बैंक ऑफ़ बड़ौदा
Bank of Baroda

BCC:ISD:114:16:108 21.05.2022

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 refer to our disclosure dated 17.05.2022 and enclose transcript of Media Meet Q4 (FY2021-22) held on 13.05.2022.

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,

P K Agarwal
Company Secretary

Bank of Baroda Media Conference for Quarter and Year ended 31st March, 2022

13th May 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 evening everyone and welcome to the media conference for Bank of Baroda's financial results for the quarter and year ended 31st March, 2022. Thank you all for joining us. We have with us today Shri. Sanjiv Chadha – Managing Director & CEO of Bank of Baroda. He will be leading the call along with the Bank's Executive Directors. We will start with brief opening remarks by Mr. Chadha and we have a short presentation, followed by the Q&A session. Sir, over to you.

Mr. Sanjiv Chadha: Thank you Phiroza. A very good afternoon to everybody. Let me just begin by introducing my colleagues who are there on the call along with me. We have Mr. Ajay Khurana who is our Executive Director in charge of Information & Technology and Digital as well as Stressed Assets. We have Mr. Vikramaditya Singh Khichi who is in charge of Retail business of the Bank. We have Mr. Debadatta Chand who is in charge of the Corporate Banking vertical, International Banking and Treasury for the Bank, and Joydeep who looks after all our platforms verticals including HR, Risk, Audit and everything else. So, thanks very much. And of course, you would have met our CFO – Ian Desouza earlier, he is also on the call to take your questions. So, we'll just start with just 5-6 slides which capture the highlights in terms of what the Bank has done; just a look behind the numbers. We have uploaded the presentation and the results are there before you, so I will not repeat that. Just again look at the key things behind the numbers which we might discuss and then take questions from thereon.

So, the first slide really talks of the advances, the growth for the Bank. We all know this was a year which was particularly challenging when it came to credit growth. We had guided that we might end up in the region of 7-10%. So, we have ended up with 9% of the overall growth. International has staged a very sharp recovery from the last couple of years with 21% growth. Domestic growth is 6.7%. Within that, we have grown fairly quickly in the areas where we believe we had reasonable margins. Corporate was of course, challenging in terms of margins, so that's grown by 3%. But on the other hand, Retail, organic Retail has grown as much as nearly 17%. And within Retail, auto loans at 20% and personal loans at 108% are the standout performers. Within agriculture, again, a large proportion of the growth has come from gold loans, which have grown by nearly 25% for us.

In terms of Deposits, again, the focus was in terms of the quality of the growth so that we can keep a lid in terms of the cost of deposits for ourselves. So, total deposit growth is 8.2%, but the CASA is substantially higher at 11.4% with Current Deposits growing by nearly 11.6% and Savings by 11.4%.

The profitability has shown all round improvement on most metrics. Net Interest income is up 13%, fee income by 12.5%, Operating Profit growth is 5.6% but it is understated because of the accounting change where the RBI required that marked-to-market losses and gains are to be above the line. If that accounting change had not happened, this would have been substantially higher at about 12-13%. Profit Before Tax has grown by 70%, but Profit After Tax which last year was muted because of the change we took in terms of the tax treatment for the Bank has nearly moved up 8-9 times at a figure which is more than 7,000 crores now. The margins, as a consequence, have improved.

We had guided at the beginning of the year that Net Interest Margins would possibly be moving up 10 bps. We have outperformed that and the Global NIM is at 3.03%, which I think is record high for many years now. The cost of deposit again came down significantly. This is because we kept a tight discipline in terms of the quality of growth, most of the growth coming from the current accounts and savings accounts. The yield on advances fell of course, but less as compared to the cost of deposits. So, cost of deposits fell by 50 bps and the yield fell by just about 20 bps. And, the credit deposit ratio, which in a year where credit deposit was challenged, therefore actually improved to nearly 80%.

Asset quality is something which continues to improve. It has continued throughout the challenges of the pandemic, and now our Gross NPA is at 6.61 and Net NPAs actually have come down to below 2% to 1.72%. The provision coverage ratio including technically written off accounts is as high as 89% nearly. And, if were to look at the slippage ratio, it has come to again the area where we had guided. We had said that slippage ratio would be below 2% and tend towards 1.5% should it be a good year, so, 1.61% represents that. In terms of the cost of credit, it is optically a little more at nearly 1.95%. But actually, this is because of certain extra provisions which we have taken over and above RBI guidelines to strengthen the balance sheet going forward, and it is pretty much comparable to what it was last year.

The key improvement for us has been the collection efficiency and therefore the consequential impact on SMAs. The SMAs, 5 crores and above, have come down very very sharply each quarter on quarter. And, the collection efficiency exiting March 2022 is as high as 97%. The capital position on account of the improvement in the profit is now pretty robust at nearly 16% for us.

Again, another key development for us for the year was how BOB World has progressed and how digitalisation of the bank has progressed. We have many metrics here, but let me just mention two facts for you. A) The fact that the bank was declared as the Best Technology Bank by the IBA and B) that we have tried to make sure that this technological advantage that the bank has, gets transferred into actual customer experience, and that has been largely possible through BOB World. Our BOB World customers have now increased to nearly 20 million, which is about 40% of our non-FI customers. We expect that within the next few months, we will take it to about 30 million, which would be about 50% of our non-FI customers. That gives us an enormously powerful platform in terms of both cost reduction for getting deposits, doing loans, and also financing customer experience. So, this has been something which I'm sure is going to yield enormous dividend for the bank over the coming years.

So, that was really, in short, what was the highlights of our performance for the year. I'm very happy to take questions now.

Host: The floor is now open for Q&A from the media. I request anybody who wants to ask a question to raise your hand. You may also type your question in the Q&A section. The first question is from Saloni Shukla of ET. Saloni, you may please unmute yourself and ask your question.

Ms. Saloni Shukla – The Economic Times: Yeah hi, good evening sirs. Just wanted to understand, on the Net Interest Margins, it has seen a decline sequentially. What would be the reason behind this sir? I'm sorry sir, you're not audible.

Mr. Sanjiv Chadha: Sorry, I was on mute. So, when we had done our December results, we had identified the fact that NIMs are slightly overstated by about 10 bps because of certain recoveries that had happened, and had gone towards interest. And, our NIM was actually 10 bps lower as compared to what the December results. So, there is no decline in Net Interest Margins, they have remained consistent on that adjusted basis in line with where we were at the end of December.

Ms. Saloni Shukla – The Economic Times: Okay. Sir, you said that you've maintained the guidance on slippages. I just wanted to crosscheck the quantum. Does it look high sequentially? What was the last number? This quarter it is 4514. What was the number last quarter?

Mr. Sanjiv Chadha: So, last quarter it must have been about 2,700-2,800 crores. This year, the large retail group was recognised as a slippage, but for the full year, it is pretty much in line with the guidance that we had given, that it would be between 1.5% and 2%. We have ended up almost exactly in the middle of that.

Ms. Saloni Shukla – The Economic Times: How much was the retail that was identified in slippages sir?

Mr. Sanjiv Chadha: That particular account?

Ms. Saloni Shukla – The Economic Times: Yes.

Mr. Sanjiv Chadha: So, I think that would be nearly 2,000 crores, but I'll request Khurana saab to just validate that.

Mr. Ajay Khurana: Yeah, it was 1,700 crores.

Ms. Saloni Shukla – The Economic Times: And which part of Retail was this sir? Which segment in Retail?

Mr. Sanjiv Chadha: Retail, as in retailing, right? So, this was retail chain, not retail as in Retail.

Ms. Saloni Shukla – The Economic Times: Oh sorry. I thought it was Retail. From the 4,514 crores, how much was retail assets and not the retail chain?

Mr. Sanjiv Chadha: Those are relatively very small figures. I think Khurana ji can possibly give you the breakup in terms of how much is Retail, how much is Wholesale.

Ms. Saloni Shukla – The Economic Times: Sorry, Mr. Khurana, go ahead.

Mr. Ajay Khurana: Yeah. Retail was only 466 crores and Agriculture it is 636 crores.

Ms. Saloni Shukla – The Economic Times: Okay. Sir one more question, on corporates, we had SBI talking earlier which said that they have seen increased utilisation limits on their working capital. So, have you also seen that happening? And going forward, how do you see the corporate pipeline?

Mr. Sanjiv Chadha: So, I would still say that when it comes to large corporates, they have deleveraged and also accessed alternate funding sources. I would believe that the pickup there is going to be slow and steady. So as far as our growth ambitions are concerned, I believe this year too, we would be banking more on the retail side in terms of growth as compared to corporate. It should be better than last year, but I do not believe that we are at a stage where we can really look at a rapid offtake yet.

Ms. Saloni Shukla – The Economic Times: Okay sir, thank you.

Host: The next question is from Ajay Ramanathan from Informist Media. Ajay, please unmute yourself and ask your question.

Mr. Ajay Ramanathan – Informist Media: Hello. Sir, I have a couple of questions. Firstly, on the asset quality front, while the headline in GNPL and NPL numbers, yes we have seen improvement. But, if you go deeper into it and look at the slippage numbers, they have been higher on a quarterly basis. If you look at the recoveries and the additions, even that seems to be a little lower. I just wanted to know, how do you stand on asset quality currently and do you have a trajectory as far as asset quality is concerned for the end of the fiscal?

Mr. Sanjiv Chadha: So, to my mind, asset quality has been improving, right? We have seen it quarter on quarter right through the last 2 years. I would expect that trend to continue. As I mentioned to Saloni, in this quarter, there was one large account which was there, which actually, even previously, had been an NPA, but there were some court orders whereby it was not identified as such. This was not something which came as a surprise. We had made significant provisioning against that even before it became NPA. Otherwise, if you're looking at a secular trend, I would expect an improvement that we have seen over the last couple of quarters to continue, and that largely is because in terms of corporate credit cycle, that continues to improve, and we don't really see the possibility of any large slippages going ahead. So, my own sense is that we should continue to see the kind of improvement that we have seen over the last year also.

Mr. Ajay Ramanathan – Informist Media: Do you have a number in terms of the GNPA?

Mr. Sanjiv Chadha: Come again?

Mr. Ajay Ramanathan – Informist Media: Do you have a specific number that you want to achieve by the end of this term?

Mr. Sanjiv Chadha: Again, it's tough to give a specific number, because GNPAs are again a function of multiple things that happen. Recovery is one, upgradation, write offs could also be there. So, I'll only venture to say, that just like in the last very many quarters, each quarter we have seen the figure coming down and I would expect it to come down further.

Mr. Ajay Ramanathan – Informist Media: Okay. Also, on the NARCL side, can you talk a bit about the progress on that side?

Mr. Sanjiv Chadha: So, that's again something which, to my mind, is not such a large figure in our case. NARCL, whenever it happens, is most welcome; it will have a positive impact. But, even apart from NARCL, I think there are other developments which are there, recoveries are there, improvement credit quality, lower slippages, all of this should result in a lower proportion as far as GNPAs are concerned in the next year.

Mr. Ajay Ramanathan – Informist Media: Okay sir. Also, on the loan growth, do you have a number on the advances that you want to achieve by the end of this year?

Mr. Sanjiv Chadha: So, to my mind, again, we have had a stance that we would want to be disciplined in terms of loan growth, focus on those areas where we can make our margins, and therefore, have loan growth as is industry trend or better, while improving the margins as we go along. So, we expect that industry loan growth should be in the 10-12% range, and that's where we would want to again deliver our numbers also.

Mr. Ajay Ramanathan – Informist Media: Okay, thank you so much.

Host: The next question is from Nupur Anand from Reuters. Nupur, please unmute yourself and ask your question.

Ms. Nupur Anand – Reuters: Hello, can you hear me sir?

Mr. Sanjiv Chadha: Yeah, clearly.

Ms. Nupur Anand – Reuters: Okay, great! I just wanted to understand, considering that you're expecting advances to pick up, if there are any capital raising plans? Also I wanted to understand, if there are any monetisation plans in any of the subsidiaries going ahead?

Mr. Sanjiv Chadha: Yeah. So, as far as capital raising is concerned, we are so far adequately capitalised with CET 1 of nearly 12% and an overall capital adequacy of nearly 16%. We also expect that the kind of profit margin we have seen in the current year, it should be sustained going forward, and therefore, that should help us fund our capital growth from internal accruals largely. So, as things stand, except for replacing AT1 bonds which might mature, we do not expect to access the capital markets during the current financial year.

Host: The next question is from Kumud Das.

Ms. Nupur Anand – Reuters: Sorry sir, you didn't answer my next question. I just wanted to… I had also checked on... if there are any monetisation plans?

Mr. Sanjiv Chadha: Sorry, I missed out on that. So actually, the fact is, we have, in previous conversations also talked about the fact that we have stake in an insurance company IndiaFirst Life, where we had a 44% stake which has now moved up to 65%. There is a possibility that that company will be mature to go to the market. Whether that can happen during the course of this financial year, is something that of course, time would tell because accessing markets is a function of market sentiment, timing. But I believe, that is a possibility which is there on the table.

Ms. Nupur Anand – Reuters: Sir, I had just one more follow up question on the advances front. In this year you've seen an advances growth of 7%. I just wanted to understand, going ahead you're expecting an advances growth of 10-12% in that range. I just wanted to understand, where do you expect this increased growth to be coming from, considering that corporate is still expected to recover?

Mr. Sanjiv Chadha: So, we had a dip in growth in corporate last year. It was again in terms of our stand on advances, it was about 3-3.5%. And largely again, that growth came from Retail where Organic Retail has grown by nearly 17%. So, we expect that we should see a similar trend, that the fastest growth would come from retail. Within that, education loans, auto loans would again grow maybe in the mid-teens. And, home loans also which have grown by 11% odd in terms of organic growth also, should pick up a little more. Corporate again, will be a little lower than the average loan growth, but I would still expect it to be faster than last year. International loan growth had moved up to 21% this year. We believe, that is also something we can sustain. So, it will be pretty much spread out across all segments, but the fastest growing segment would again be the retail segment quite probably.

Ms. Nupur Anand – Reuters: Great sir, thanks so much.

Host: Now the next question is from Kumud Das. Kumud, please unmute yourself and ask your question.

Mr. Kumud Das: I want to know sir, what is the status of SLMA (Secondary Loan Market Association) and what would be the role played by your bank?

Mr. Sanjiv Chadha: So, I'm not sure whether I can answer your question adequately, but let me try again to take a stab at it. So, one of the features of the advance market is that there is a very active secondary market in loans. So, not only do you underwrite loans, but you could also actively buy and sell them as you go forward, which is again very important in terms of both managing balance sheet liquidity and also in terms of managing the growth of your balance sheet. Now, that is something which is not there in India as yet. I think the IBA has been working on that. That would require a standardised documentation, and then also, certain market infrastructure. So, I hope it is something that can take off, but I'm not entirely certain whether we're looking at that being an active possibility over the next few quarters, but I do hope sometime this year we can see progress there.

Mr. Kumud Das: Okay. And a supplementary question sir – It would need to begin with which kind of loans sir? Corporate loans, retail loans, which loans?

Mr. Sanjiv Chadha: So typically, this is the corporate loan which are normally part of the secondary loan trading. So effectively speaking, think of it again as a loan which is done by a consortium. Here, it would be done based upon information memorandum which would be common circulated among all possible lenders. There will be lead underwriters who will underwrite it and then down sell it in the market. And again, there will be market makers who will make sure that they are two-way quotes so that's an active market. But, I'll request our Executive Director in charge of Corporate Banking to add to that.

Mr. Debadatta Chand: You're right sir. Currently, the market is not there in India, but then, there are institutions working out to see how the market revives in India. In overseas markets where we do have presence, we do have an active market over there. So, as far as we're concerned, we're quite actively in the secondary market overseas, but in India, since the infrastructure is not there, the skills are not there, it's yet to pick up. But then, definitely it would be the corporate loan which can go to a secondary market for this kind of trading.

Mr. Kumud Das: Okay, thank you sir.

Host: The next question is from Manju. Manju, please unmute yourself and ask your question.

Ms. Manju: Good evening. I just wanted to know what is your total restructured book and the SMA 2 book? And how is the restructuring book performing?

Mr. Sanjiv Chadha: I'll request Khurana saab to respond to that.

Mr. Ajay Khurana: Total restructured book is 19,000 crores. And SMA 1 and 2 you have seen, it's 0.44% which we have indicated earlier in our slides.

Ms. Manju: And what are the writeoffs and sale to ARCs?

Mr. Ajay Khurana: There is no sale to ARC that we have done this year.

Ms. Manju: Write offs?

Mr. Ajay Khurana: Write offs are close to 18,000 crores.

Ms. Manju: For the year?

Mr. Ajay Khurana: Yes.

Ms. Manju: And I just wanted to ask you, with the rising interest rate regime, what will be the impact on your book? Will you have some NIM advantage or will it setoff against, even deposits will go up along with the loan pricing, what will be the impact?

Mr. Sanjiv Chadha: I think, what we are looking at is possibly a normalisation of interest rates. We were in exceptional circumstances because of COVID. We're getting back to a scene where you actually have real interest rates which might be positive. As a general proposition, whenever interest rates rise, there is a lag between repricing of assets and liabilities, with assets leading the repricing cycle. To that extend, in the short term, you have a little bit of an advantage. But of course, when it comes to your treasury book, there may be challenges in terms of marked-to-market, but we believe we are reasonably well placed there. The modified duration of our AFS portfolio is under 2, and even within the AFS portfolio we have a significant portion of floating rate bonds. So, we believe that we are reasonably well placed to make sure that the bank is able to deliver consistent earnings through the interest rate cycle, including the rising interest rates that you're talking of now.

Ms. Manju: And will there not be any capital raise considering the CRR hike must have taken much of your liquidity, and with more CRR hikes in the offing are there no plans to raise capital?

Mr. Sanjiv Chadha: No, as of now, we believe we are adequately capitalised, unless of course circumstances change. We think that we may not be required to access equity markets this year.

Ms. Manju: Okay. Thank you so much.

Host: We have received a written question from Mr. M. Rangaswami of Navjeevan Express. NPAs has been brought down to 1.71% in FY22. Will it be brought down to below 1% in FY23? And, which state has contributed more to NPAs in FY22? Thank you.

Mr. Sanjiv Chadha: So, I think, 1% is possibly a bridge too far as far as this current financial year is concerned. But, it is my sense that we should see further improvement as we go along in the current year. And, the trend of improving asset quality as affected in lower Gross NPAs and Net NPAs should continue. The second part of the question was about which state do the NPAs come from? Normally, when we look at our NPAs, we mostly look at them in terms of market segments, and not so much in terms of geographical areas. So, I do not think that we might have a ready answer for you as far as that is concerned.

Host: The next question is from Anil Kumar. Anil, please unmute yourself and ask your question.

Mr. Anil Kumar: Congratulations on two counts in particular. One, 9 times the Net Profit increased to 7272 crores. And two, a record Q4 NIM of 3.08%. Am I audible Mr. MD?

Mr. Sanjiv Chadha: Yes please, you are completely audible. Thank you very much.

Mr. Anil Kumar: May I ask what is the restructuring amount under COVID Restructure plan 1 and 2?

Mr. Sanjiv Chadha: First of all, thank you very much for that. I'll request Khurana ji to again give the figures in terms of restructured book COVID 1 and 2 please.

Mr. Ajay Khurana: Yeah. COVID 1 and 2 total restructured book is 10,730 crores.

Mr. Anil Kumar: You have mentioned in your balance sheet that your total advances comes to 8,18,120 crores while calculating our Gross NPA. If we add this 12,000 amount in the new breakup, and divide by this total amount of 8,18,120 crores, what will be the amount of Gross NPA? How much stress will it have?

Mr. Ajay Khurana: No, this cannot be treated as stress, but it doesn't mean everything becomes an NPA.

Mr. Anil Kumar: I agree with that, this is not as per RBI formula. But, just for our assessment, if the COVID restructured asset is added in the numerator, how much would it affect our NPA calculation?

Mr. Sanjiv Chadha: So, this total 10,000 crores is 1.25% of our Gross. So, you can add that. But still I would say, everything doesn't become an NPA.

Mr. Anil Kumar: I know, Mr. Khurana replied in the same sense. He told that in the normal course also some amount has been deposited. So, what was the amount that has been deposited in those 3 months in the normal course out of this restructured amount?

Mr. Ajay Khurana: See, I would like to tell you that around 15% of this figure is under SMA 1 and 2. So, other than that, they're all standard. And, they're not even stressed, no dues are pending there. So, I believe more or less this is working well.

Mr. Anil Kumar: I was asking something different. In Q3, the amount which was in the COVID restructured plan, out of that, how much has been deposited in the normal course by the loans?

Mr. Ajay Khurana: See, 10,730 crores, 15% is the stress. 8,500 crores money has been standard and people have paid as per the restructured plan.

Mr. Anil Kumar: Oh, this is more than 1,500 crores. Thank you very much.

Host: The next question is from Nupur Anand. Sorry, the next question is from Saloni Shukla.

Ms. Saloni Shukla: Hi sir. I just wanted to quickly check, because you have a large international book, do you have any exposure to Russia and Ukraine? And if yes, what has been the impact there?

Mr. Sanjiv Chadha: Our exposure to Russia and Ukraine is very very minimal. It's just a few decimal points of the loan book, so it's not significant at all. So, we do not have any direct downside from any exposure to Russia or Ukraine which is worth talking about. Of course, like all financial institutions, banks and commercial entities, the indirect impact of the war is something that, all of us, again, are aware of, but not direct exposure really.

Ms. Saloni Shukla: Okay, thank you.

Host: The next question is from Ajay Ramanathan. Please ask your question.

Mr. Ajay Ramanathan: Hello sir. Just one more question. Given that lot of the talking points this time seems to be on NIMs and the margins, how it would be impacted by the interest rate hike? So, do you have a number that you could give us on the possible NIM that you want to maintain in FY23?

Mr. Sanjiv Chadha: I think, in terms of the impact of the interest rate hike, I think our guidance remains what it was last year that we would expect our margins to be maintained and to improve. So, we have set ourselves a target of improving our NIM by 10 bps this year also. Last year of course, as you would've noticed, as against a target of 10 bps improvement in our NIM, we actually delivered 30 bps improvement in our NIM. So, while we hope we can do better, we expect, in any case, to improve our Net Interest Margin going forward.

Mr. Ajay Ramanathan: Thank you.

Host: The next question is from Piyush Shukla of Moneycontrol. Please ask your question.

Mr. Piyush Shukla – Moneycontrol: Hi sir, good evening. Can you hear me?

Mr. Sanjiv Chadha: Yes, good evening. Very clearly please, thank you.

Mr. Piyush Shukla – Moneycontrol: Sir, I just wanted to check, we just signed a deal on co-lending, an announcement came that you just signed a deal. On securitisation, can we expect something in this fiscal?

Mr. Sanjiv Chadha: So, I'll just request Khichi saab, if he would want to comment on that?

Mr. Vikramaditya Singh Khichi: We did make an announcement and we are at almost an advanced stage in taking out the co-lending part of it, and we have tied up with the a couple of NBFCs. We have started the journey and it's a total digital journey that we're undertaking and it's the first time in the industry that a complete STP digital journey is being undertaken. And it's both available under Option 1 and 2 of the co-lending.

Mr. Piyush Shukla – Moneycontrol: And, in securitisation sir?

Mr. Vikramaditya Singh Khichi: Securitisation you mean the pool purchases and all?

Mr. Piyush Shukla – Moneycontrol: Yes sir.

Mr. Vikramaditya Singh Khichi: That is on the anvil. That we are already doing in fact. Though we have been slightly slow and restrained in the earlier part of the year in purchasing pool, but now having set the systems into place, I think we have started looking at an opening. And in the last few months, we have actually looked at purchasing pools and securitising.

Mr. Piyush Shukla – Moneycontrol: Okay. So, any target that you have for co-lending and securitisation combined?

Mr. Vikramaditya Singh Khichi: We had made an announcement that we're looking at around 10,000 crores to begin with in the next 2 years as we progress in co-lending.

Mr. Piyush Shukla – Moneycontrol: Okay. That is for co-lending, right? And for securitisation there is no such target?

Mr. Vikramaditya Singh Khichi: Securitisation we haven't taken a target. But, as we go along, now that the system is in place, as we come along with good pools, we are open to securitising. But, no benchmarks on the numbers have been fixed in terms of targets.

Mr. Piyush Shukla – Moneycontrol: Okay. And in securitisation, will you also look at a corporate kind of loans for growth, or will you only look at retail assets?

Mr. Vikramaditya Singh Khichi: For the time being we're only looking at retail assets and MSME advances, LAP, home loans and to an extent, equipment finance loans.

Mr. Piyush Shukla – Moneycontrol: Okay sir, thank you.

Host: The next question is from Bijoy. Please ask your question.

Mr. Bijoy: Hi sir. Bijoy here. I just wanted to confirm one thing. You said that there would be AT1 bond repayments that are due this year. What is the quantum? And, will you look at an

Indian or off shore AT1 bond so that you can repay this, or within your internal accruals, you'll have enough money to take care of the capital gains?

Mr. Sanjiv Chadha: I'll request Ian to answer that question.

Mr. Ian Desouza: So, we do plan to raise AT1 bonds in the coming year. We have about 1,300 crores of AT1 bonds that are coming up for redemption because of call option, so we will replace those. And depending on our capital position, we may do further incremental raise of AT1 bonds.

Mr. Bijoy: Any amount you can share?

Mr. Ian Desouza: Our plan is for around 2,500 in total. Part of it is replacement and part of it would be over and above.

Mr. Bijoy: Fair enough. And would this be local or would you look at both offshore and onshore for this?

Mr. Ian Desouza: As of now, last year we had a good experience raising locally. So, we will wait and watch and time the markets and see how our strategy pans out. In addition, I'd like to add, it will not entirely be AT1 bonds, it can be a mixed option of some of it being sub-debt. So, depending on the pricing and where it takes us, some of this could be through tier 2 sub-debt bonds.

Mr. Bijoy: Okay. Just to confirm that, so 2,500 crores which could be AT1 plus sub-debt that you will raise this year.

Mr. Ian Desouza: Yes.

Mr. Bijoy: Thank you, thank you Ian sir.

Host: The next question is from Navbharat Times. This is in Hindi, I'll read out. In the year 2020 to 2022, how many applications have you received in the Vidyalaxmi Education Loan scheme? How much money has been sought through this scheme? How many applications have been accepted? How much loan as the bank disbursed toward foreign education and towards domestic education?

Mr. Sanjiv Chadha: I'll request Khichi saab to take this in case he has this information readily available. And in case it's not readily available, we'll send it separately to you later.

Mr. Vikramaditya Singh Khichi: I don't have the figures available at the moment as to how many number of applications were there, but I know that through the Vidyalaxmi Education Loan scheme we have made disbursements of 1,000 crores in absolute terms. Our outstanding has increased by 1,000 crores, which translates to around 17%. So there's been a growth of 17% in that. As to the number of applications and the bifurcation between foreign education and domestic education, we don't have that number right now, but we can provide that, no issues.

Host: The next question is from Ganesh Mukasi. What is your future new plan to increase your present profitability? How is your recovery of loan transactions proceedings?

Mr. Sanjiv Chadha: So, I think the question pretty much summarises again what we're trying to do in terms of profitability. It is to make sure that we actually have good quality growth on both the asset and deposit side. So, as we discussed at the beginning of the presentation, we have about a 9% growth in assets. But, within that, areas where we were able to get good margins, for instance, car loans, unsecured personal loans, they have grown much faster. So, our emphasis will continue to be to make sure that growth is not for the sake of growth alone, but it also improves our margins as we go along.

Similarly, on the deposit side, the strategy has been to make sure that the CASA contributes a larger and larger proportion of our deposit base. Over the last 2 years, our CASA ratio has moved up from 37% to 44%. Even as we go forward, we would like to maintain that discipline, make sure that deposit growth is well aligned to loan growth, and also again, it is good quality growth. So, those are two very fundamental elements of what we are trying to do. Similarly, in fee income, we have been able to grow our fee income by nearly 12-13%. We would want to accelerate it further as we go ahead.

Credit quality will of course, remain a bedrock of the improving profitability. As I mentioned in my opening remarks, we have seen a secular trend in terms of improvement of credit quality. GNPAs and Net NPAs have been coming down progressively, and we believe that there's scope for further improvement in terms of credit cost this year also. So, these really will be the pillars on which we hope to build and improve profitability performance in the current year also.

Host: The next question is again from Navbharat Times. You're saying that there's a 1,000 crores extra provision for education loan, but the branch takes so much time for a single form to be accepted. How would you tackle this?

Mr. Sanjiv Chadha: I think there's been some misunderstanding. We have had a growth of 1,000 crores in our education loans, which is about 17% growth year on year. If you see any of our asset categories, be it corporate or MSME or agri, the growth in education loans has been more. Our emphasis on the education loans will continue and this has no relation to our NPAs.

Mr. Vikramaditya Singh Khichi: If I may add, our total disbursement in education loans that has been 2,028 crores. Factoring the repayment, our outstanding is more than 1,000 crores.

Mr. Sanjiv Chadha: So if you see, there's an education loan of close to 6,000 crores, and the delivery in one year has been 2,000 crores.

Host: The final question for the evening is from an anonymous participant. Loan growth of most of the banks have come at the cost of NIM. However, Bank of Baroda's NIMs have improved to 3.08% in Q4 FY22 from 2.78%. How has this been achieved?

Mr. Sanjiv Chadha: Thank you very much. This is pretty much in line with the previous answer I gave to a question a couple of minutes back. So, this has been largely made possible by discipline both in managing the liability franchise and also in making sure that asset growth is focused on those segments which continue to give us good margins. So on the deposit side, our deposit growth was actually slower than our loan growth because we wanted to make sure that we do not gather excess deposits at a time when loan growth is challenged. And our CASA ratio actually improved by couple of percentage points during the year. So that was one part. The second part was in terms of composition. The deposit growth largely came from CASA deposits. So, current accounts and savings grew by 12% while terms deposits only grew by about 3%, so that was the second part.

Now, on the asset side, similarly, there were huge challenges on the corporate side in terms of margins because of the surplus liquidity position, and therefore most of our growth came actually from other than corporate. It came from retail, which on an organic basis grew by 17%. Within that, areas like car loans which grew by 20% and unsecured personal loans which have the best margins, which grew by 108%, were the standout performers. So, I think this was really the basis on which we were able to improve our Net Interest Margins in a year when liquidity was abundant and margins were challenged.

Host: This marks the end of our media meet. Thank you all for participating and have a great weekend. Thank you.

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