the corpus fund itself, the sufficient income can be generated. That is why it appears that the terminal dues or the staff cost is a bit high. And remaining things, see, around INR4,800 crores would be the denominator in this. So, for 6% to achieve at 52%, we need to improve our income by around INR284 crores.

So, I'm pretty sure that in the quarter to come with additional recovery in write-off accounts by other incomes supporting and also the interest income on advances, because our yield on advances is right now 9.01%. So, with that, at least for the quarter, we should be able to come somewhere around 52% as far as cost to income is there.

Amit Mishra: Okay. Got it, sir. Sir, one more question on recovery side. What kind of recovery do you expect in this quarter, in current quarter, if you can give a ballpark number or any big recoveries in coming quarters like Q1 of '26 or Q2 of '26?

Mukul Dandige: See, as far as the recovery in write-off is concerned, this quarter, we clocked around INR396 crores, with some bigger accounts which are in the pipeline under resolution and all. We expect that on a very conservative basis, if we say around INR500 crores to INR550 crores should be a number as far as the recovery in write-off is concerned. And this will take us to be cumulative recovery during the financial year well past the INR1,443 crores that we had recovered during the last year.

It should top INR1,500 crores, if anything. So that is one thing. And secondly, because some of these accounts are already technically or potentially written off, the other resolutions that are going to happen will come and help us reduce the gross NPA numbers. And we expect that we should be well above the last year's cash recovery upgradation numbers.

Moderator: Next question is from the line of Atishay Choudhary from ICICI Securities.

Atishay Choudhary: Sir, we used to disclose this SMA number for all, at the Bank levels. We have given loans above INR5 crores. I request if you can share the SMA 0, 1 plus 2 for the entire Bank level.

Mukul Dandige: Okay. The SMA 0 stands at INR10,097 crores. SMA 1 at INR2,565 crores. And SMA 2 at INR2,610 crores. So total SMA numbers are at INR15,272 crores, which is 5.64% of the total advances.

Atishay Choudhary: Right. And sir, secondly, a few Banks have started to do floating provisions in the last 1 or 2 quarters. It looks like we have not done any floating provisions, right? Is that understanding, correct?

Mukul Dandige: No, no. See, last quarter also, we have done a INR250 crores floating provision on the restructured assets. This quarter also, we have one a INR250 crores provision on restructured assets, thinking that if and when the ECL, if it kicks in, this would come handy and we would be adequately provisioned. So, in the last 2 quarters, we are already done INR500 crores of provision.

Atishay Choudhary: Okay. So that is the outstanding number, right? Floating provision is around INR500 crores?

Mukul Dandige: These are done during these two quarters. And I can say that the total standard provision on all my standard assets would be in the range of 1% of the AUM.

Atishay Choudhary: Okay. So, sir, how do you manage to transition to ECL, assuming you have to provide on your SMA 0 plus 1 plus 2 or at least SMA 1 plus 2 on the entire book basis. Can you estimate ballpark number which you may have to provide if the ECL were to be implemented?

Mukul Dandige: Based on the RBI's draft circular guidelines issued on 16th of January, we had carried out an exercise. And initially, we ensured that all the NPA numbers are done. So that helped us in two ways. One, our net NPA has come down to below 1% now. And thereafter, we had a, I mean, a figure of what would be the required numbers for our standard accounts. May be standard, maybe standard restructured. So, all put together, we have roughly around INR2,360 crores or thereabouts as the number.

Atishay Choudhary: That was the total provision needed and of which you already have some provisions, let's say, INR500-odd crores, right?

Mukul Dandige: Right.

Atishay Choudhary: Okay. And this is actually you have taken SMA 1 plus 2 only, right? I mean as per current understanding.

Mukul Dandige: In ECL, there is no SMA 0, 1, 2 concept. It will be Stage 1, Stage 2, Stage 3. So based on that, whatever are the premises, based on that, we have classified our advances, because treasury it is already factored. It has already been carried out since 1st of April. So now these numbers, Stage 1, Stage 2, Stage 3, we are, I mean, continuing to provide for in our books now.

Atishay Choudhary: Right. And so, sir, this ideally, this should continue at the pace of INR250 crores, or you believe you have to take a step up to reach that INR2,360 crores mark or do you believe this current pace of INR250-odd crores will suffice?

Mukul Dandige: No, we expect that, we will be able to substantially improve upon this number also. Because as it is my credit cost has come down, so I need not provide for much as far as the NPAs are concerned.

Atishay Choudhary: Right. Okay. And sir, in Stage 2, the SMA 2 ideally will become Stage 2, right, under ECL. How do you -- I mean, in your view, will SMA 0 or SMA 1 would also qualify for Stage 2 or SMA 1 only will qualify? I mean, how do you look at that?

Mukul Dandige: Basically, it should be a SMA 2, which would qualify for Stage 2 onwards. Some accounts may -- because if they are not frequent, then maybe they can qualify under Stage 1. And any which ways, if you see our SMA 0 is the highest, SMA 1 and SMA 2 are comparable, INR2565 crores, INR2610 crores. So, we need to see the PD, LGD and all the things. And then accordingly, we are taking the call.

Atishay Choudhary: Understood. Understood. And sir, in the SMA these two, is there any, let us say, lumpiness in SMA 1 or 2, especially from government segment? Are there any State government exposures, which are there and hence, ideally, they should not be required for LGD and etc. So, is this number mostly I mean, is there any exposure which is government and hence, you need not provide this?

Mukul Dandige: No such exposure is there.

Atishay Choudhary: Okay. Right. Secondly, sir, I think, there was one circular wherein RBI said that all Banks need to change the modeling of the risk weights, right -- of the risk parameters that had come in the month of August 2024, wherein, they had I mean, the circular was regulatory principle for management of model risk in credit. I think, it was a draft circular, but anything to look into that? I mean, does this is material, not material, usual or non-usual? I mean, does it have any bearing?

M.V. Rao: Yes. As far as this draft circular is concerned, already our department is working. I would say, as such, Bank is having a well-managed risk management department, where our operational risk, credit risk, market risk and your reputational risk including IT risk, everything is evaluated and then controls and then monitoring all those things are in place.

This draft circular, what it is envisaging is as an integrated framework where more focus is on the operational risk and then followed by the cyber risk. These things are also we are bringing as an integrated policy framework that we will be working on that further, because already it is there in bits and pieces, that this will be an integrated one.

Atishay Choudhary: Understood. And lastly, sir, there was also RBI circular I mean, do you have what is the gold portfolio, total gold, including agri, non-agri at the Bank level? Because I wanted to check RBI had come out with a revised final circular on gold lending wherein, they had mentioned that.

Mukul Dandige: Yes. Total gold loan portfolio of the Bank is roughly around INR13000 crores, all put together. And every meeting, the SSM is also having an interaction with our SDAs. And they also have checked the entire portfolio. We also have done carried out the sanitization portfolio and all. So, we haven't come across any, I mean, issues that may be flat or that should be a matter of concern for us.

Atishay Choudhary: **S**ir, do you suspect any growth challenges in this gold loan book even for I mean, after this RBI circular or this should not ideally impact your growth trajectory in this book?

Mukul Dandige: No, as it is I mean, we are not a very big player in the gold loan market, but we do not foresee any challenges in maintaining or growing at the rate that we are.

Moderator: We'll take our next question from the line of Anmol Das from Arihant Capital Markets.

Anmol Das: Sir, my question is regarding the corporate credit growth. We are seeing that there is a lot of sanctions, almost 60%-plus of your sanctions during the quarter was for the corporate credit. And we are not seeing any growth in that. So, I want to understand, is it become a norm that corporate credit growth will be kept low across all PSU Banks in the future?

Mukul Dandige: No, nothing of that sort. See, the corporate credit as at the end of 30th September '24 was INR70,739 crores. And at that point in time, there was de-growth of 10.61% on a Y-o-Y basis in corporate credit. During this current quarter, that is why you would be seeing sanctions at a higher amount. And that has translated into actual growth into corporate credit. And the corporate credit stands at INR81,476 crores.

And as MD sir has very clearly said that we have given a guidance that our RAM to corporate book would be in the range of 65%, 35%, with a plus or minus 5%. And for December '24, if you see our numbers are 69.91% is the RAM and corporate credit is around 30%. So that plus or minus 5% cushion will be maintaining going forward also.

Moderator: Next question is from the line of Priyesh Jain from HSBC.

Priyesh Jain: Yes. Sir, can you please say like how are the slippages trending for the personal loans and auto loan segment in the current quarter and the last quarter? And like how are you expecting it to trend in the coming quarter, in the fourth quarter?

Mukul Dandige: See, the overall slippages out of the Retail segment are at INR144 crores for the Q3, right. If you want a breakup of personal and other things, that we'll provide you offline.

Priyesh Jain: Sure, sir. And like how are you expecting it to trend in the coming quarter?

Mukul Dandige: As we have already said, personal loan and this thing -- I mean, we have not opened it across. So only my -- only the clients who are having their salary accounts with our Bank, their salary is being routed through our Bank and where we do have an undertaking from the employer, only those are our personal loan consumers. So that is why we do not foresee any problem as far as getting recovery in these accounts.

Priyesh Jain: Sure. And even for auto loans, sir?

Mukul Dandige: Auto loans also, if you see our pie, we are not a very big player in the auto loans also. Total portfolio is only INR3,841 crores, which is 4.81% of the Retail segment. And there also, we have put in a lot of checks and balances and any branch or any particular pocket if we see any SMAs rising, then the corrective actions are taken.

Moderator: Next question is from the line of Sushil Choksey from Indus Equity Advisors.

Sushil Choksey: Can I ask a question to Wahi, sir, what is the outlook on treasury for the last quarter?

Vivek Wahi: See, last quarter, Q4, you want to ask. So, my outlook will be unchanged. I'm expecting a treasury to end at 760, 765 levels, for March. Because we are expecting a rate cut in the month of February. And of course, it will not be very aggressive, because the U.S. yields are not expected to come down at a good pace. Reason, being the inflation. So but still, I would hope that March, it will end at around 760, 765 level. 660, 665 levels.

Sushil Choksey: Do you estimate much more substantial trading profits based on the yield outlook in the current quarter?

Vivek Wahi: Yes, sir. Definitely, we have a decent book and decent holding in our AFS portfolio also. And we are expecting decent gains in our treasury for this quarter.

Sushil Choksey: Sir, my next question pertains to equity. Looking at our profitability, which may end up almost at INR4,000 crores for the current year. For next year, let's assume we want to grow by 12%, 14%. We actually don't need to dilute the equity. I understand SEBI norms and government may ask us to dilute equity based on the holding pattern today. Do we have a window that government may do OFS, or we are forced to do a QIP irrespective the condition of our balance sheet, which is healthy?

M.V. Rao: This is a critical question you have asked. We are very much hopeful that we may get the positive news on the OFS front. But at least the indication to our intent to dilute the equity, we may think of for a small amount of QIP in this quarter.

Sushil Choksey: Sir, as a shareholder or a valued thinker in future for Central Bank balance sheet, our OFS would be a better opportunity, because Retail will garner benefits out of OFS. I wish good luck on that part. And as a shareholder, we urge that you press the government to do OFS over QIP. I understand every balance sheet needs equity for growth but looking at the trend which you have set over a quarter-on-quarter, the balance sheet seems to be on a far positive angle compared to what the numbers are visible currently.

M.V. Rao: Yes, almost we have reached a stage it is a self-generating now. For our future growth, the capital is self-generating within the organization.

Sushil Choksey: Sir, if you want to do something new in the Bank to make self-generating and a positive, what would be one or two things which you would do now to make Bank much more healthier?

M.V. Rao: We will come back in the annual this one, not in the last quarter.

Moderator: Next question is from the line of Ashlesh Sonje from Kotak Securities.

Ashlesh Sonje: Sir, firstly, on the deposit front, the deposit growth was a bit weak in this quarter at about 5% Y-o-Y and 1% Q-o-Q. Any specific reason for this? Any specific segment of depositors where the weakness is a bit more stark?

M.V. Rao: No, that's what I have explained in my opening remarks. Total deposits, they grew by 5.34%, our CASA has grown by 5.72%. And our CD ratio is 68%. So, if you see holistically, number 1 is, we are not in need of funds right at this moment, the price with which it is available to fund our growth. We are self-sufficient. We have a lot of liquidity. Now coming to the point of increasing the deposits.

If you split the deposits into CASA one part, term deposits one other, and another segment is the certificate of deposit. If you see in the market, though that certificate of deposit is a huge market you have, which Banks have assured, we are nowhere in that. Our exposure is zero as far as the certificate of deposits. Time deposits, yes, we are there only to the extent of protecting our own turf so that flight of deposits should not move.

So, our focus was purely on the CASA, that's why we could be able to improve our position 20 basis points if you compare with the previous December. So, we are very conscious on that deposit front, though it appears that it has grown only 5.34%, but the way we have planned and the way we are moving, that is as per our well sort out plan.

Ashlesh Sonje: Okay. Sir, secondly, any update on the resolution of the large telecom account, the PSU account?

Mukul Dandige: We are not there in that account.

Management: We are not having any exposure in that.

Ashlesh Sonje: Okay, sir. Perfect. And lastly, can you give a breakup of your slippages by segment, Retail, Agri, MSME and Corporate?

Mukul Dandige: See, the slippages in Q3 from Agriculture were at INR127 crores. Corporate it was INR213 crores. MSME it was INR315 crores and Retail, it was INR144 crores.

Moderator: Next question is from the line of Ashok Ajmera from Ajcon Global.

Ashok Ajmera: Sir, I would like to have some clarity on the tax provision and DTA net and the recent decision of the -- so Note number 6, 7, 8, that Appellate Tribunal special bench on 115 DA plus DTA plus remaining in the old regime. So and our provision during this quarter is INR448 crores as against INR650 crores in the last quarter. So, CFO or somebody can throw some light on the entire this tax thing? And in effect, are we paying any real tax?

Mukul Dandige: Ajmera ji, to give you the perspective, see, we had created DTA. And the DTA amount was comparatively very high at INR7545 crores as on 31st March '21. So that is why you would see that this is an emphasis of matter from the auditors also. Because, I mean, the ability of the Bank to generate operating profit was the issue in this. So, from INR7,545 crores, now we have been able to reduce the DTA to INR3,270 crores now.

And it is out of this also, majorly, it is because of the carried over business losses. Now this is preventing us from migrating to the new tax regime also. So, what we expect is that at the rate at which we are reducing the DTA by 31st March '26, we should be done with the business losses part completely. And from 1/4/'26 onwards, we may move to the new tax regime. Again, it will be clear in the next 2 or 3 quarters. But we are well poised to cross over to the new tax regime, which again might have a potential impact of around 12 to 13 bps in the ROA by way of reduction in taxes.

And this MAT issue, whether the MAT is applicable to the Banking that was the issuing question. So, we had challenged that MAT is not applicable to the Bank. And it has been upheld that yes, it is not actually required. So, as part of advanced tax, I was doing my calculation based on MAT calculations, and then we were remitting the advanced tax, and we were again claiming that back as refund.

Ashok Ajmera: And interest also you will get on that?

Mukul Dandige: Yes. We got around INR792 crores of interest in the financial year '21-'22.

Ashok Ajmera: So now net-net, in fact, we are not paying any actual tax, isn't? This INR448 crores is only this calculation on the profit, which is against DTA or deferred or business losses.

Mukul Dandige: Right.

Ashok Ajmera: And sir, you said that by March '26, it means about 15 months from now we will make the profit of INR10,000 crores to INR12,000 crores?

Mukul Dandige: No, you see, this INR448 crores.

Ashok Ajmera: So that you can make INR3,274 crores totally finished off?

Mukul Dandige: Sir, this INR448 crores provision is directly, it has reduced my DTA by that extent. So going forward, we have 5 quarters now and this quarter, what has happened is AFS results have come down by INR200 crores. So, on that 35% is around INR70 crores less tax we have had to pay. But roughly, we estimate that anything between INR500 crores to INR550 crores of tax provision or indirectly DTA reduction would happen. So, in the next five quarters, we should be totally wiping out the DTA.

Ashok Ajmera: Sir, lot of this thing on the total recovery from the written-off account is reasonably good. What is our total written-off book now after all this recovery?

Mukul Dandige: As on date, also my total written-off book is INR34,501.34 crores.

Ashok Ajmera: So, about 4% to 5% if we take?

Mukul Dandige: Yes.

Ashok Ajmera: From that INR1,200 crores to INR1,500 crores profit may come in next 2 - 3 years on this also?

Mukul Dandige: 3 to 4 years, we are anticipating anywhere between 4% to 5% of recovery in write-off.

Ashok Ajmera: Okay. Because here this was 4.01%, so yes, around 4% to 5% recovery, so that can be the additional profit for the Bank?

Mukul Dandige: Right, sir.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you, sir.

M.V. Rao: There is nothing much to add from our side. Only thank you for all the time and energy given by the participants. And we will assure you that whatever the guidance we have given, we will be achieving in this financial year. Thank you.

Moderator: Thank you, sir. On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us, and you may now disconnect your lines