

संदर्भ Ref.:नि.से.वि. ISD/370/2022-23

दिनांक Date : 27.01.2023

<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 January 20, 2023 for Reviewed (Standalone and Consolidated) Financial Results of the Bank for the Quarter and Nine Months ended on December 31, 2022 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 Q3 FY-23 Earnings Conference Call”

**January 20, 2023**

**MANAGEMENT:** **Ms. A. MANIMEKHALAI – MD & CEO**  
**SHRI NITESH RANJAN – EXECUTIVE DIRECTOR**  
**SHRI RAJNEESH KARNATAK – EXECUTIVE DIRECTOR**  
**SHRI NIDHU SAXENA – EXECUTIVE DIRECTOR**  
**SHRI RAMASUBRAMANIAN S – EXECUTIVE DIRECTOR**  
**SHRI S K MOHAPATRA – CHIEF GENERAL MANAGER**  
**SHRI M V BALASUBRAMANYAM – CHIEF GENERAL  
MANAGER**  
**SHRI PRAFULLA KUMAR SAMAL – CFO**  
**SHRI SUDARSHANA BHAT– GENERAL MANAGER**

**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 December 31, 2022. The Bank is represented by Managing Director and CEO – Ms. A. Manimekhalai; Executive Directors – Shri Nitesh Ranjan, Shri Rajneesh Karnatak, Shri Nidhu Saxena, Mr. 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.

I now hand the conference over to Mrs. Ranjita Suresh – Assistant General Manager, Investor Relations. Thank you, and over to you, ma'am.

**Ranjita Suresh:** Thanks, Michelle. Good afternoon, ladies and gentlemen. I, Ranjita Suresh, Head of Investor Relations, welcome you all for the Union Bank of India Earnings Con-Call for the period ended December 31, 2022. The structure of the con-call shall include a brief opening statement by MD and CEO, 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 the information independently before making any investments or other decisions.

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

**A. Manimekhalai:** Good afternoon to all of you. It is my pleasure to welcome the analysts and the investor community. You are one of the major stakeholders for the bank and we are grateful for your continued support and the feedback that helps us to take informed decisions.

Let me give you a brief on the broad macro environment before going into the performance of the bank for the Q3 2022-23. You know, the banking sector has shown improved performance led by a broad-based economic recovery. The deposits and credits of the scheduled commercial banks have registered a YoY growth of 9.2% and 14.9% for the fortnight ended 30th December 2022. , the same, our bank has registered a higher growth and the deposits in advances recording a YoY growth of 13.6% and 20.1% respectively.

The bank's financials for the quarter ended December 2022 has shown some good performance. The global business of the bank has reached Rs.18.69 trillion consisting of Rs.10.65 trillion deposits and Rs.8.04 trillion of the advances as of 31st December 2022.

The bank has also registered a growth of 17.8% YoY growth in RAM sector, retail being 16.6% growth, agriculture 17.6, and MSME has registered a growth of 19.6 YoY. The NIM has improved to 3.21 as against 3.15 in Q2 of FY '23, an increase of about 6 bps.

Operating profit of the bank has registered a growth of 29.8% YoY to Rs. 6,619 crores during Q3 FY '23. Net profit of the bank has also improved by 106.8% YoY to Rs. 2,245 crores during Q3 FY '23. The gross NPA of the bank has reduced substantially to 7.93%, and net NPA has also reduced by 195 bps to 2.14% as of 31st December 2022.

The PCR has improved to 88.5%, and the CRAR of the bank has also improved by 53 bps to about 14.45%, and CET has also improved by 53 bps to about 10.71%.

I conclude my opening remarks. I once again thank all our analysts and investors fraternity. We are now open for Q&A. Thank you.

**Moderator:** Thank you very much, ma'am. We will now begin the question and answer session. (Operator instructions) We have the first question from the line of Maharukh Adajania from Nuvama Wealth Management. Please go ahead.

**Maharukh Adajania:** Good afternoon. So, ma'am, my first question is, if at all we can get the breakdown of profit on sale of investment and Forex income? And then my second broader question is what would be the outlook for loan and deposit growth from here on, because the sense is that obviously, deposit mobilization will get more aggressive and more competitive in the fourth quarter? The fourth quarter is generally busy season as well plus rates have already risen a lot. So, what is the outlook for deposit and loan growth in near term, that is in the fourth quarter, and then in FY '24? And even in terms of margin, so there has been a lot of concern on whether the margins will decline or stay stable in fourth quarter and FY '24. So, what are your thoughts on margin given that deposit rates are moving up? And any special segment of deposits that we are targeting? So, that's the second part of my question.

**A. Manimekhalai:** Ma'am, let me answer your question with regard to advances and the deposit growth. We have seen, if you could see our guidance for FY '23, advances growth was given at 10% to 12%, and as on date, as Q3, we have grown by 20%. Deposit growth we had given a guidance of 10%, and we are at 13.61%. So, we would like to keep this guidance, and we will see that we keep the advances growth to minimum to 12% in the current quarter also. Both we have grown by 20% in the last quarter.

And coming to your FOREX and Treasury, my Treasury head will give you the reply to this.

**M V Balasubramanyam :** Good afternoon. As far as the bifurcation of the Treasury income is concerned, we have 471 crores for this quarter ending December three months. Out of that, Rs. 168 crores is by way of profit on sale of investments, and 412.6 --

**Maharukh Adajania:** Sorry. How much is profit --

**M V Balasubramanyam :** Pardon?

**Maharukh Adajania:** Sorry. How much is profit on sale?

**M V Balasubramanyam:** Profit on sale is Rs.168 crores. And the exchange income is Rs. 206 crores. And we have a write back of MTM also to the tune of around Rs.67 crores.

**Maharukh Adajania:** Write back of?

**M V Balasubramanyam:** MTM.

**Maharukh Adajania:** Ma'am, I appreciate the guidance given, and you have already outdone or outperformed that guidance. So, that kudos to you and your team. But, ma'am, if you look at 12% YoY growth for Q4, then we could actually be at a level lower than Q3. So, you know, if you could revise the guidance and give us like a more say recent picture on loan growth guidance for 4Q, right, because then if the 4Q, if the guidance is maintained at 12% year-on-year, then there will hardly be any growth in the fourth quarter. That's why I am asking.

**Rajnish Karnatak:** Yes. So, to answer your question, see, the growth guidance has been pegged at 10 to 12% reason being that the base effect is there. So, December 21 the advances of the bank were on a lower side, so the growth has what you are seeing at around 20%. So, this is the same situation for all the scheduled commercial banks. So, the base had increased for all scheduled commercial banks including Union Bank of India for March '22, because of which the year-on-year growth will not be the extent off , say 20% for others. So, this is also the reason why the credit growth is around 20% in the industry, and the deposit growth is around 13% because the base of deposit was high in December '21 all around for scheduled commercial banks, but for the credit growth the base was muted. So, this is the reason why the guidance has been muted, but though we may outperform it, we are trying to keep the guidance at a low level, which is 10 to 12%.

**Maharukh Adajania:** Sir, so if you see the gross advances for Q4 FY '22, then they were at around Rs.7 trillion, right. So, if you take a 10% growth, then there won't be a much QoQ growth, correct?

**Rajnish Karnatak:** No, it's not a question of, see, we were at Rs. 7 lakh crores. So, we have already touched Rs. 8 lakh crores of credit book as on December '22. So, there will be some growth over this number definitely, but the growth we are presently saying is at around 12% only, because our base of March '23 is Rs. 7 lakh crores sorry March '22 is Rs. 7 lakh crores.

**Moderator:** Thank you. We have the next question from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

**Ashok Ajmera:** Thank you for giving this opportunity. And congratulations to ma'am and the entire team, all the Executive Directors and Top Management for coming out with yet another set of very good numbers for the Bank whether you look at the profitability front or even the asset quality and

recovery. Having said that, I have got just a few observations and some couple of questions, which are just maybe some information point also.

So, my first one is that just in order to assess, you know, that what is the impact could be or in future how much can we have, this note number 13, which says that 100% provisions on the fraud accounts has been made without giving actually the amount. So, just to get an idea like how much the fraud reported in this December quarter, and I mean, the 100% provision is made for that. So, what was that amount, ma'am?

**Prafulla Kumar Samal:** Ajmeraji, Namaste. I am Samal here. See, there is no major material fraud declared during this quarter actually in the December quarter. And you would have seen our unamortized some fraud provisions were there during the September quarter Rs. 1,100 crores that have been fully absorbed in the provisions.

**Ashok Ajmera:** Yes. So, that 1,100 crores because this time the amount is not given. That is why.

**Prafulla Kumar Samal:** Yes. That is fully absorbed. And there is no major fraud this quarter. So, there is nothing.

**Ashok Ajmera:** Now since, Mr. Samal, you are there on this, on Note number 15, I would like to have some clarity about this impact. And secondly, the number of figure for the tax, it distorts sometimes the overall picture, like our net profit before tax is Rs.3,583 crore, which is actually the real profit. But if you look at the net profit after tax, it is Rs.2,245 crore.

**Prafulla Kumar Samal:** True. True.

**Ashok Ajmera:** Which has been provided for here is Rs.1,338 as against Rs.652, almost 100% more. So, had the tax provision would have been the same what was in September, our profit would have been Rs. 2,900 crores something. So, can you again explain that impact for the information of everyone who is here?

**Prafulla Kumar Samal:** No, that is because of the DTA reversal again. So, current quarter we have, again, we were at Rs.1,296 crore of before tax assess. That is what. So, because we have been aggressively writing off the loans also 16, I will tell during the nine month we have done writing off the loans is Rs.16,496 crores, which will have an impact on the DTA reversal. So, that's exactly it is.

**Ashok Ajmera:** Write-ups?

**Prafulla Kumar Samal:** Loan write-off, sorry, NPA write-off. TWO, technical write-off. So, loan write-off will have impact on the DTA reversal. So, that's what. Therefore, the DTA reversal is there, Rs.1,296 crores during the current quarter.

**Ashok Ajmera:** So, the write-off, you know, which is also again an erratic figure, because in the last quarter, it was Rs. 8,599 crore. In this quarter, it is Rs.1,249 only. So, going forward, what will be the real picture or color can you give with March ending like it is going to be so volatile the number?

Because ultimately, you know, the people, overall investors and the people, they see your bottom line. They don't actually understand because of the tax how much impact has been met where really actually you are not paying any tax.

**Prafulla Kumar Samal:** No, that is true. That is true. You see last year we had a write-off of Rs.19,484 crore. It was the last year write-off, and current year it is in the similar line. You can say erratic, but in quarter to quarter it may vary. But year to year you will be in the similar line. And you know, this is one of the reasons the banks will also bring down the gross NPA because most of the loans are where the 100% provisions has been made, and also recovery chances are less. So, the banks selectively find out some accounts for write-off. Of course, later on we get from those accounts, we get some recovery. That is another issue. But then the write-off is in line with last year, Ajmera sir.

**Ashok Ajmera:** Ma'am, this, when we are on the gross NPA side, of course, it is under control now. It has come down substantially, but it's still the figure is still very high otherwise if you look at some of the smaller PSB. So, one is that what is the position of the NARCL accounts now because December also I think it couldn't actually take place? So, in the March quarter, now, finally, how much are we going to, I mean, how much amount is going to be transferred? And how much of that we are going to get in the March quarter?

**Ramasubramanian S.:** Good evening, Ajmera sir. Ramasubramanian here. Regarding NARCL, yes, it is now taking some steps. We also identified three to four accounts for this one. I think now there will be some sales that would be happening, sir, actually in these cases. And certainly, the gross NPA level of the banks may come down, sir, going forward.

**Ashok Ajmera:** The idea of the amount now finally when the government has also, I mean, that modality of the guarantee and everything is over now, and in this quarter like the January, March quarter definitely some actual action is going to take place. So, some idea that how much? Okay. Number of accounts, okay. And with that also the SREI also now coming in and almost at the -

**Ramasubramanian S.:** Ajmera sir, let it happen really. It will come anyway. Everything will come in. But only thing is lately it comes, you know, sir. So, that is the only issue.

**Ashok Ajmera:** All right. I take it that way. What is the on the Treasury side, of course, we are doing well, and even the NPA Rs. 67 crore just now reported action profit and the profit on sale Rs. 206 crore and Rs. 168 crore, but in the segment-wise result if you see, the Treasury profit has come down to 447 crore as against Rs. 1,096 crores in the last quarter. So, what is the overall picture from various sources in the Treasury, where do we stand in this quarter, December quarter? Where we were?

**Sudarshana Bhat** Ajmera ji, this is on account of provision made towards CDR, SDR cases to the extent of Rs. 400 crores, which has been added in a Treasury overall performance, which is already provided by the bank in the credit side. So, the coming quarter also, we will not face any much

NPI in this regard. This is mainly on account of CDR, SDR which are restructured accounts converted into NPI due to non-compliance of the terms and conditions.

**Ashok Ajmera:** So, we may go back to Rs. 1,000 crore plus in the January, June quarter.

**Sudarshana Bhat** Yes. During this quarter only, it is around Rs.400 crores, and we have provided SR fully to the extent of 92.7%, which has added additional provision during this quarter. So, we will not face any much in the coming quarters which is already 92.7% of the SR outstanding Rs.2,000 crores, around Rs. 1,850 crores already been provided. Another Rs.200 crores recovery we are expecting during the current quarter with which we will be able to complete the entire process. So, we are not facing any much additional provision during the current quarter.

**Ashok Ajmera:** Point well taken, sir.

**Moderator:** Mr. Ajmera, I am sorry to interrupt. I would request you to please rejoin the queue.

**Ashok Ajmera:** All right. I will come back again. Thank you.

**Moderator:** Thank you. We have the next question from the line of Dixit Doshi from Whitestone Financial Advisors Pvt Ltd. Please go ahead.

**Dixit Doshi:** Thanks for the opportunity. My first question is regarding the credit cost. So, we have now already reached 1.25% credit cost this quarter, and our net NPA is coming down to only Rs. 16,000 crore now, and with SMA-2 book is quite under control, how do you see credit cost in the FY '24, not for Q4, the next year?

**A. Manimekhalai:** Sir, we will not be able to commit ourselves to the credit cost for FY '24.

**Dixit Doshi:** But do you see at least we can maintain the current credit cost?

**A. Manimekhalai:** No, we had given a guidance of 1.7 for FY '23, and we are today at 1.56. So, we will be able to reduce it to a further number below 1.56.

**Dixit Doshi:** And anything planned for the QIP? I mean, will it be happening this year before March or?

**A. Manimekhalai:** So, we have taken an approval to raise capital to the extent of Rs. 8,100 crores from the Board. We have raised Tier-1 to the tune of Rs. 1,983 crores, and Tier-2 to the extent of 2,200 crores. We have also Board approval to raise Rs. 3,800 crores as QIP. So, we will come at the opportune time probably in this quarter.

**Dixit Doshi:** And just last question from my side. So, as you have rightly mentioned that for the industry, the loan book growth is around 20% also because of the lower base of the last year. So, with now a higher base of this year, do you feel that we can still grow at 10% to 12%, 13% next year?



- A. Manimekhalai:** Sir, our guidance is to the extent of 10% to 12%, and we do have some good sanctions on hand, and so we will be able to maintain at least 14% to 15% growth in our advances.
- Moderator:** Thank you. We have the 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, if you can tell me what is the outstanding DTA amount on the balance sheet today? Is it close to Rs. 9,000 crores.
- Prafulla Kumar Samal:** Yes. Correct.
- Ashlesh Sonje:** And secondly, can you talk about the trend on margins because this quarter we have not seen much of an improvement there? Any particular things you would like to call out? Anyone offs over there?
- Prafulla Kumar Samal:** Margin means NIM you want to know?
- Ashlesh Sonje:** NIM, yes.
- Prafulla Kumar Samal:** Yes. We have given guidance of NIM of 3%, we are well above that for the 9 month a NIM stood at 3.11 quarter-to-quarter there is improvement, the second quarter it was 3.15 and third quarter it was 3.21. We are expecting the same to be on the similar line year end we will be able to maintain that minimum NIM margin of 3% .
- Ashlesh Sonje:** Was there any interest income from recoveries in this quarter we had about Rs.700 crore last quarter?
- A. Manimekhalai:** Can you please repeat your question.
- Ashlesh Sonje:** Within the interest income we had about Rs. 700 crores of benefit coming from NPL recovery last quarter?
- Ramasubramanian S.:** This quarter also we expect the similar line only it will be there for the interest income.
- Ashlesh Sonje:** What was the line for the third quarter?
- Ramasubramanian S.:** Third quarter you want the number Rs. 685 crores.
- Ashlesh Sonje:** I am just trying to understand that for some of the peer PSU banks we have seen expansion in margins, but not so much for us it is only expanded by about 5 basis points, so any color over there?
- Ramasubramanian S.:** You are talking about again NIM margin only.
- Ashlesh Sonje:** Yes.

- Ramasubramanian S.:** Actually speaking, whatever the rate hike it does not pass to the credit side immediately. So, last quarter if you see that the deposit rates have moved only from the later half of the quarter only because of that it depends upon the Bank's which come out fast with the increase in the rate hike in the deposits. It is only a tamper in the last quarter and in this quarter every Bank will have the same stabilization.
- Moderator:** Thank you. We have the next question from the line of Rakesh Kumar from Systematix Shares. Please go ahead.
- Rakesh Kumar:** So, can you give us the breakup for the provision so we have NPA provision number and apart from that if I see in the restructuring side as per the lots of account there is some reduction, so if you can give the bifurcation of the provisions for this quarter?
- Prafulla Kumar Samal:** Total provision during the quarter is Rs. 4,374 crore which comprises of Rs. 2,443 crores is NPA provision and Rs. 860 crore is again provisions for security receipts and certain NPI basically these are loan loss provisions converted to securities on account of restructuring so that was Rs. 860 crore and we have provided Rs. 1,296 crores towards the DTA reversal and current taxation Rs. 41 crores. Yes, you rightly mentioned there are certain reversal up Rs. 279 crore in the standard asset provisioning mostly on account of the certain accounts where we earlier made provision because of the 7<sup>th</sup> June Circular resolution on stressed asset. So, on that account we have provided certain account that has come out of stress and therefore there are certain reversals.
- Rakesh Kumar:** Sir there is some rise in the SMA numbers on the sequential basis also, so what is happening there is some volatility in the SMA number that we have reported?
- A. Manimekhalai:** You are talking about SMA.
- Rakesh Kumar:** Right.
- A. Manimekhalai:** Yes SMA numbers for December '22 it is above Rs. 5 crores, it is 0.72% to the gross advances and for Q2 it was around 0.57.
- Rakesh Kumar:** What is your reason like where we are witnessing this stress which particular statement?
- A. Manimekhalai:** we have seen little bit of rise in retail and MSME, but that is also controlled retail loan though there is a stress but there is not much slippages in the retail advances. MSME of course there is a little bit of stress. Slippages is extent of about Rs. 850 crores you have seen in MSME and close to about Rs. 300 crores in retail advances.
- Rakesh Kumar:** Any ad hoc provision that we have taken?
- Prafulla Kumar Samal:** No during this quarter nothing.

- Moderator:** Thank you. We have the next question from the line of Jai Mundra from B&K Securities. Please go ahead.
- Jai Mundra:** Ma'am A, I wanted to check the RBI divergence exercise for FY22 has that been over for our Bank?
- A. Manimekhalai:** Yes, it is completed the divergence exercise has been completed for our Bank.
- Jai Mundra:** The divergence is of course below the threshold and that is the right....
- A. Manimekhalai:** And we have taken care of that.
- Prafulla Kumar Samal:** In fact, there was no divergence actually in the NPA and provisioning there was no diversion. There was only some standard assets regarding that some divergence were pointed out and that was fully provided in last quarter at September.
- Jai Mundra:** Secondly, this Rs. 120 crore wage revision that you have provided this is assuming what wage revision hike?
- A. Manimekhalai:** About 12% to 13% hike.
- Jai Mundra:** Ma'am on this quarter we have seen a corporate slippage of around Rs. 507 crores, is there any sectoral color there two, three large sectors there?
- S K Mohapatra:** See in corporate advance this quarter it is Rs. 380 crores, but in MSME around Rs. 760 crores, agriculture is around Rs. 800 crores and retail is around Rs. 420 crores. The accounts are one is HIL India and another is Hitodi Infrastructure, these two large accounts they slipped in the last quarter.
- Jai Mundra:** And on this the same slide it says that we have around Rs.5,300 crores of restructured corporate loans, is there any breakup or at least are there any sovereign accounts which have been there and hence the probability of default is negligible or how should we look at that corporate restructure of Rs.5,300 crores?
- S K Mohapatra:** These are all COVID restructured account under the RF-1 Category. So, these are all spread over different industries actually, steel sector is there, textile is there, all kinds of sectors are there in that. So, none of them is sovereign.
- Jai Mundra:** And sir all these loans have come out of moratorium they would have started repayment?
- S K Mohapatra:** Some moratorium is there, there are around Rs. 4,000 crore account is there Corporate-I, in RF-1 nothing is there.

**A. Manimekhalai:** Restructured account in RF-1 that is specifically what you are talking about corporate loan of Rs.5,300 crores ,none of them were in the moratorium book as of date.

**Jai Mundra:** Ma'am what is your sense on the health of this portfolio especially on the corporate side, has they come out of moratorium?, I mean would they see the same sort of a relapse rate that we have seen two, three years back or do you think they are I mean what kind of slippages can one expect from this portfolio?

**A. Manimekhalai:** No, we do not expect any slippages and they all come out of moratorium and we are not finding any stress in these accounts.

**Jai Mundra:** Lastly ma'am two more question is this quarter again we have seen the recoveries and upgrades have been higher than slippages I mean should this trend continue as we go into fourth quarter because you will have some NARCL recoveries and maybe some other recoveries, so should that trend continue or how should one look at it?

**A. Manimekhalai:** Sir we have given a guidance of slippages to the tune of Rs. 13,000 and recovery to the tune of Rs. 15,000 crores. So, as of date we have slipped to the extent of Rs. 9,700 crores and recovered close to Rs. 13,600 crores. So, we will find the trend going forward and we will see that slippages were contained below Rs. 13,000, but we hope recovery more than Rs. 15,000 crores of course.

**Jai Mundra:** Ma'am we have given this SMA-1 plus SMA-2 number for **CRILC**, if you can provide the total including below 5 crore loans because I think that would be a key indicator as we transition to ECL also, so if you have that number handy that what is the total SMA-1 and SMA-2 for Bank as a whole?

**A. Manimekhalai:** Sir we do not have the figures right now we will send it to you separately.

**Jai Mundra:** And lastly what would be the LCR percentage for the Bank?

**A. Manimekhalai:** LCR is about 153.

**Moderator:** Thank you. We have the next follow up question from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

**Ashok Ajmera:** Ma'am we are acquiring few loans like in this quarter also we have acquired, so what is going to be strategy for the inorganic kind of a growth and these are good account I mean we have a tangible securities 113.41% and the retention by the originator is 10%, so going forward can you give some idea on this and secondly in the co-lending space and the overall NBFC space how active we are and what is our target?

**A. Manimekhalai:** Sir NBFC we are not very aggressive, but then if you look at the sectors NBFC and HFC we have given close to 14% of our portfolio is towards NBFC and HFC and we have also done some co-lending and full buyout also. The strategy will be the same even in the next quarter. We are

having equally we are giving to various other sectors also, infrastructure also that is another growth area for us almost 15% of our portfolio is in infrastructure, steel is another area that we are looking very aggressively, petroleum and renewable energy is also another sector that we are looking at.

**Ashok Ajmera:** When you are little more positive even your initial note was also very positive on the Indian economy and the overall growth profit, so can we again like the question was there the original I think one of the analyst had asked that this overall target of the credit which we are having, do you not have the clear visibility to increase the same looking at all this kind of process, some idea can be drawn from that about how are we going to end the March?

**A. Manimekhalai:** We have a clear visibility, we have some sanctions on hand on various stages of disbursements, but we do have to align it with our deposit growth which is at 13.65% and going forward if we see the same sustained growth of deposit we will be able to increase our advances to the extent that what we have done for this quarter also.

**Moderator:** Thank you. As that was the last question for today I would now like to hand the conference over to Shri Nitesh Ranjan – Executive Director for closing comments.

**Nitesh Ranjan:** Thank you. I think most of the things have been touched one very, very important aspect of the Bank which we have deeply engaged in which is about technology and digital transformation, which was not there. So, in my concluding remark I will try to touch on that.

So, as I said we are looking in very positively and aggressively and therefore three things are very important for us one is building the technology capability.

Second is building the partnership ecosystem.

Third is building the people capabilities. So, on the technology capabilities today we are investing our budget this year is around Rs. 1,600 crores compared to less than Rs. 1,000 crores of budget last year for the technology CAPEX and that is mostly going into building digital platform. Second, building the data lake and extending the analytics center of excellence which will believe we will be able to create a good customer experience across the lifecycle of the customer needs. Now, if you look at the partnership which is yet another important aspect of our objective. We have today over 150 partnerships with fintech and multiple journey that we have done it has been possible only because of the partnership that we have built.

Third aspect of our digital transformation is about building the people capabilities and another thing that we have done last quarter is we have hired a Chief Digital Officer, Mr. Rajnish Khare who is coming over two decades of experience in large private and foreign banks in a similar space.

We have also identified people inside the Bank for grooming the talent for the future and still in the process of hiring certain more skill set from the market to drive this digital and technology

transformation. And so, if we look at today we have 20 plus straight through journeys particularly on the lending side and very soon we will also be coming on the liability side. In fact on the liability side one of the interesting numbers that I would like to share is about the fixed deposit creation on the mobile app. So, today including fixed deposit and the recurring deposit it is also a kind of FD over 2.5 million accounts have been created on mobile app itself that is the number over Rs. 1,500 crores, Rs. 1,600 crores of disbursals we have done which is completely a straight through process which includes the pre-approved personal loans which is currently only to our existing to Bank customers then we have also the three journeys for the MSME loans, we have recently introduced couple of more journey for the original entrepreneur the scheme called Union Nari Shakti and also for the education loan for the premium institution and our objective is also to on board more and more customers on our mobile app which we have recently launched the improved version with 350 plus features and today we have more than 20 million registered users we get on daily basis on 2.2 million hits on our mobile apps similarly all other channels of digital would be debit card, mobile banking or the UPI, we are seeing a phenomenal growth in the range of 40% to 70% YoY and as per our aspiration of having higher level of retail business coming through retail origination coming through the digital channel we are on the right track and over the next 12 months we will be deeply engaged in further creating the capabilities for digital transformation.

This is just the brief I wanted to share couple of slides we have already given in the presentation and be happy to set base with anyone of you, who would like to understand and digital for us is not only in terms of customer transaction, but even on the entire stressed asset, recovery module and interestingly on the HR module we have digitized most of the things and we are taking it forward. So, just to conclude apart from digital as we have discussed today Bank has a very strong balance sheet in terms of the provision coverage ratio and the capital adequacy ratio and we continue to show very high growth rate in the top line as well as in the bottom line and we are confident that whatever guidance we have given on the different parameters we will be able to achieve that.

With this we can conclude thank you very much.

**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 lines.

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