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<b>BSE Ltd.</b> Corporate Relationships Dept. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. <b>BSE Listing Centre</b> Scrip Code 532 477	<b>National Stock Exchange of India Ltd.</b> Listing Department Exchange Plaza, Plot No.C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai-400 051. <b>NEAPS</b> Scrip Symbol-UNIONBANK-EQ Security - UBI-AT/BB
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महोदया Madam/महोदय Sir,

**Subject: Transcript of Post Earnings Call**

This is to inform that transcript of Post Earnings call held on May 06, 2023 for Audited (Standalone and Consolidated) Financial Results of the Bank for the Quarter and Year ended on March 31, 2023 is submitted herewith as a PDF searchable attachment.

The same is also being made available in the Bank's website under the following web link:

<https://www.unionbankofindia.co.in/english/financial-result.aspx>

This information is furnished in terms of Regulation 46(2)(oa) and Regulation 30 read with Schedule III, Part A, Para A, 15(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

भवदीय Yours faithfully,

(एस. के. दाश S. K. Dash)  
कंपनी सचिव Company Secretary  
एफ़सीएस FCS - 4085

Encl.: As above



## “Union Bank of India Q4 & FY-23 Earnings Conference Call”

**May 6, 2023**

<b>MANAGEMENT:</b>	<b>MS. A. MANIMEKHALAI</b>	<b>: MD &amp; CEO</b>
	<b>MR NITESH RANJAN</b>	<b>: EXECUTIVE DIRECTOR</b>
	<b>MR NIDHU SAXENA</b>	<b>: EXECUTIVE DIRECTOR</b>
	<b>MR. RAMASUBRAMANIAN S:</b>	<b>EXECUTIVE DIRECTOR</b>
	<b>MR. ABHIJEET BASAK</b>	<b>: CGM</b>
	<b>MR. RAJIV MISHRA</b>	<b>: CGM</b>
	<b>MR. P K SAMAL</b>	<b>: CFO</b>
	<b>MR. SUDARSHANA BHAT</b>	<b>: GM</b>
	<b>MR. O P KARWA</b>	<b>: GM</b>
	<b>MR. SUNIL JADLI</b>	<b>: DGM</b>

**CONFERENCE CALL SERVICE PROVIDER :**



**Moderator:** Ladies and gentlemen, good day and welcome to the Union Bank of India Earnings Conference Call for the period ended March 31<sup>st</sup>, 2023. The Bank is represented by the Managing Director and CEO – Ms. A. Manimekhalai; Executive Directors – Shri Nitesh Ranjan, Shri Nidhu Saxena, Shri Ramasubramanian S., and other members of the top management.

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 "\*" then "0" on your touchtone phone. Please note that this conference is being recorded.

Now I hand over the call to Mr. Sunil Jadli – Deputy General Manager. Thank you, and over to you, sir.

**Sunil Jadli:**

Thanks Madam. Good afternoon, ladies and gentlemen. I, Sunil Jadli, Head of Investor Relations, welcome you all for the Union Bank of India Earnings Con-Call for the period ended March 31<sup>st</sup>, 2023.

The structure of the con-call shall include a brief opening statement by Respected MD and CEO Madam, and then the floor will be open for interaction.

Before getting into the con-call, I will read out the usual disclaimer statement. I would like to submit that certain statements that may be discussed during the investor interaction may be forward-looking statements based on the current expectations. These statements involve a number of risks, uncertainties and other factors that cause the actual results to differ from the statements. Investors are therefore requested to check this information independently before making any investments or other decisions.

With this, I now request our Respected MD and CEO ma'am for her opening remarks. Thank you and over to you, ma'am.

**A. Manimekhalai:**

Good afternoon. It is my pleasure to welcome the Analysts and the Investors. We are grateful for your continued support and feedback that has helped us in taking informed decisions.

**Let me just give you a brief on the broad 'Macroeconomic Environment' before I go to the performance of the Bank:**

In the midst of the global uncertainty, Indian economy showing a strong momentum. The economy is expected to continue to perform well and will remain as a fastest growing economy in the world.

The Banking sector is also shown improved performance, led by a broad-based economic recovery. Our Bank's 'Business and Financials' registered strong growth during Q4 FY23 and we have achieved a good set of numbers in terms of 'Profitability, Asset Quality and Capital Adequacy' among others.

**Now let me give you a brief on the highlights of our 'Bank's Performance':**

The operating profit of the Bank reached Rs. 25,467 crores with the growth of 16.4% during FY23.

The net profit of the Bank has increased by 61.2% YoY to Rs. 8,400 crores during the year.

Net interest income grew by almost 18% YoY during FY23.

NIM has also improved to 3.07, almost improving by 13 bps from FY 22.

Gross advances has increased by 13.1%, while deposit has grown by 8.3%.

The Bank has registered good growth in the RAM portfolio also – 17% growth in Retail, 14% in Agriculture, 13% growth in MSME advances. RAM share to the total advances is 56%.

Gross NPA of the Bank has reduced by 358 bps on YoY basis to 7.53%.

Net NPA is reduced by 198 bps on YoY basis to 1.70%.

CRAR improved to 152 bps to 16.04%. the PCR also we have increased to 90.34% as is March 31, 2023.

Our overall cash recovery and upgradation has crossed Rs. 20,000 crores.

Slippages has been moderated at Rs. 12,518 crores as against the guidance that we gave to the market at Rs. 13,000 crores.

During FY22-23, the Bank has taken many important structural changes, which is yielded positive results. One among them was the large-scale digital transformation exercise that the Bank has taken.

Before I conclude my opening remarks, I would like to invite my ED – Mr. Nitesh Ranjan to speak on the various digital initiatives that the Bank has taken during FY23 and also what we are going to do in this current year.

**Nitesh Ranjan:**

Thank you, ma'am. Good evening. We have done very well in terms of business and financials for FY23 as well as the Q4 of FY23, in the area of digital and technology also we have taken several initiatives to further improve customer service, increase the revenue and optimize the cost.

If you look at our aspirations for the digital and that is in line with the consumer preference shift towards more and more digital services also given that currently the penetration of digital

services also in the entire ecosystem is very low which gives an opportunity for us to do more and more into digital.

We have set an aspiration of having 50% of RAM loans origination over the next 3 years coming through the entirely digital channel, which will translate into around 50% of RAM loan book being fully through the digital source loan.

On the liability side on 1 trillion quality CASA accounts, we'd like to acquire fully STP on the digital side over the next 2 to 3 years.

And the 3rd associated objective and aspiration of the Bank is to create a great customer satisfaction score and customer experience through digital and technology. For that, we have continuously been building capabilities in the recent past in the core IT, digital, analytics as well as cyber security. We have been continuously been augmenting the IT hardware infrastructure to meet the requirement of an increasing number of transactions in the system.

We have implemented the state-of-the-art SD-WAN technology across all our branches and units. Currently, we're in the process of adopting the SD-WAN software defined network. We are amongst a few large Banks in the country who have got PCI DSS Certified for the payment channel. You are aware that every payment player has to be compliant with the PCI DSS, but Bank has gone a step forward to get certified with the PCI DSS, which gives a lot of comfort to us as well as to our customers.

Similarly, on the security side, we have state-of-the-art Cyber Security Operation Center today and we are taking it to the next level into Cyber Security Center of Excellence and we are working with the top-class advisors and consultants and we're collaborating with the many all India level institutions to take it forward.

Thirdly. We are building a digital platform which will be a microservices led API based infrastructure and which will be aiming at creating, as I said, for the customer seamless journey, Omnichannel experience, hyper personalization for various segments and sub-segments for the customers as well as using the modern AI including the conversational AI technology or creating convenience to our customers and also investing in creating a Data Lake Analytics Center of Excellence which will help us leverage our digital capabilities to offer good services to our customers.

For customer satisfaction and customer convenience, we recently adopted and implemented the CRM solution which has been developed in association with the Zoho Corp and now we have decided to invest in digital contact center, which has also been using the conversational AI and it will be one-touch point solution for customer service as well as sales.

Now if you look at FY23, what all we have done and I would like to just highlight certain numbers that we launched our revamped Mobile App Vyom in November 2022, which today offers not only the Banking services but it has plethora of insurance, mutual fund as well as

lifestyle services available on our mobile app and we are continuously adding more and more features based on the market demand as well as the customer feedback.

So, far we have already developed 10 plus journeys into retail, Agri and MSME segments for our customers and these 10 plus journeys are completely straight through processing. Four or five of these are in MSME segments. Three segments of the Mudra – Shishu, Kishore, and Tarun. Then there is Union Nari Shakti Scheme and the GST Gain scheme up to Rs. 25 lakhs of loans and all these 5 are completely straight through.

Then in agriculture again we have the Kisan Credit Card Loan (KCC) which we have implemented in association with Reserve Bank Innovation Hub, we have been among the first Bank to do that. Today we are doing the pilot in the state of Madhya Pradesh and Karnataka in association RBIH and that is a complete Stage-2 journey.

Similarly on the retail loan side, we have the pre-approved personal loan. We have again the pre-approved personal loan for the specific segment of customer that is the pensioners. We have launched the straight through educational loan for the premier educational institutions in the country.

And as we speak today we are looking at many more journeys in retail loans including housing loans and vehicle loans also with the tie up with the OEMs, which will create a lot of convenience to our customers and they can do the Banking services from their comfort and convenience.

So, over the last 12 months in FY23, we have serviced more than 32 lakhs customers and when I say these 32 lakhs customers, these are not the branch-based, these are completely digital service customers and we have generated a business of Rs.48,200 crores through the customer through the digital routes which includes new loans to Rs.1.48 lakhs customers aggregating around Rs.2200 crores of sanctions and the deposit of over 30 lakhs customers aggregating around Rs.46,000 crore.

You are also aware and we have been sharing with you in the past that for the review renewal of the existing loans in the RAM segment, which has been a very tedious, friction-full branch based process, we have changed this into the straight through process digitally where there is a less intervention to the branch as well as hardly a click or 2 requirement from the customer and these renewal journeys on the digital again is available for various segments of Retail, Agri and MSME customers. Over FY23, we have renewed digitally over 8 lakh loans aggregating to Rs.42,000 crores of our RAM portfolio.

So, this is just a beginning and as I shared the investment that we are doing and we are almost at the final stage of onboarding our system integrators and vendors and partners who will work with us, we are very much hopeful that our aspiration of 50% acquisition of RAM as well as 1 trillion new CASA customers through the digital channels straight through would be possible. In fact, in FY23 due to our efforts, Bank was ranked #1 into IBA's PSB Reforms Agenda, which is under the title of EASE and EASE is currently running into its 5th version, so the Quarter 3

of FY23 results of EASE in that Union Bank has secured 1<sup>st</sup> Rank amongst all public sector Banks and you are also aware that EASE has actually 5 broader themes and in 4 of the 5 themes, Union Bank has been ranked #1 and 3 out of these 4 things actually relate to the area of technology, digital, cyber security and we have been ranked #1 due to our efforts and initiatives.

Even the one of the coveted awards which is given by the Indian Banks Association in the area of IT. Last year we have received 6 IBA Awards which includes Best Technology Bank as well as Best IT Security amongst all the large Banks in India. When I say large it includes private as well as public sector Banks. So, the recognitions are also coming, which motivates us to further invest and do more and more for creating customer convenience for the more than 14 cores of our customers using and leveraging technology and digital.

Thank you very much. I'll take a pause here and during the discussion if you would like to know anything specific on our initiatives, we'll be happy to interact.

**A. Manimekhalai:** We are now open for interaction.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Jai Mundhra from ICICI Securities. Please go ahead.

**Jai Mundhra:** Ma'am first question is on NIM, net interest margins, so this quarter the loan yields are still rising QoQ, but cost of deposits have risen faster and hence we have seen a dip in the NIMs. Now going ahead as we understand that the rates have almost peaked so yields may still rise, but cost of deposit could still be rising faster than the loan yield then ideally there should be pressure on the NIMs. So, we are saying that the NIMs our guidance is almost flattish, so just wanted to understand the thought process here.

**A. Manimekhalai:** As far as FY23 was concerned we have improved our NIM from 2.94% to 3.07% about a 13 bps increase. We have seen a better credit uptake in the RAM sector and so faster asset pricing has helped the margins to improve. Going forward there will be slight pressure on the margins due to the liability repricing and slower deposit growth that's what we feel, but however we will be seeing it looks like there will be a fall in the deposit rate. We have already seen that CD rates have also come down by almost 40 to 50 bps from the mid-March level after RBI took a pause in the interest rate. Going forward what we feel is we will be able to sustain our NIM to the 3% level. If you look at the portfolio of the Bank almost 50% is MCLR base out of which just about 40% to 50% has been repriced and the remaining 50% is to be repriced during the current year. So, we assure you that we will be able to maintain a NIM of at least 3%.

**Jai Mundhra:** And just a follow up ma'am there on this MCLR book so this is essentially the corporate book and it should be repricing once in a year at least the reset period should be one year if not lower then in the last one year the entire book should have been repriced, is that understanding right?

**A. Manimekhalai:** Yes, that is correct, but I will tell you the Bank 50% of the domestic advances is classified as MCLR as I already told you. If I can tell you that during '23-24 Q1 we have got about Rs.47,000

of our loan book to be repriced and totally we have got about Rs.2,80,000 crores that is the kind of numbers that we are looking at for repricing. So, every quarter we have some numbers and the reset will be happening every month as you said or a quarter. So, we are seeing that this MCLR will be translated or the loan book will be repriced and so we will have a better NIM.

**Ramasubramanian S:** Madam if I may add Mr. Mundhra what happened was actually it has not last one year actually from September onwards only the rates have gone up very high. So, what madam was trying to say was even from here to September the assets which are going to be repriced so we will be able to maintain the NIM of 3%.

**Jai Mundhra:** No, I am not asking that sir I mean you can do there are lot of variables, but what I wanted to ask is that RBI started the rate hike in May of last year and then I mean your MCLR would have also started to reprice, so the entire corporate book should have been repriced, right, it looks like that there is a bit of a pressure on pricing also incorporate?

**Ramasubramanian S:** See that is what I am trying to say that see our MCLR is the marginal cost on the rate which is our cost where we are getting it. So, if you are looking at it the northward movements of the rates in deposit has happened from this second half of last year.

**Jai Mundhra:** And sir now when let us say this Rs.47,000 crores of book comes for repricing in Q1 considering there is a lot of competition while the MCLR the card rate may let us say rise up by 100 basis point or x basis point, do you think that the competition intensity allows you to pass on that rate hike?

**A. Manimekhalai:** Out of 250 transmission rates happening the MCLR has grown by about 140 bps only that is the competition in the market pricing everything has already been taken into account accordingly.

**O P Karwa:** So, just to add the MCLR rate would be in a rise in all the Banks. So, we do not see the difficulty in pass on the increasing rate because right now every Bank has increased more or less around 140 or 150 bps.

**Jai Mundhra:** The second question is on your notes to account 16 so this pertains to a previous June 7th circular disclosure that we disclosed every time I just have a small doubt so I wanted to clarify the exposure is around Rs.4,000 crore of which around Rs.2,500 crore has already slipped and the Bank has made a reasonable provision there, I wanted to check that what is the nature of the Rs.4,000 crore minus Rs.2,500 or Rs.2,600 crores that these accounts are still standard and can they slip in future quarters?

**P K Samal:** These are perfectly standard loans you are talking about the portfolio which are covered under June 7th circular, right?

**Jai Mundhra:** Yes.



- P K Samal:** These are perfectly standard loans and well performing only thing is that there is sometimes there is a delay in the resolution plan, therefore that additional provision it attracts, but when the resolution plan rectification whatever that put in place and satisfactory their performance no default in next 6 months the provision get reversed you see a few accounts also this quarter earlier we made provision this provisions got reversed. So, absolutely there is no such thing we do not find any reason that any of such account will be slipping. In fact, our corporate book particularly is behaving very well and we do not foresee any kind of account going to slip there.
- Jai Mundhra:** And how much was the family pension that we absorbed in this quarter?
- A. Manimekhalai:** We did about Rs.1,100 crores we have observed during the current year which actually we had a dispensation of 5 years. We have observed everything during the current during FY23 last quarter.
- Jai Mundhra:** So, the entire has come in last quarter, right?
- A. Manimekhalai:** Yes.
- Moderator:** Thank you. We have our next question from the line of Ashok Ajmera from Ajcon Global. Please go ahead.
- Ashok Ajmera:** My only concern is that in the last quarter let us say Q4 our results are not that like our credit growth is almost muted 0.29% in the domestic and even on the other front also if you look at the profitability and other thing because the recovery from the return of account has come very high in this quarter that is why we could increase our operating profit too otherwise there was a pressure on our margins and our entire operating profit, you have done very well in the Bank for last 9 months, you have set up 126 MSME loan point, 105 MSME first branches, 160 retail point 1,331 gold loan point and I am sure they all will give the benefit in the time to come to the Bank. Having said that I have got some specific pointers, some questions and some data point first of all Nitesh Ranjan on the digital journey you have taken and it is really commendable sir, you have put in a total capital employed if you go on this segment wise result Rs. 3,538 crore has been capital employed on the digital initiative which has been now made compulsory for presentation by the Reserve Bank of India and if you look at that asset segment you have created Rs.42,263 crore asset and liability of Rs.38,000 so net capital employed is rs.3,539 whereas the loss on the digital which is reported for the first time is Rs.102 crores, so this loss of Rs.102 crores because this pattern is going to be set up for future this is not to be included in the capital employed for the digital initiative this will be in the normal overall the Banking operations going forward, loss or profit In the segmentation wise report or it will be a total clear picture will be given where the loss is added to the capital employed and the profit is reduced from the capital employed, so what is the strategy on that this is number one. My second question is on DTA and MAT size that we have a DTA reversal of Rs. 3,632 crore and the MAT credit of Rs.2,269 crore which you have taken, so how much is the DTA balance left and the MAT credit left for the Bank so as to assess the future number of the Banks. If I may continue asking some more questions ma'am you answer this first and then I come back again for the second.

**P K Samal:** Ajmera ji before we forget what you asked so let us answer that first and I will request our CFO to take on both the questions. Ajmera sir first thing is that regarding the capital employed and loss you have mentioned in the digital segment it is not actually a loss this is written in the bracket this is because this is within the retail Banking segment. It is a sub segment within Retail Banking that is the reason it is written within the bracket it is not a negative figure number one. So, there is no loss as such it is profit only. So, regarding the capital that has been allocated for digital segment is basically the assets which the Bank has created through the digital mode of course the loan have taken as we have to maintain the capital for the capital adequacy norm. So, accordingly the necessary capital has been allocated. The second question you are asking about the DTA and the MAT credit that the Bank has taken is basically we have also discussed earlier quarter the Bank is contesting the question of applicability of MAT on the public sector Bank is still sub-judice is going to a special bench of the IPA .The hearing have been started so we are quite confident that because the past decision has been taken in favor of the Bank. So, we are considering that the case will be in favor of the Bank so there will be no impact in terms of the MAT credit rework under whatever so that is one part. The second part is about the DTA assets so after Rs.3,600 crore kind of reversal this year we will have another Rs.8,500 crores of DTA that will remain in our book. So, since DTA created out of the timing differences out of the provision and all it will accordingly get nullified in the due course of time any further clarification you want on this matter.

**Ashok Ajmera:** How much as per income tax, the carry forward losses if at all for the past?

**P K Samal:** No, there is no carry forward losses Bank does not create any DTA on carry forward losses so that is not there. The DTA created on the timing difference on the bad debts provisions and all because entire bad debt provision which you make in the books is not allowed fully in the taxation so therefore there is difference, there is no carry forward loss.

**Ashok Ajmera:** No, Rs.8500 crore is the DTA still the balance sheet there according. to you, is not it?

**P K Samal:** Yes.

**Ashok Ajmera:** And how much MAT credit is left?

**P K Samal:** So, MAT credit as I told you it is basically whatever MAT we have paid that equal amount is taken as a MAT credit, but since we are saying that MAT is not applicable to us, so it will be nullified. So, there is no implication on this.

**Ashok Ajmera:** Ma'am coming back to the credit growth our books because we were expecting it to continue the momentum which was set up in the earlier two quarters, where do you see the credit number one coming from why that our growth is muted in the last quarter, is there any specific reason and if you are again having the target of 12% to 14% of the credit book for the for FY24 where is the credit going to come from ?

- A. Manimekhalai:** The overall credit as the Bank has grown by 13.3% while the average credit registered growth of almost 16.74% and the CD ratio the Bank has also improved to 73%. It is not muted growth of course because the base figure was lower and that is why the figures were shown. As per the system we are at the same growth rate of 13.3%, we are looking at the system growth will be about 14% to 15% even in RAM portfolio we have done well and the retail has shown a growth of 17%, Agri at 15% and MSME at 13%. We have also grown very well in the gold portfolio which is about 48% education loan at 25% and vehicle loan at 31%. Now what we are looking at is 10% to 12% growth in the coming years and the majority of the research report also says that if you look at the GDP growth of about 6.5%, credit growth may hover around 12% to 13% and that is the guidance that we are also taking. We are taking 10% to 12% growth under the credit portfolio for the year 23-24.
- Ashok Ajmera:** Ma'am, just last question in this round on the SR Rs.2,233 crore which is fully provided for two SR are added of Rs.342.68 crore, so if the SR are added recently number one what kind of is it from private ARC, NARCL?
- Sudarshan Bhat:** These are all NARCL which is fully provided.
- Ashok Ajmera:** What was the need of providing 100% if it is a fresh SR?
- Rajiv Mishra:** This is the SR through the NARCL sale which we have done. There are two accounts for which NARCL sale has taken place where 85% is in SR form and it is backed by government guarantee, but still it is 100% provided.
- Ashok Ajmera:** Sir, since it is 100% provided by the government it must have taken in the recovery or the investment?
- Rajiv Mishra:** Value is right now being taken at that rate.
- Ashok Ajmera:** This is as good as a very I mean extra cushion for the Bank because this money is guaranteed by the Bank?
- Rajiv Mishra:** It is a 5 year plus 3 years part of guarantee and right now Bank has taken a call to take a provision you can take it as an extra cushion on behalf of the Bank.
- P K Samal:** One small correction on the digital segment what you have mentioned is that the loss in digital I want to make a correction this is you are right the amount or figure mentioned there in on the segment result loss on digital operation this is right. This is mainly because of the initial CAPEX and revenue expenditure because the Bank is now building lot of IT infrastructure and all therefore the digital expenditure has been high that is the reason why this is a loss, but we are very sure the volume is going to increase in future so that will be definitely positive, but as of now it is a loss.

- Ashok Ajmera:** So, what I was saying that sir that our revenue is Rs.169 crore and the loss is Rs. 102 crore it means Rs.271 crore is the expenses for earning the Rs.169 crore which I can understand because it is a initial stage of the digital the entire segment wise and reporting and total digital initiative which has to be reported separately what was my point is that this loss today it maybe Rs.100 crore tomorrow there can be Rs.500 crore or a profit of Rs.1,000 crore whether it should be adjusted on the capital employed on that particular segment so that is one point which I raised and other one for the loss anyway you can take it the queue from that and can decide accordingly.
- Moderator:** Thank you. We have a next question from the line of Rakesh Kumar from B&K Securities. Please go ahead.
- Rakesh Kumar:** So, ma'am one question was pertaining to the total stress book or the restructured book which is pertaining to your notes of account number 14, 15 and 16 so number comes to which is standard number around 18,000 crore, so if you can indicate what is the total provision that we are holding against this outstanding so non NPA standard of Rs.18,100 crore?
- A. Manimekhalai:** Now restructured book as you said is about Rs.17,826 crore and we are holding provisions to the extent of 10%.
- Rakesh Kumar:** This 10% number ma'am Rs.1,800 crore number you are not clubbing it with the general standard provision so it is separate number, correct?
- P K Samal:** Yes, separate numbers.
- Rakesh Kumar:** And secondly ma'am like we have seen quite a strong growth in overseas credit book this quarter, but if you look at the provision what we are holding for the un-hedged foreign currency exposure that number has actually come down. So, like number is not significant at all, but just wanted to understand the thought process or maybe what is happening in the business like is that the case that in this quarter even after having such a strong growth in overseas book foreign currency exposure has it come down that is why the provision in this quarter has come down from Rs. 26 to Rs.17 crores?
- S. Balasubramanian :** This is actually the two different things as far as the overseas advances are concerned, it is advances given at the two branches we have one at Sydney and another one is at Dubai. As far as the other one is concerned it is the domestic exposure Forex exposure that we have given.
- Rakesh Kumar:** And after the shifting loss that we have done like we had around Rs.97 crore, Rs.98 crore for shifting loss this quarter, so how are we placed now because the modified duration is still we have less than one year for AFS book especially on the SLR side and we are not changing it from the last quarter number, so what is the view that we are holding on the interest rate movement as you said that certificate of deposit rate has come down and that is a fact of the matters and short term T-bill has also come down, but we are not changing our modified duration on the SLR in the AFS book so things are not appearing to be in line, so why did not we change our duration on the higher side when we see that rates are coming down?

- Sudarshan Bhat:** Shifting loss is pertaining to first quarter of 22-23 which has already been booked subsequent to that whatever the investment portfolio we have added which mainly consists of treasury bills and other short term securities which due to excess liquidity in the system we have placed this in treasury bills as well as one to three year duration that is why we are having a duration continually maintained at the similar level one that is we are having average duration of 3.66 which we will be able to encash over a period of time.
- Rakesh Kumar:** Question was basically on the AFS book so total duration is same at around 1.3 years and SLR duration is at around 0.7 years. So, if we are seeing that rates are coming down then are we changing the duration, are we increasing the duration or we are not increasing the duration?
- Sudarshan Bhat:** We are changing the duration over a period of time. This mainly for portfolio consists of treasury bill which is due to excess system liquidity available which has been kept if we withdraw that our duration will come to around 3.65 to 3.66 in AFS book itself.
- Rakesh Kumar:** And how much we are planning to shift in this coming first quarter?
- Sudarshan Bhat:** To the extent of Rs.5,000 to Rs.8000 crores.
- Rakesh Kumar:** And the duration of that book would be two, three years on the HTM side?
- Sudarshan Bhat:** Yes, 3 to 3.5 years.
- Moderator:** Thank you. We have a next question from the line of Raju Barnawal from Antique Stock Broking. Please go ahead.
- Raju Barnawal:** My question is on the corporate portfolio side. In the current quarter we have seen a softer growth on the corporate side while it has declined on a sequential basis, so what is your outlook on the corporate portfolio going ahead?
- Abhijeet Basak:** So, we have taken a conscious decision to keep as you know that we are keeping our corporate book and RAM at a particular proportion, to have that proportion and we should not grow beyond that and to keep that ratio we have remained the corporate book at that level that is one part. The second part is if you see what would be the growth next year. We have given guidance of 10% to 12% and we will remain at that level because we have got a lot of traction in different areas. So, most of the sectors are now opened up and we are getting proposal from most of the sectors. So, it is not on a particular sector, but in all the sectors there is a good growth secondly and thirdly we have got a pipeline of around Rs.30,000 to Rs.35,000 crores in the pipeline which is under different stages of disbursement and which we have given the sanction. So, this may be disburse over a period of say 12 to 18 months so that disbursement will happen and along with that we have a fresh sanction on (PIM) means term sheet approval of around Rs.15,000 crores, Rs.20,000 crores which will come over a period of time which will be sanctioned during the year and again those proposals are that we are considering in different branches will be coming to us

so that I have not taken only have taken this part. So, we see corporate book to grow decently during this year.

**Raju Barnawal:** And some data keeping questions can you please provide a breakup of this provision during the quarter between NPA provision and others?

**P K Samal:** The total provision during this quarter was Rs.4,000 crore out of that Rs.3,567 crore was towards the NPA provision.

**Raju Barnawal:** Out of?

**P K Samal:** Total provisioning was Rs.4,041 crore out of that Rs.3,567 crore was towards the NPA provisions for the Q4.

**Raju Barnawal:** And what was the FOREX based income during the quarter?

**P K Samal:** Roughly from FOREX transaction was 217 crore during this quarter and for the full year FOREX exchange income was 813 crores.

**Moderator:** Thank you. We have our next question from the line of Ashlesh Sonje from Kotak Securities. Please go ahead.

**Ashlesh Sonje:** Just a couple of questions from my side. Firstly on the recovery front we have seen a healthy recoveries of about Rs.20,000 crores during FY23 against the guidance of Rs.15,000 crore but how it is now for FY24?

**Ramasubramanian S.:** Generally, we will try to maintain, or we will want to improve our performance in the recovery front, process are in place so we will be more or less actually in the same level.

**Ashlesh Sonje:** Where do you think all this would be coming from, any large accounts? do you foresee any segments any particular industry?

**Ramasubramanian S.:** No, it is not like that we have already launched few schemes for actually for one-time settlements where we had some aggressive schemes have been launched which we are now able to get some of the accounts cleaned up not any bigger accounts we are not any forcing on that, but it will be on a continuous basis we will be able to grow.

**Ashlesh Sonje:** So, this will be from mid corporate kind of?

**Management:** If you look at it normally mostly we are expecting it from agri and MSME sector.

**A. Manimekhalai:** See during the last year that is '22-23 we did about 2,19,000 accounts and about 530 crores of recovery in that number. We also did quite a number of SARFAESI almost 8000 and odd SARFAESI we have done during the last year and we were able to recover about close to

Rs.3,000 crores in that. So, it is not that one particular sector that we are looking at. We are looking at recovery from every area we have also something lined up with NARCL and we hope to see some good recovery from those centers also.

**Ashlesh Sonje:** And the second question is again on recoveries from the return of accounts which we have seen in the fourth quarter, can you shed some light on which were any particular large accounts?

**Ramasubramanian S.:** See the large accounts means there were some of the accounts which have been fully provided and written off very old NPA accounts which we have on cash basis we have sold to some of the accounts to ARC on 100% upfront cash basis and amount into around Rs.930 crores it has come on that other than that as Madam has also told we were very aggressive with the old NPAs due to OTS some of the lower that is small accounts have been cleaned up that is what around more than 2 lakh accounts in which liabilities are very less. We had entered into a settlement and we have cleaned the Bank this also so that we are able to do this write-off in the TWO accounts we would show a better result in the last quarter.

**Ashlesh Sonje:** And lastly, have you booked any recoveries in the interest income line during fourth quarter, in the last quarter if I remember right we had about Rs.685 crores in the interest income?

**Ramasubramanian S.:** For the entire year it is around Rs.2, 600 crores.

**Ramasubramanian S.:** Sir, it is Rs.2,600 crores in the entire year and Rs.682 crores in the last quarter.

**Moderator:** Thank you. We have a next question from the line of Sushil Choksey from Indus Equity Advisors. Please go ahead.

**Sushil Choksey:** Listening to all the Q&A so far I feel there is a change of heart at some strategy between a balance in corporate and retail, so can you roll out the strategy points for next 12 months, 24 months what Union Bank desires to do?

**A. Manimekhalai:** So, have a strategy that we will do 55% RAM and 45% of our loan book will be corporate. So, we have told earlier also we have put up some statistic verticals we have made like the retail loan point, the MSME loan point which we will aggressively look at giving retail loans and plus education loan, gold loan, these are all the verticals that we have come up with and with regard to even corporate advances we are not saying that we will be limiting to 45% alone if the projects that we get is better so we are going ahead and doing it even in large corporate we have set up about 14 LCVs and 56 mid corporate branches which will fuel this growth in the corporate advances. We have also set up about 14 corporate relationship cell across the country who will be also looking at building relationships with existing corporates for fee-based income and third party products also.

**Sushil Choksey:** Now just relating to that so you are not averse that 55-45 is a fixation, it is just a matter of thinking that we will drive retail and wholesale?

- A. Manimekhalai:** Absolutely yes.
- Sushil Choksey:** And it is more of an initiative because you spend so much on digital so I want elaborate on that question and secondly some of the Banks which has declared results are guiding that the rates have peaked in US and rates are picked up in India also based on RBI guidance, how do you position yourself not only AFS and HTM, but if bond rates are headed to 6.75 as the year end as what is indicated on pricing of your loan MCLR and in your treasury operations?
- Sudarshan Bhat:** As far as treasury operation is concerned already interest rates are peaked up as you have said. However, depending upon the inflationary condition and US market there may be either cut or stagnant for a long period of time that is the case accordingly we have positioned our HTM and AFS book to take care of these requirement and we will definitely able to generate a substantial and MTM free position over a period of next one year.
- Ramasubramanian S.:** Choksey sir regarding MCLR repricing as earlier in the conversation we have told that it is coming for the repricing time it will be appropriately done considering the present market conditions.
- Sushil Choksey:** Because I could sense from madam comment that the deposit rates are already coming down and MCLR has also peaked or the system MCLR has peaked let us put it that way my understanding is right?
- Ramasubramanian S.:** Sorry you can say that, but we are just waiting and watching the MCLR the pricing mechanism it also depends upon the competitiveness in the market also. So, maybe it maybe there or little more increase may be expected on that.
- Moderator:** Thank you. We have a next question from the line of Chintan Shah from ICICI Securities. Please go ahead.
- Chintan Shah:** So, firstly on the LCR front I had a question so in terms of if you look at LCR is roughly 193% as against the regulatory requirement of 100 percentage, so any reason for carrying such excess LCR and if we reduce the LCR then should that help on the margins front, any benefit on the margin front can be expected from that?
- O P Karwa:** This is actually last day number. So, that is the reason it is 192%, but if you take the average of the quarter it is around 167% and that is because we have a good chunk of excess SLR and that is the reason it is at a comfortable position.
- Chintan Shah:** Sir do we plan for that?
- O P Karwa:** So, that will depend upon the market conditions and how is the opportunity in the credit market, how is the cost in the deposit market as well as the opportunity in treasury.



- Chintan Shah:** Secondly on the term deposit rate so I was looking at the term deposit rate so it is around 6.5% is the peak rate if I look at the term deposit rate also what would be this rate the highest rate in the past 5 years of 1 year or 1 to 2 years rate higher CD rate in the past or is it around the highest rate as of now?
- O P Karwa:** Yes.
- Chintan Shah:** So, current would be the highest rate in the past 5 years, right?
- O P Karwa:** Yes.
- Chintan Shah:** Do you think the SA rate just to garner more deposit that given that there is quite fight on the deposits front, so are we planning to raise any rate on SA since we are starting from 2.75, any thoughts on that?
- Nidhu Saxena:** So, the saving deposit portfolio is not so rate sensitive is what we understand and what that reality is also. We are rather looking at other initiatives to see how this saving portfolio can be enhanced in the Bank. So, what we have seen we have studied that the saving share our salary share in the saving portfolio is lesser and we are far below the industry benchmark. So, we are working on that part, we have come out with the improvised salary product and we have created this vertical for salary accounts mobilization in the Bank and with those kinds of initiatives with our mobile app having enhanced features 350 plus features and having more engagement with customers, having more of the SB accounts where the Union Bank account becomes the operative account. These are the kind of initiatives we are trying to take and increase our savings rather than the pricing part of it.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to management for closing comments. Over to you.
- A. Manimekhalai:** Thank you everyone for your continued support. We assure you that with various initiatives which the Bank is continuously taking, we will be showing better results in the next quarter also. The Bank has also taken many new initiatives especially in the lateral recruitment side we create a lot of new verticals like the wealth management, the digital marketing, transaction Banking, call center management and we are recruiting lot of experts from outside to the Bank. With all this and the digital what Mr. Nitesh Ranjan has also spoken to you we would like to be seen as the more digital savvy Bank in the future. Thank you all of you.
- Moderator:** Thank you. On behalf of Union Bank of India, that concludes this conference. Thank you for joining us and you may now disconnect your line.