बैंक ऑफ़ बड़ौदा
Bank of Baroda

BCC:ISD:114:16:185 05.08.2022

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

Dear Sir / Madam,

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

We enclose transcript of Media Meet held on 30.07.2022 for Q1(FY2022-23) Financial Results.

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

Yours faithfully,

PRASHANT KAMAL AGARWAL

Digitally signed by PRASHANT KAMAL AGARWAL
Date: 2022.08.05 16:44:10 +05'30'

P K Agarwal
Company Secretary

बड़ौदा कार्पोरेट सेन्टर, सी-26, जी-ब्लॉक, बांद्रा-कुर्ला कॉम्पलेक्स, बान्द्रा (पू.), मुंबई - 400 051, भारत.
Baroda Corporate Centre, C-26, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051, India.
फोन / Phone : 91 22 6698 5812 / 5733 • ई-मेल / E-mail : companysecretary.bcc@bankofbaroda.com • वेब / Web : www.bankofbaroda.in

Bank of Baroda Media Conference for Quarter ended 30th June, 2022

30th July 2022

Participating members from the Management Team of the Bank

- *Mr. Sanjiv Chadha, Managing Director & CEO*
- *Mr. Vikramaditya Singh Khichi, Executive Director*
- *Mr. A K Khurana, Executive Director*
- *Mr. Debadatta Chand, Executive Director*
- *Mr. Joydeep Dutta Roy, Executive Director*
- *Mr. Ian Desouza, Chief Financial Officer (CFO)*

Host: Good afternoon, everyone and welcome to the media conference for Bank of Baroda's financial results for the quarter ended 30th June, 2022. Thank you all for joining us. We have with us today Mr. Sanjiv Chadha, the Managing Director & CEO of Bank of Baroda, who will be leading the call and he is joined by Bank's executive directors. We will start with brief opening remarks by Mr. Chadha and a short presentation, followed by the Q&A session. Over to you, sir. You're on mute.

Mr. Sanjiv Chadha: Yeah, I think I'm audible now. So, thank you very much, Phiroza. Thank you for the introduction and a very good afternoon to all my friends from the media. Let me begin by introducing my colleagues on the call. We have with us Mr. Ajay Khurana, our Executive Director who is in charge of Digital Banking and Stressed Assets. We have Mr. Vikramaditya Singh Khichi, our Executive Director in charge of Retail Banking, Mr. Debadatta Chand, who's in charge of Corporate Banking, International and Treasury and Joydeep Dutta Roy, who is in charge of all our platform functions, including HR, Risk, Compliance, and a lot of that, besides so. Also, we have, our CFO, Mr. Ian Desouza, who's on the call.

So, let me just begin by saying that it's been a reasonably satisfactory quarter for us more so because we had some headwinds, in terms of the increase in interest rates, which has obviously impacted, the treasury income which has had mark-to-market implications. But despite that, the Bank has had a good quarter with a 79% increase in profits YoY to INR 2,168 crore.

The second thing from my viewpoint, which is remarkable again, is the growth factor. I think the last year had been challenging and there was a choice, as we have spoken about it earlier, either growing at a good clip or having good margins. We had said at the end of the last quarter that we believe that this year should be different and we might be able to have both growth as well as good margins going ahead. So, I think this quarter, I hope again, is a good beginning, in that direction.

So, just go to the first slide, where we will see again, how we are doing in terms of growth. So, growth in advances was the key, it had been a challenge, particularly in corporate, but the Bank has done well. All round, global advances, as you would see have grown by 18% with domestic growing by 15.7% and international by 30%.

If you look at segments, the growth has been well spread across all segments, retail, it's been outstanding at 23.2% on organic versus agriculture at 14%, MSME 11% and Corporate 17.3%. The corporate growth is significant because this is the segment where we had most of the challenges because of the pricing. This is why we actually had, had a significant degrowth in the Q1 of last year, where because of COVID, and also because of the fact that liquidity was abundant, there were challenges in terms of having profitable growth. But I believe the fact that we have been able to grow all segments in double digits, and retail in particular, at more than 20%. I think that augurs well, in terms of the growth momentum as we grow through the year, there is of course, the fact that the first quarter of last year was exceptionally challenging. So, that's in part of the story, but I think there is a momentum which actually has been pulsing through a lot of these segments, particularly the retail segment.

If you look at the retail advances distribution in terms of growth, as I mentioned, it has been spread right across the portfolio with home loans, where we actually had the challenge in terms of growth last year. Now, growing 15% on organic basis. Auto loans have done consistently well for last three or four years, with growth in almost every year more than 20%. So, now we have YoY growth of 5% particularly as the auto market recovers and deliveries again begin to pick up pace.

Education loans, again has been an outperformer for us, it has grown 20% and personal loans which has been powered by the digital progress that the Bank has made, which has grown by more than 100%. This is a small base, but now it has started adding very meaningfully both in terms of the Bank's top line and more significantly to our margins.

Gold loan continues to be again a very important part of the franchise which we had gained post-merger. We find that the agriculture continues to be growing well at 26% where the retail growth piece again is picking up momentum. So, we are broadening gold loan growth, to beyond agriculture and looking at that as an independent asset category for retail also.

Moving forward, if we look at deposit growth, the International deposit growth at 32% has pretty much matched up with the growth in terms of advances. But overall deposit growth continues to be reasonable with CASA growth, which is in double digits. There were of course, challenges which were there in terms of having negative real rates, which now have started correcting. So, I believe that as the interest cycle continues, we should be seeing better deposit growth also going ahead.

The CASA ratio has been one of the success stories for the Bank for last three years. We started off with a CASA Ratio in 2019 of 37% and we have had a steady improvement thereafter. YoY we have a growth of 97bps over what was already a decent CASA ratio at the beginning of last year, which is now at more than 44%. Credit deposit ratio is something which has worked well for the Bank, because the discipline that we exercise in terms of making sure that deposit growth and advances growth was largely coordinated. CD ratio of 80% is something which is conducive in terms of maintaining good margins going ahead also.

So, talking about margins, this is how they stack up for us, the net interest income has grown by 12%. Net interest margins are steady. So again, if we were to look at the loan growth and marry it with steady margins, we get 12% NII increase. The operating profit is on the face of it down by 20% but I would like to remind all of you that this is largely on account of the challenges that were there because of the interest rate increases, the mark-to-market and also the fact that treasury gains were muted, the fact that now this is above the line of operating profit. But if we were to make an adjustment for that factor, if you would look at the growth and where operating profit stands, Treasury gains losses and IT refund which are extraneous, you will find that actually, the growth in operating profit, pretty much matches to the growth in net interest income. So, on account of this, you have the profit figure, which is up 79% YoY and it also is a smart increase over the last quarter.

Asset quality has been a story which has shown constant improvement even during COVID and that improvement continues. So, GNPAs have continued to trend downwards, and net NPA are now only at about 1.5%. The provision coverage ratio is up to nearly 90%, which would mean that the downside from the NPA pool that we have is limited and equally distributed ratio would indicate that apart from the fact that the downside from the existing pool is limited. The downside from slippage is also progressively coming down, we have guided that we're looking at a stable ratio between 1.5% to 2%. So, we are somewhere around the middle of that. I believe there's scope for further improvement as far as this is concerned.

The credit cost is at all-time low. In part, it is because of what we have discussed at the close of the last quarter that we had taken some accelerated provisioning. But even otherwise, I believe there's a secular improvement, which is there in the credit cycle which would continue to manifest itself in the result of Banks including Bank of Baroda. The improvement in the credit cycle and also process efficiencies that have been put in place has been reflected in the SMA figures and also in collection efficiencies. The SMAs continue to be at very low levels, if we were to compare with what the situation was at a year back, and the collection efficiency now stands at 98%.

As a consequence of the profits not for this quarter, this quarter’s profit don't get added back but in terms of the capital of the Bank, vis-a-vis our book, we continue to be very happily placed with CET-1 of more than 11%, Tier-1 of nearly 13% and capital adequacy of between 15.5%. So, this is pretty much around where we would want the Bank to be. We have some maturities of AT-1 bonds, which we will be seeking to replace but otherwise as a general proposition, we believe that the Bank's internal accruals are adequate to support the growth momentum that we are seeing unfolding before us.

Last word in terms of our bob World and also the digital agenda, bob World activated users continue to grow. And it is now reached the number of nearly 22 million is almost 38% of our active non-financial inclusion customers. We hope that by the end of this year, we should be able to take this figure to nearly 50%, which is pretty much among the highest penetration rates that you see in the business. The digital agenda will continue to be the center piece of the Bank’s story, as we go forward. So, that was pretty much all from me in terms of opening remarks.

Back to you again Phiroza for the questions.

Host: Thank you, sir. We are now ready for questions from our attending media friends. I request anybody who wishes to ask questions to raise their hand. You may also type your questions in the Q&A box.

The first question is from Joel Rebello from Economic Time, Joel, you may unmute yourself and ask the question.

Mr. Joel Rebello - Economic Time: Thank you very much, sir. Congratulations, this is very strong set of numbers. I just want to clarify where is this corporate growth coming from and also where is international growth coming from on the loan side? If you could help us giving some more details of where this corporate and because those two are lagging always.

Mr. Sanjiv Chadha: So thanks, Joel, good to hear from you again. So, I think as far as International is concerned, we had a peculiar situation last year, where the margins on corporate in India, particularly when it came to good rated corporates had compressed almost unnaturally. Therefore, we thought that it was a good time to explore possibilities in the international market, where the compression of yields had not been of the same order as we saw in India. So, we have focused on the International market. These are largely rated syndicated loans, where we are loan participants. Apart from that, of course, they are ECBs, which are there, which large corporates from India, including public sector oil majors look for. So, that is where it is coming from. But a large proportion of the growth is from again, syndicated loan market, where we saw that margins actually were better than those available in India and they continue to be reasonably good for us.

As far as the corporate loan book is concerned, what we had seen last year was two things. One was in the first quarter last year that is when we had the second wave of COVID and infusion of large amounts of liquidity, margins had come down. So, we had had significant de-growth in the first quarter last year. Subsequently, the momentum started to pick up, and even our corporate loans almost in each quarter after the first quarter, the second quarter, third quarter and fourth quarter, they had grown about 5% quarterly every quarter. So, I think we are seeing that momentum continue. So, to answer your question, it's a combination of both; a, that we actually had a depress base for corporate loans in the first quarter of last year, but equally there was a growth momentum which had begun from the second quarter which has continued right through and which we continue to see even now.

Mr. Joel Rebello - Economic Time: So, I mean some color and where the loans where the demand is coming from which sector.

Mr. Sanjiv Chadha: Yes, so I think the demand is coming from and this is what we had occasion to talk earlier also that a large part of the capital expenditure is now coming from industry majors who are well established, this is coming by way of brownfield expansion, brownfield expansion in cement, in steel. Then there are certain sectors like the road sector, where actually we have seen a large amount of demand even coming from these smaller companies, but where the risks are mitigated on account of the structural changes that have happened in that, but as we have gone from quarter-to- quarter, there has been a broad basing of that demand growth. What had started with maybe just one or two sectors in the second quarter of last year, has now started becoming broader. So, we are now seeing fairly broad base demand as we are going forward.

Mr. Joel Rebello - Economic Time: Okay, sir, some details on the Treasury side. I think other income has fallen year-on- year. I think mostly it is because of credit, you mentioned that about the headwinds also, and also some details on what was the fall like and also an outlook on the credit costs, because I think credit costs are also I think, at the lowest in many quarters today. So outlook on both first on Treasury as well as credit cost.

Mr. Sanjiv Chadha: So, let me start with the second part. The first part, I'll just make one small remark and then request Mr. Chand to really give more color on that. So as far as credit cost is concerned, I think we have been seeing a secular trend of a reduction in credit costs right through, even though COVID, we saw that the credit cost was coming down for us. That is something which is continuing. We had also guided that we expect to see a credit costs, which is lower this year and our guidance continues to be between 1.25% and 1.5%. Now, obviously, this quarter is lower than that, but we will see how it goes. Whether it is that -- how much of an improvement we can see. But presently, our guidance is one point -- between 1.25% and 1.5%, which is significantly below what has been the historical trend over the last few years.

Now, coming to the Treasury piece, I think the fundamental defining environment has been that the rates have gone up by nearly 75 basis points in terms of 10 year treasuries in a single quarter. So the kind of impact you should have seen normally over a full year got compressed into one quarter in terms of impact to mark-to-market in terms of the fact that there were no Treasury gains to be booked. So therefore, if you're looking at YoY basis, we were having Treasury gains in the corresponding quarter last year, which you don't see this year, you would have had mark-to-market gains last year, now you have large mark-to-market losses. So I think that is because of that. But going ahead, I think the prognosis seems to be that since all this correction in terms of interest rates got compressed into a single quarter. Going ahead, the downside seems to be a little limited as compared to what we have seen, but I think Chand saab would be in a much better position to give you color in terms of how he sees our own book and how does he see the market.

Mr. Debadatta Chand: Thank you sir. So typically if you compare the June quarter of this year vis a vis last year. Last year interest income on investment was unmuted, so as the less impact on the depreciation and if you see the quarter of this year, the interest income also has seen a significant increase. At the same time, there is a depreciation impact because the yield movement has been adverse by almost like 70 bps as compared to 3 to 4 bps in the June'21 quarter. So as sir is rightly articulated, the downside in terms of a higher depreciation because of the yield movement, and looking at the numbers that the committee will receive is very less going forward. So there's a positive in terms of that at the same time, I believe that the interest income will continue to grow strong because we do have lot of FRB with us. So that is going to give a significant positive increase in terms of investment.

Mr. Joel Rebello - Economic Time: Okay, so I just want to clarify what is the hit that you all took MTM this year versus a profit last year? Can you give me the number?

Mr. Debadatta Chand: So, its INR 1168 crore, right?

Mr. Joel Rebello - Economic Time: INR 1168 crore is the hit.

Mr. Debadatta Chand: Depreciation impact, yes.

Mr. Joel Rebello - Economic Time: Oh, thank you and all the very best for the rest of the year.

Host: The next question is from Mayur Shetty of Times of India. You may unmute yourself and ask a question.

Mr. Mayur Shetty - Times of India: Sir, you said the CD ratio was 80%, right. So, that seems to be pretty high given that you also have to maintain the CRR SLR and RBI is draining liquidity. So, what is giving you so much confidence on the liability side given that your growth is also on the advances side is also pretty good.

Mr. Sanjiv Chadha: So, Mayur, thank you very much for the question. So, I think we had as a matter of discipline, we have kept the CD there, CD ratio there or thereabouts. So, even when there was abundant liquidity in the market, our CD ratio was always north of 75% because we prefer not to compromise on our margins. So, going ahead in terms of funding the loan growth, I think that is something which we expect to be reasonable ask for one or two reasons, a, as I mentioned in my opening remarks, as there is a correction in interest rates, right, deposit rates albeit with a little bit of a lag will also find a new level, real interest rates which have been negative will also again get corrected therefore, money which was flowing to channels outside the banks will start coming back in, so that's one part which should happen it's part of any normal interest rate cycle.

The other part is even as we speak, today, there is still an overhang of liquidity in the market, nearly three lakh crore, it had peaked and more than six lakh crore, it is still around three lakh crore.

Third, even in our own book, there is still again, some slack in terms of the fact that there are funds which are deployed in a suboptimal manner given where interest rates were and liquidity was over the last 12 month period. So, there is scope to reshuffle the portfolio to get you optimum results. So, I think for us to be able to manage a good loan growth and also make sure that we fund it and also help again improve margins. I think all three comparatives seem to be possible.

Mr. Mayur Shetty - Times of India: Sir, do you expect to maintain the same CD ratio for the rest of the year?

Mr. Sanjiv Chadha: I would believe so I think it could still go up by a few percentage points. If you look at private sector banks, I think their CD ratios are typically 5%-7% higher than this. So, there's still scope, but I still, I would believe that this is pretty much near the sweet spot for us and that's how we would want to see it. We would want to focus on keeping the CD ratio here or hereabouts, but at the same time making sure that you utilize the opportunity of better loan growth to optimize margin and optimize the balance sheet.

Host: The next question is from Alekh Angre from Informist Media. You may unmute yourself and ask the question.

Mr. Alekh Angre - Informist Media: Sir, in terms of your breakup of stock of outstanding gross NPA, MSMEs is just about equal to corporates, corporates who understand in terms of even if it's legacy, it's a big ticket loans. But could you guide, could you help us understand in terms of MSME NPAs? What's the behaviour likely to be in the quarters coming in especially when the moratorium ends under the ECLGS?

Mr. Sanjiv Chadha: So, I think you have absolutely focused on the right part and this is something we have been talking about over the last few quarters that if we look at the prognosis for the credit portfolio and credit costs, the broad trend should be that the corporate trade cycle should continue to improve. And if there are some challenges which are there in the MSME portfolio, because the restructuring that had happened.

So, in so many ways, if you see the slippages and the composition of the slippage is that reflects what we were expecting to happen. What of course, is good is that the improvement in corporate credit cycle, as we anticipated far outweighs the deleterious impact of the fact that the restructured MSME portfolio has some vulnerabilities. So therefore, if we were to look at things in terms of their breakup, yes, corporate NPAs will be coming down, MSME will be going up, but in aggregation, because corporate is 50% or more of our book, and MSME is 10%-12% of a book, in aggregation declared costs should be coming down.

Mr. Alekh Angre - Informist Media: In terms of the restructure or even the ECLGS loans, just help us understand how do you see them behave once the moratorium is lifted?

Mr. Sanjiv Chadha: Yes, so as of now, I think it is from what we see now in terms of ECLGS portfolio. I think things look pretty okay. I think my own sense is that it's about 10% is what is probably stressed, 90% is okay, which again given where ECLGS was targeted is not bad, but that still could be a bit of early days, which is why again, we remain a bit cautious in terms of the MSME portfolio where large proportion of ECLGS was targeted, but again I would request Mr. Khichi again if you could give a bit more color in terms of how do they see this portfolio.

Mr. Alekh Angre - Informist Media: Sir, also give us how much is the outstanding ECLGS.

Mr. Sanjiv Chadha: Khichi Saab?

Mr. Vikramaditya Singh Khichi: Yes thank you, sir. The outstanding ECLGS amongst the all the four categories ECLGS, one to four is around INR 13,478 crore that's around INR 13,500 crore. If I have to say about the SMA 1, 2 and NPA taken together, it is around INR 851 crore that constitutes around 7.8%. But otherwise, the book appears to, I mean, if I were to talk about SMA zero the minimum amount in SMA zero and as you see that the standard ECLGS is around INR 11,000 crore out of INR 13,500 crore. So as we go along, I think we are looking to be okay in this.

Mr. Alekh Angre - Informist Media: Sir, is there a maximum cap on how much do you -- an internal estimates on how much could possibly slip out of this book? You said INR 851 crore is currently stressed and NPA put together.

Mr. Vikramaditya Singh Khichi: Put together.

Mr. Alekh Angre - Informist Media: Maximum how much could it go? Is there an estimate?

Mr. Vikramaditya Singh Khichi: I mean, we are just expecting it to be in the same ballpark range not beyond that, because there -- whatever is actually slipping and it could be showing us the delinquency at one hand, but in the next quarter, there's certain upgradations and certain recoveries plough back and pull backs also. So it's basically going to be remaining in the same ballpark rate.

Mr. Alekh Angre - Informist Media: Thank you, sir.

Host: The next question is from Sidhi Nayak Moneycontrol. Sidhi, you may unmute yourself and ask the question.

Sidhi Nayak – Moneycontrol: Hi sir, congrats on the results. I just wanted to get a sense on the recovery target you'll have for FY23? And if you could give breakup of how much we're expecting from NCLT accounts or from NARCL?

Mr. Sanjiv Chadha: So, I will request, Mr. Khurana to take the question if it's possible

Mr. Ajay Khurana: Total, our NPA recovery target is close to INR 13,000 crore and we are on track already INR 3,200 crore that has been – target already achieved. As far as NACL and NCLT expected concerns is there, NCLT, we are expecting around INR 1,200 crore and NARCL total book which is going to shifted is INR 3,000 crore and how much around we are going to get that is still yet to be decided. So, we are not much hopeful that we'll be getting, a very big amount, it will be a small amount. But it is difficult to figure out exactly.

Sidhi Nayak – Moneycontrol: Okay. And in April June the first quarter how much you all recovered? If you could help me with the number?

Mr. Ajay Khurana: Yes, INR 3,200 crore.

Sidhi Nayak – Moneycontrol: Okay. Sir, and guidance on asset quality numbers, gross NPA, net NPA.

Mr. Sanjiv Chadha: So, I think as far as gross and net NPAs are concerned, I think if you were to look at maybe the last eight quarters or more, there's been a progressive decrease in there, right even this quarter, you've seen both the gross and net NPAs coming down. So, our own view is that, given the fact that the corporate trade cycle is continues to improve, that's a large part of our credit portfolio, we would expect gross and net NPAs to continue to trend downwards. Similarly, as we have indicated, we expect slippage is to be between 1.5% to 2%. And credit costs between 1.25% and 1.5%. Hopefully, towards the bottom of the range of we are fortunate enough.

Sidhi Nayak – Moneycontrol: Okay, sir. Any outlook on the credit growth.

Mr. Sanjiv Chadha: So we had guided at the beginning of the year that we expect the industry to grow between 10% to 12%. And our own ambition would be to grow at industry or better, while also making sure that we continue to improve our margins. So that's where our guidance rests.

Sidhi Nayak – Moneycontrol: Okay, sir thank you.

Host: The next question is from Anil Pandey. Please unmute yourself and ask the question.

Anil Pandey: Hello, congratulations on good results. With the good work by NCLT. Security receipts are much in discussion. So, my question relates to security receipt as per 5th, August of 2014, circular of RBI on every 13th June, from credit rating agencies, ratings of security receipts has to be done. So, have you completed ratings of all the securities receipts? And second question is that what is the amount of securities receipts at present Bank of Baroda is holding?

Mr. Sanjiv Chadha: I'll just request if Mr. Khurana has the information ready at hand.

Mr. Ajay Khurana: As far as when we go for ARCs, we have done all the dealings in full cash. So, there is no security receipt in the last seven eight years or 10 years ago rather. So, we don't have anything in the last 10 years, which is done in that.

Anil Pandey: Right. When the security receipts are received. So, this was just a transfer of the entry from loan book to investment book. So, has that any impact in the past?

Mr. Ajay Khurana: No, that of course, we used to do it in NPI only but that is long ago, 10 years, I think we have not done any such deal now.

Anil Pandey: But we are now prepared with the CO and NCLT for that situation.

Mr. Sanjiv Chadha: Yes.

Anil Pandey: Thank you.

Host: The next question is from Anytime News.

Unknown Analyst: Sir, Jai Hind.

Mr. Sanjiv Chadha: Jai Hind.

Unknown Analyst: My question is about continuous downfall of treasury business, is Indian economy is on ventilator?

Mr. Sanjiv Chadha: I think it is not right to say that. Our interest rates are compound in nature. They have both ups and down. So, whenever interest are low you get benefit in treasury. Because your present portfolio is with old rates. And you will get benefit on that. Whenever there is correction in the economy interest gets increased. So definitely your debt will grow, your income grows in debt but you get loss in treasury. So, both are balancing figures and we see them both together whether it is beneficial to Bank or not. You will see from Bank's result if combined both Bank always benefitted and Bank's profit is good.

Unknown Analyst: Sir, it is correct from Bank's point of view. If we see it from a common men's perspective, purchasing power of common man is decreasing because of inflation. My question is based on this.

Mr. Sanjiv Chadha: I think for common man normal interest rate is good thing. Normal interest means that our depositors who were getting negative interest rate, inflation rate is 5%, 6% and you are getting 4% interest and people are making losses. Once interest rate normalizes, interest rate will become positive and whatever inflation is you will get more interest. I think it is normal thing. It should not affect our economy negatively until it is very fast. If compare it with world, there problem exist, interest rate went really low and now it is increasingly rapidly. Decrease in interest rate in India was less and its process will to be normal.

Unknown Analyst: Thank you very much. Congratulations again for good results.

Mr. Sanjiv Chadha: Thank you.

Host: The next question we received from an Anonymous Media. How much has been the effect of realization of synergies and operating expenses of the Bank? Have the synergies on account of merger have been fully realized or some still remains to be to be realized.

Mr. Sanjiv Chadha: So, when the merger was announced on 1st April 2019, our estimate was that over a five year period, we will have benefits of synergies to the tune of INR 10,000 crore. That merger has been completed in most respects in terms of branch rationalization, in terms of staff numbers. Also, we are now pretty much near our optimum levels. So, the merger process is absolutely as per plan. And the Bank is realizing the synergies that were estimated at that point in time, which is why you see improvement in so many parameters. One of the areas where we thought we might get synergy benefits was in terms of, for instance, the improvement in the CASA ratio because of the fact that there were some banks which were -- which had actually a lower CASA ratio. Now, when we did the merger on that date, the CASA ratio of the combined Bank was 37%. Today, it has increased to 44%. Similarly, our network today is much more efficient in terms of productivity or manpower, it is far better. So, I think by most measures, in fact, I would venture to say by all measures, the merger has been a success and synergies are actually being clocked in as far as expected.

Host: The next question is from Ankur Mishra of ET Now. He has asked what is your guidance on NIM is.

Mr. Sanjiv Chadha: So, we have seen a significant improvement in NIM over the last one year. Our guidance at the beginning of the year was that there's scope for further improvement. And we had guided for 10 basis point improvement in terms of our net interest margin through the year. We believe we can stand by the guidance, and we should see improvement in net interest margins as we move forward.

Host: Thank you, sir. So the next question is, again from a journalist. Provision of bad debt has come down significantly during the quarter. What is your future guidelines on credit cost?

Mr. Sanjiv Chadha: So I think we had guided at the beginning of the year that our credit costs should be between 1.25% to 1.5%. I believe that we stand by that guidance that would be a significant improvement over the credit costs in the previous year and previous years. So we believe that the trend that we had seen, that is something that is likely to continue and present guidance is we should end up somewhere between 1.25% and 1.5%.

Host: Thank you. So, ET Now continues with question. Do you believe robust growth in personal loans will continue?

Mr. Sanjiv Chadha: The Bank's loan growth in retail I think has been gathering momentum right through the quarters. In terms of certain segments like car loans, we had seen growth of 20% plus for the last very many years. There were other segments where the growth was a bit muted, in particular the home loan segment, and in this quarter, we have seen in home loans too, we have had organic growth of 15%. Given the fact that home loans is by far the largest piece, nearly 70% of the retail portfolio and the fact that home loans are now growing at a robust pace, I think that it should power the trend.

Apart from that you would have noticed 147% increase in personal loans. That is a piece which was actually very small for us. It's a low base. And that is something which is growing at a good clip, particularly on the back of bob World. We believe this growth should also continue and contribute both to the overall retail loan growth and also the margins.

Host: The next question is from Priti, please ask your question. Priti, I request you to ask your question. I believe she's not able to connect. So Oh, sorry. Yes, Priti, go ahead. Please ask a question.

Ms. Priti - Vama: Yes, sir. I'm Priti from Vama. My question is about COVID restructured plan, what amount has been -- has become standard out of stressed loan, in COVID structured plan.

Mr. Sanjiv Chadha: So I'll request either Khurana ji or Khichi Saab who might want to take the question.

Mr. Ajay Khurana: It has to depend upon the one year repayment, so our standard asset so far it is around close to INR 1,000 crore, but in going forward in the coming nine months, this is going to be increased because now the repayment has already been started. We can say is the stress is not that much as expected in that restructure, hardly 0.4% of the total standard book is you can that stressed otherwise we are hopeful that it will be recovered.

Ms. Priti Vama: Okay, thank you.

Host: Thank you everybody for participation. We now conclude today's conference.

****