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Dear Sir / Madam,

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

We enclose transcript of Analyst Meet held on 07.05.2025 for Q4 (FY2024-25) Financial Results.

We request you to take note of the above pursuant to Regulation 46 of SEBI (LODR) Regulations, 2015 and upload the information on your website.

Yours faithfully,

P K AGARWAL
Digitally signed by P K AGARWAL
Date: 2025.05.14 16:04:59 +05'30'

P K Agarwal
Company Secretary

Bank of Baroda Analyst Meet for Quarter and Financial year ended 31st March 2025

7th May 2025

Participating members from the Management Team of the Bank

- *Mr. Debadatta Chand, Managing Director & CEO*
- *Mr. Lalit Tyagi, Executive Director*
- *Mr. Sanjay Vinayak Mudaliar, Executive Director*
- *Mr. Lal Singh, Executive Director*
- *Ms. Beena Vaheed, Executive Director*
- *Mr. Manoj Chayani, Chief Financial Officer (CFO)*

Moderator: Good morning everyone. Good morning and welcome to the Analysts' Meet for Bank of Baroda's financial results for the quarter and year ended March 31st, 2025. Thank you all so much for joining us. We will start proceedings with brief introductions. We have with us today our MD and CEO Shri Debadatta Chand and he's joined by the Bank's Executive Directors and our Chief Financial Officer. Chand Sir, would request you to start proceedings.

Mr. Debadatta Chand: Good morning to all of you and again to just to introduce the management, I am D. Chand. I am the MD and CEO of Bank of Baroda. To my right, Mr. Lalit Tyagi, he is the Executive Director, he looks after corporate credit, international banking and treasury more importantly. To his further right is Mr. Lal Singh, he is Executive Director looking after the MSME, the recovery and also the HR function of the bank. To my left, Mr. Sanjay Mudaliar, he is Executive Director looking after the IT and the entire IT part of the bank and also on the retail asset of the bank. To further left, Madam Beena Vaheed, she is the Executive Director looking after all platform functions, compliance and control and also the retail liability. And to the further left, Mr. Manoj Chayani, he is the CFO of the bank. So, with this, there is a presentation right?

Moderator: Thank you Sir. I would request Chayani Sir to please come over. We have got a short presentation with the highlights of the quarter and year gone by. Can we have the PPT please?

Mr. Manoj Chayani: Respected MD Sir, Executive Directors and esteemed analyst friends, good morning to all of you. It gives me immense pleasure to welcome you all, for showing interest in Bank of Baroda and after such a long time, we are holding this analyst meet physically. So, I will be presenting few highlights of financial year 24-25, quarter 4, 25. And as far as the financial results are concerned, 24-25 is a very, very robust and stable year for Bank of Baroda with our total global business crossing 27 trillion. In fact, during this period also, as we will move on the slides, I will explain, we have posted highest ever profit on console basis as well as on the standalone basis. Let me now go through the details of the presentation.

As you can see from the asset side, we have given a guidance of growth of 11 to 13% and our asset has grown by 12.8%. And the fact, I would like to bring to your kind notice is that the domestic advances has grown by 13.7%. If I go to the segment wise, the retail is going good with a robust growth of 19.4%. Agriculture and MSME has shown a very potential growth of 14.2% and corporate is at 8.6%. In the retail also, each and every segment has shown a very strong growth with education growing at around 16%, home loan 17%, mortgage 19% and auto loan at 20%. As we earlier said, we are moderating the growth in case of our personal loan book, which used to be at 100%. Now we have moderated it to 21% and we continue to have the same growth in future also.

Coming to the deposit side, our guidance was 9 to 11% growth and happy to say that the total global deposit has grown by 10.3% with international 15.8 and domestic 9.3. Here, two aspects I would like you to note that our CASA growth is 6.4% Y-on-Y, which is a benchmark in itself among all the public sector, the PSBs and some of the private sector also. Similarly, our CD ratio is maintained at a stable rate of 83.59% and domestic CASA, as we always said, will be maintaining at 40% and it is at 39.97%.

Coming to the quarterly profitability, operating profit we have posted 8,132 crore. Profit after tax for the Q4 is 5,048 crores. Please note that during the whole financial year, we have posted a profit of 5,000 crores twice in the year. Return on asset is consistent and as we said, for last 11 quarters, we are posting return on asset more than 1% and it is 1.16 as of 31st March. Similarly, return on equity as healthy somewhere around 18%.

Yearly profitability, if I look at it, PAT we have posted all-time high of 19,581 and here, the console PAT, we have exceeded 20,700 crores, to be very precise. As we said, operating profit 32,435 crore, which was earlier 30,900 crore. Similarly, return on asset, we are maintaining more than 1% and return on equity at 17%.

Our margin, yield and advances is a little bit down from 8.53 to 8.39 with the obvious reason of easing out of the interest and cost of the deposit is at a little bit on a higher scale. So as a result, our quarterly NIM has declined from 2.94 to 2.86. A few basis point because of the repo cut and few basis point because of the, your day count for the March quarter and as a result, but as we always said, we will be maintaining the NIM more than three, our closing NIM as of 31st March is 3.02%.

This slide, I will take little time to explain you how we have generated value for the shareholders. As you can see for the last five years, there is a consistent increase in the book value for the share, which was 106, which has now gone up to 223, which is a substantial increase in the value per share. Similarly, earning per share has gone up to 38 rupees and you will be happy to note that the board has recommended for a dividend of 8.35 per share with a face value of two for the financial year 24 - 25, subject to approval by the competent authorities. And we enjoy a government parentage of around 64%.

Asset quality is a key for us and we never compromise on the asset quality with gross NPA trending down from 2.92 to 2.26. Net NPA similarly is trending down from 0.68 to 0.58. Provision coverage ratio is 93.29%, which is healthy in itself. Similarly, if we look at the slippage ratio, slippage ratio is also trending down from 1.12 to 1. As we said, our slippage ratio will never exceed for financial year 25. If I take the total slippage ratio, it has gone down from 0.99 to 0.78 and the slippage ratio, our guidance was 1 to 1.15 and we are well within that limit. Credit cost similarly, we have given a guidance of 0.75. However, we are closing our credit cost at 0.47.

SMA book is pretty much within the control of 0.33% and our collection efficiency is at 98.5%.

The bank enjoys a strong capital base of 17.19% CRAR with tier 1 ranging to 14.79%. And also, we are having a healthy LCR of 123%. This is the highlight for 24-25.

Now I will request MD sir to give his welcome remarks. Thank you, sir.

Mr. Debadatta Chand: Thanks Mr. Chayani and as the presentation captures everything with regard to the numbers for the bank, let me make a couple of qualitative comments vis-à-vis the performance. And one basic business model for the bank till today has been the consistency. If you look at our performance for last 10, 12, 13 quarters, whether it is a top-line number, whether it is a bottom-line number, one of the basic theme on which the bank is working on is the performance consistency. More importantly, the stability aspect of the numbers and also backing up everything within the bank to make it fundamentally strong. Just a couple of numbers which again, in terms of the domestic advances growth, we had a growth of 13.7%, which is definitely a very strong number for the full year. At the same time, the global is almost at 13%.

On the deposit side, the domestic deposit at 9.3 and the global at 10.3. So, in terms of guidance that we had given earlier, both the deposit and advances, deposit we said earlier will grow at 9 to 11 and advances at 11 to 13. So, we have come true to the guidance, slightly on the advances, we are at the upper band or exceeded as far as the domestic advance is concerned. And any other guidance we had given, whether it is a slippage ratio, credit cost, ROA and more importantly, the margin, I will talk slightly more on the margin side. So, we have come true to the guidance all along, whenever we give a guidance. And when last quarter I revised the NIM guidance by 5 bps, the market reacted, obviously so, but the idea was to come true on the guidance. And as on, if you look at the March 2025, then overall NIM is at 3.02, I will come slightly more discussing on the NIM part of it.

As I said fundamentally, the bank stock is a strong one. And one slide which we included this time, the value to the shareholder. If you look at the book value FY23, it was at 148.8 and the book value as on FY25 is 223. So almost INR 75 of book value we have added in 2 years' time. It is almost at 148, you look at almost 50% increase vis-a-vis the book value, it was in FY23. The dividend has been very consistent, possibly one of the highest dividend yield vis-a-vis any other public sector banks for the matter. The EPS trajectory is also very consistent. The point that I am driving here is that one of the key theme the banks look at, is to make the bank fundamentally strong. While consistency, stability is important contour of the bank's business model but the idea is to make the bank fundamentally strong. And I think that is a value the shareholder, I mean, have realized and possibly need to realize on that.

On the operating performance side, yes, the NII growth is a muted growth. We would wish to grow higher but the underlying market condition particularly on the liability that is what we revise the margin guidance in December, on that the cost structure on the deposit is still, was elevated impacting the Q4. And if you look at the liability and Mr. CFO also said that the CASA growth possibly, one of the benchmark vis-a-vis the industry at 6.4% growth. And I do not know how many banks are giving the data of savings and current separately. Our savings growth is almost at 5%. And that is a retail saving that we are talking about. So secondly, earlier also multiple times I said earlier, the dependency on the bulk, we want to reduce it. And I will just give a data point, the outstanding bulk deposit as a percentage of total deposit. I mean, it was somewhere at 8% in FY22. It went up to almost at 16% in FY23. As on June 23, it went up to 20% and as on today, it is almost 1yr. 9 months, we are still at 20%. So, we do not want the expansion of the balance sheet by raising bulk deposit. And that is a number already, if you can compute that part of the numbers given in the analyst presentation, you can make it out.

The operating profit growth has been almost at 4.75%. That is because the non-interest income has been strong on this year. And just to give a sustainability of the non-interest income, I say there are two items which help us. One is a treasury income, another is a recovery out of TWO accounts. The treasury income has been better this year as compared to last year, almost by 600 crore. And going by the current market condition on the bond market or the rate side, I believe this year also going to be a good year for treasury. Similarly, on the recovery out of the TWO, our normal run rate earlier also we said, it is almost like 750 to 800 crore. And every year we see there is a one off coming out of NCLT resolution or some other account. So last year also we had one off. FY23, 24 also we had one off. So, with a run rate of around 750, 800 crore, I think again this year going to be a one off, putting our recovery almost at the same level like last year.

Cost to income, I think at below 48 is one of the best in terms of the way we look into the market and cost to income over the banks. The net profit growth has been 10%. Although quarter to quarter the growth has been 3%. And as I said, the business model is a consistent and stable business model when my top line is growing almost 12-13%. I think growing 10% net profit is also a good performance as far as the bank is concerned.

On the composition of assets, the retail continue to grow at 20%. One number that you would notice this time, last time I said that we want to upsize the growth in MSME and AGRI. The AGRI and MSME growth has been almost 14.2%, which is almost 300-350 bps higher than that of last year. And earlier also said corporate, we want to grow at 10% and this year it is 8.6%. But I hope liquidity back into the system now. We can grow at 10% for this year too.

One of the numbers which again should invite attention, when I talk about the fundamental strength of the bank is the percentage of CASA ratio. We are at 39.97% and I think in the top league of the banking sector in terms of both public private together, 39.97% is one of a very good number as far as the CASA percentage. Although market was very tight, there is a preference change that happened vis-à-vis the deposit or vis-à-vis the capital market. But I think the bank did well in terms of maintaining the CASA at 39.97%. As I said, we want to, we focused more on the retail saving and retail term. We did it through multiple innovative products, better services, many marketing campaigns. As you know, that we last year got Mr. Sachin Tendulkar as the brand ambassador for us and coming out with some curated products vis-à-vis the deposits. I think because of our innovation in the space of the deposit market, the bank is able to do good in both retail saving and also on the retail term deposit.

Two points, I would like to again, slightly possibly, all of you would like to know that what the coverage that I would see after announcing the financial result vis-à-vis the market reaction. One is on the margin front. Another second is on the slippage front. So, when in December, we announced that we are going to revise the margin guidance, precisely looking at the Q4 number that was likely when we saw it in December. And precisely for that reason, we reduced the guidance by 5 bps. Earlier, the guidance was 3.10 plus minus 5 bps. We revised that to 3.05 plus minus 5 bps. At that time, the market reacted also with the change guidance, but the idea was that we would come true on the guidance. And that precisely Q4 NIM is slightly lower than that of December Q3. And that was obviously, it was known and for which the guidance was revised at that point of time. Having revised the guidance, the full year NIM is at 3.02%. Here, there are two factors to be considered while looking at this number of 3.02%. At 3.02%, I do run a large international book where the margin is less. My domestic NIM is 3.18%. And I think that is compared with the best in the market as far as the domestic NIM and I am talking about large PSU for the matter. At global NIM of 3.02% also, within the large public sector peers, we are the number two, where one bank for a full year having a NIM in excess of three. But again, our business composition is a 16-17% international book. And that is why if I only compare the domestic, possibly would be one of the highest. And margin, when reduction happens quarter to quarter, we as a bank, when we say we carry rate sensitive assets and liability and we do active ALM management, market, I mean, my NIM has to react to the market condition. Suppose the market, you know, there is an elevated cost structure and my NIM is not reacting, that means something, either I am going for a risky asset to compensate my NIM, that is not the theme the bank works on. We keep underwriting quality of the book as one of the key foremost thing while trying to drive on the business. So, my request to all of you, please look at the absolute number of 3.02, not the cut between December, March vis-à-vis December. And at 3.02 also, it is a very active, I mean, what I mean to say, it is a very strong number because if you compare the market, yes, Q4, there is a cut vis-a-vis Q3 and that was anticipated beforehand.

Having said so, as on today, how do I look again the NIM guidance for a full year 25 -26? We said we are not going to give a full year guidance now, reason being the market is at a very inflection point. Why? The repo rate already has been cut by 50 bps and the cut of the repo rate within this Q4 itself is almost 3 bps and going to be for the full year would be much higher. Similarly, the liquidity scenario that was prevailing in Q4 has changed in Q1. So, this quarter is really a quarter we need to watch out with regard to the NIM trajectory. As you know, the deposit has a lag time, we have seen the wholesale deposit, we almost run a book of 2,25,000 crore of the wholesale deposit. And the repricing of this deposit started at a much lower level, around 30 - 40 bps lower as on today. If you track the certificate of deposit market, you can very well know that the wholesale deposit, the rates have gone down. On the retail deposit front, we have reduced the peak rate by almost 15 - 20 bps. And possibly with the further, I mean, moderation happening on the liquidity and the rate stands, possibly these rates again would be reduced further. But then, as you know, on the floating rate advances, the impact comes immediately, deposit impacts slightly takes a lag effect. So Q1 would be a quarter to watch out. And I think the normalization of this, I mean, catch up in terms of the reduction in income and the reduction in the cost of deposit to slightly take a longer time and possibly would catch up somewhere in the latter part of Q2 or Q3. So, we are expecting a much better NIM somewhere in maybe to some extent in Q2, but Q3, Q2, Q4 would be definitely much better. And my sense as on today, although I am not giving a full year guidance, my sense as on today that on a full year basis, all the banks, including us would be able to maintain the NIM margin that we achieved in the previous year, at least. So immediate Q1 would be slightly a challenge because, I mean, in our kind of market scenario, it is an inflection point in terms of the rate stance change between Q1 over Q4 or the liquidity changing between Q1 over Q4. So, there can be some kind of a pressure still continuing. We will need to see, need to watch out, watch it out and then possibly decide on a full year guidance.

On the slippage side, asset quality, let me tell again on multiple times that we have one of the best asset quality ever in the history of the bank for last 13 years. The number of GNPA and Net NPA you are looking at, I will come to the slippage data, data-wise, point-wise. The slippage that we are looking at, the GNPA and Net NPA are the best in 13 years and what is good part of Bank of Baroda story here is that, consistently for last 12 quarters, the trending has been uni-directionally downward. I am again repeating uni-directionally downward in the sense there is no up and down in between, consistently it is trending downward. That is a story, that is very strong that the asset quality of the bank as on date is one of the best in 13 years, point one. There are two other data, it is there in the analyst presentation, you can have a look. The slippage that we have this year, full year, I will come to the quarter also, the slippage for the full year is lower than the slippage that of last year. The recovery that we have for the full year is higher than the recovery that of last year. And within this year itself 2025, the recovery is higher than that of slippage.

Again, I repeat three statements that I am making. The slippage of this year is lower than that of the slippage last year. The recovery of this year is higher than the recovery that of last year. And within the same year, that means 24-25, the recovery is higher than that of the slippage. I am excluding the write-off that happens in the book. I am only talking about the NPA recovery and the TW recovery that the data is here in terms of moment of NPA. And even if considering the Q4 only which some of you or the market reacted, the Q4 slippage is 2850 odd crore, Q4, 25. And the Q4, 24 slippage is almost at the same level, 2850 odd, I mean, it's flat. I am comparing with the Q4 of last year. Between the Q4 and Q3, yes, there is a 300 crore increase between 2500 crore to 2800 crore. But again, look at another data therein. I am coming to the quarter comparison. The recovery is also higher than more than 300 crore on the same head as far as recovery of this quarter vis-a-vis the recovery of last quarter. Another data point I will give you, the collection efficiency, which again talks about the quality of the book the bank runs. The collection efficiency March 2024 was 98 and March 2025 is 98.5, obviously excluding agriculture, that is a data that we provide to all of you. So, in terms of the structure of the NPA, it is one of the best, what you can say, quarter we had and full year we had. And absolutely, there is no concern with regard to any incipient or any inherent, I mean, what you can say, slippage or anything stress building in the book. Absolutely, no doubt should be on that. And going forward also, and you could have seen that we gave two guidances. One is a slippage ratio. Another is with regard to the credit cost. Our guidance for the slippage was 1 to 1.25 and credit cost was less than 0.75. Normally, you factor in building in a model form, right? And consistently for all four quarters, our numbers is way, way, way below this guidance. So absolutely, there should not be any doubt with regard to the asset quality of the bank. Yes, there are a couple of pockets, like suppose you said on MSME and retail, there is some incremental 300, 400 or 500 crore of increase. Look at corporate, there is a 2000 crore fall also on the slippage. You can't have a book wise, you need to look book as a whole rather than a book wise and then possibly take a call on that. So, with this, I think we had one of the best quarters in terms of both top line, bottom line and also on the asset quality. These are the three key building blocks I think the bank runs on. With this again, thank you all of you. This is possibly we are doing a physical analyst meet after almost two years, more than two years. Thank you for sparing your time on a very eventful morning rather, very, very eventful morning. And I think all question answer, the management will be here, including me and the EDs to clarify all your doubts. Thank you very much.

Moderator: Thank you, Sir. I will now open it up for questions. If you have a question, please raise your hand and we will have a mic sent to you. Just to request, please introduce yourself before you ask your question and please limit it to two questions only. We have a couple of, ya, please give it to the lady. We have a couple of, we have a few analysts who have joined us virtually and at the end of the session, we will try and take a few questions from online. For the online participants, you may either type your question in the Q&A box or you can raise your hand and we will come to you. Thank you. Yes, ma'am.

Mahrukh Adajania: Morning! So, I had a couple of questions. Firstly, on the write-off, so which sectors do the write-offs relate to? Of course, they were all appear to be very small loans but which sectors? Was it MSME? Was it personal loans? Which are the main sectors? And is that the reason why credit costs also would have gone up quarter on quarter? That was my first question.

Mr. Debadatta Chand: Sure. On the write-off actually, there is a write-off policy of the bank. It's typically on the write-off kitty, there are again recovery happening and there are fresh kitty you are adding therein. The write-off normally doesn't happen on a segment of advances. It goes to all segments and mostly into large corporate where already 100% provided. There is aging over there. It happens also on small business, but our write-off is not specific to any segment, whether it is MSME or retail or corporate. It's across all the segments. And this year, if I look at 8,500 crore of write-off, mostly it has gone to the large accounts rather than small accounts on that. And these are sufficiently aged. I mean, there is a sufficient time of this account getting through and also 100% provided since long. Anything else, Lal Singh Sir, you want to add?

Mr. Lal Singh: No Sir.

Mr. Debadatta Chand: Okay. Thank you.

Mahrukh Adajania: So basically, the quarter on quarter increase in credit cost is not attributed to write-offs. It's just the normal provisioning.

Mr. Debadatta Chand: It's a normal provisioning.

Mahrukh Adajania: Ok. And Sir, any reason why MSME slippages would have been higher or Q-on-Q?

Mr. Debadatta Chand: No, see, that is what I say. You need to look at it for full year. Actually, there are two other factors when I am growing MSME at 14-15%, the denominator is also increasing but you need to be mindful is what is the slippage ratio there. As far as MSME book is concerned, if you look at a journey for last 4-5 years, post-COVID obviously the NPA was quite high. But as on today, I mean, the GNPA on MSME is much, much lower on that, that is point one. Secondly, there would be some slippage happening every, we are running a large book, there would be slippages happening but it's not something structural therein. Two things we have done to stop this MSME, the fundamentals of the MSME portfolio. One we said, many of my MSME account, we are also putting a product like cash management, the bank's own cash management application with the MSME account, so that we understand cash flow of these accounts better rather than only looking into the asset-based financing. Secondly, the government of India has given a lot of, I mean, they have come out with a lot of schemes on the MSME, which are again guaranteed now. I think with both the things, the growth of 14.2% is adequately taking the aspect of the current level of GNPA. This 300, 400, 500 crore of MSME, this normally happens based on a selected geography, some of the aging account of which there is a weakness. So, it's no way impacting the overall slippage ratio, the overall slippage ratio is contained, including that the slippage ratio MSME also is contained.

Mahrukh Adajania: Got it. And so just one last question on margins. So, you alluded to the fact that, you know, three basis points came from repo rate. So, the remaining five basis points would be day count, do you think?

Mr. Debadatta Chand: There is an impact of day count, which the CFO alluded to. We follow much conservative day counts as compared to maybe a couple of comparison than he has in mind. But the fact of the matter is that there is a bit of deposit cost that impacted us in Q4. And precisely for that reason, we revised the guidance earlier, rather I was proactive in revising the NIM guidance by 5 bps, thinking that the Q4 NIM is going to be lower than that of Q3. Having said so, going forward, maybe the pressure on NIM would continue for Q1. But it would recoup in Q2 and going to be much better in Q3 and Q4 because the deposit repricing would happen at least in six months' time and that is going to give us the upside there.

Mahrukh Adajania: Got it, sir. Thank you very much. Thank you.

Moderator: Thank you. So if you can just introduce yourself.

Mr. Ashok Ajmera: Ya! I am Ashok Ajmera, Chairman, Ajcon Global.

Mr. Debadatta Chand: You are one person who doesn't need any introduction, I believe.

Mr. Ashok Ajmera: No, but she wanted it anyway.

Mr. Debadatta Chand: Please go ahead.

Mr. Ashok Ajmera: So, compliments, sir. One of the highest operating profit in the quarter, I mean, 8,132 crore is not a small profit and compliments to the entire team for that, because at the end of the day, we are all looking at the bottom line apart from the asset quality, which is in any case very good. Now, sir, this profit is, in fact, a major part of it has gone in the other income with the non-interest income. And in that also, the Treasury has played a very, very important role, which every one of us know. But in our case, it is proportionately a little higher, the other income, which has contributed to the overall operating profit. So going forward in this rate cut scenario, 50 bps or 75 bps or whatever it is, and you said that the NIM in any case, you will try to maintain that 3 percent, which is already there. So going forward, you don't see that because of the lag effect with this kind of rate cuts coming in, we will be under some pressure to protect our NIMs or you would be able to maintain it. And how do you see this, so this is my first question.

Second sir, connected with this, 490 crore in this profit has come from an unusual item, which is the SR revaluation of the NARCL, government-guaranteed on the back of the RBI decision and I think it has been done on 31st March itself, when the SRs, which were at 1 rupee or 0, have been valued by adding to the profit of 490 crores. So that also has become the part of this profit. So going forward, I mean, this gap has to be also filled in to maintain the profit, because we may not have this kind of profit on, now fresh SRs, which are issued, which will be valued in any case as the valuation for revaluation. So, one comment on that, because this has been an important, I mean, 500 crore has gone straight to the bottom line.

And one more thing Sir, which we have been observing in Bank of Baroda, though you said, I guess it is one of the best banks, most of the other banks, you know, in that family pension, where the five-year dispensation was given by RBI, they have not taken that option and they have all written off the entire amount in the books. But in our case, we are still maintaining that lag effect. I think 290 crores still has been, so when we are already doing so well, we have some buffer provisions also, what is the need of carrying on this kind of, you know, amortization, which in any case has to be done next year? So, as a prudent measure, we could have just written it off. Because this is the, I think, probably, I have not seen in some of the other banks, which have, I think, they have all written off the entire amount. So, this is the other point which is there.

And finally Sir now, though you are not giving the, like, the targets, even for credit, like the largest bank of the country, till last quarter, they were maintaining the credit growth target of 14 to 16%. Only revision was at the lower end of the target. But still they faltered. My report yesterday released 12 percent. So even from the lower end of the target given, also they have faltered by another 2 percent. And the reason given was that recovery from some of the corporate, the large corporate and government-backed corporates, because they had raised capital from the markets. So, in our case also, was there any similar situation, which is kind of one off, which has affected or rather restricted our corporate credit growth also? So, these are the few observations and questions, Sir. Thank you.

Mr. Debadatta Chand: Before I forget, because you had a couple of questions. So, on the first with regard to the margin, again, for the system also, Q1 is going to be a very, I mean, a quarter we need to really watch it out. Because after three years, the change has started happening in Q1 over Q4 that we had last year. So, the margin pressure will continue to be there for Q1. That is what again, let us be very clear on that. But on a full year basis again, possibly most of the banks would be able to, because the ALM management is such wherein banks do intermediation, right? So, they need to protect their margin. So, in a full year basis, my sense is on today that most of the banks like us is going to protect the last year margin. Having said so, we again said that we are not giving a guidance on the margin for at this point of time. We are possibly in a position to give a full year guidance or the margin guidance after the June quarter is over. Because there we will just see how the asset and liability are getting repriced, what is that extent it is getting repriced, because repricing is very easy. But let us be mindful of the underlying condition when people move to the capital market rather putting money in deposits. So, I wish that I can reprice all my deposit at quick go, depending upon the repo cut. But then I need to look at the underlying market. So, there are challenges over there. The margin pressure continues to be there. But I expect Q2, Q3, Q4 will pull it up and fully a margin, my sense is on today, which again will confirm after June quarter that whether banks are going to maintain this margin or not. But I am hopeful that banks should be in a position to maintain that margin because this is what the active ALM that we talk about.

Secondly, on the profitability side, the NII growth is lower because of the elevated cost structure on the deposit. The interest expenses almost at 13%. We could optimize on the operating profit because the net interest income is strong at 15%. There are two elements that we talked about that I am going to respond now. One with regard to we had an additional 500-600 crore of profit on sale of investment in this year as compared to last year and going by the current outlook on the rate cycle, possibly the same kind of market also going to be there for this year. That is the sense. If that happens, then we are going to maintain this. On the element that revaluation of investment and derivative where SR is part of, SR is also investment. I mean, like the valuation done in all other class of investment, SR also the same way it is valued. Suppose you are provided for fully for some proactive and there is a NAV which is higher than we need to again account for that. So, the benefit is going to continue there in the books itself. So, I do not see because if you look at this element, there is no incremental, there was a write back of almost 500 crore last year and there is a write back of almost 450 crore this year on the depreciation front. And going by the rate cycle, I think that again would be a write back going forward because the yields are going down and that is what a sense we do have. One element that earlier I alluded to was a recovery out of TWO which supported the operating profit. And our normal run rate on recovery of TWO is roughly around 750 to 800 crore. With every year, we are seeing one off giving us 1000, 1500, 1800 kind of a one off. So, this year also if we normalize the recovery out of TWO, it would be roughly around let us say 3200 on a normalized run rate plus a one off of putting us at almost the same level like this year. Our TWO kitty is almost 60,000 crore as on today.

The third aspect that we talked about, I just forgot, that can we just corporate credit and then fourth is the pension. On the corporate credit, see, we said we are not relying on the bulk part more. We maintain that ratio. The demand for the corporate credit is there in the market and suppose you want to grow higher, we can very well grow higher. But then again, on a margin sake, we are not trying to get into the fine priced asset in a big way putting the margin under pressure. The demand is already there. In terms of our guidance on the loan growth, we said 11 to 13 were higher than 13, the global at 13 and the domestic at 13.7. So, our retail is growing 20 percent, which is again the by far, I think on the large PSB, it is one of the highest, including the bank you are comparing. They have a large base but the growth is less. Our we have a small base. The growth is higher. MSME, Agri started growing at a good pace of 14 percent. Suppose I grow corporate at 10 percent, I will be very easily hitting the 13 percent. Another caveat here is that the liquidity this year on the durable liquidity, I think this year is better than that of last year. That is what my sense. Given a scenario of that liquidity available, possibly we can upsize more than our guidance on the matter. So as of today, I'm holding my guidance of 9 to 11 on the deposit, 11 to 13 on the advances with an understanding that if the liquidity prevails the surplus liquidity, possibly we are going to upsize both the guidances. With regard to the family pension can CFO take that?

Mr. Manoj Chayani: Ajmera ji, you are absolutely right in saying that it's a prudent call taken by the management as per the RBI guidelines. In any case, that dispensation is going to be over in the current year itself.

Mr. Debadatta Chand: As such, on 20,000 crores of net profit, 290 crores is not such a big number. So it's a good suggestion. It didn't strike to my mind otherwise we could have taken up.

Mr. Ashok Ajmera: Thank you.

Moderator: Thank you. We will take a couple of questions from here. You can please raise your hand.

Mr. Param Subramanian: Ya! Hi. Thank you, sir. Param Subramanian from Investec. So, first question is on the NII growth rate. So, this quarter, we have grown our loan book, our deposits by between 5 to 6 percent and the absolute NII is down three and a half percent. So, can you explain that? Because it seems to indicate all the incremental business that we have done in this quarter has given a negative net interest rate. So simplistically, that's what it seems to indicate. And eight basis point margin decline doesn't tally with that. So that's my first question.

Mr. Debadatta Chand: Yes. So, it's not so actually, had it been so my bulk outstanding would have gone up significantly because the high-cost deposit is the bulk cost, right? I had like your balance sheet expansion deposit, I mean, advances you are funding by raising bulk deposit, the cost would have significantly gone up. Actually, the impact of the deposit is typically, if you look at our contour of growth, we had a slightly lesser growth in June, slightly higher growth in September, almost a good growth in December. So, the impact of the full quarter when you raise the deposit at a, I mean, the structures were definitely elevated, not the normal deposit. It sometimes on a quarter, it gets the full impact of therein like deposit which would have mobilized prior to December would have fully what our impact in the March quarter. So, because of that, the margin got impacted. NII growth has been less. Actually, if you look at the income growth is almost at an…. looking at the lag time in terms of the curve of both the asset pricing and liability, many of the actually… looking at a cut in the overall market scenario, the asset pricing started reacting to those anticipated cut and the things went down particularly. Right? So, the ability to command a better price on the asset was limited in the December quarter itself. So, the NII growth is combination of both where the asset didn't go up to the extent that deposit was increasing. The cost of deposit was increasing, leading to a lower NII growth. And I think it is entirely in line and sync with the market actually if you look at. Somebody would have a Q3, the impact would have come. Some bank would have a Q4, the impact would have come. Many of the banks have taken the maximum hit in the Q3 itself on the NIM and they are almost at 2.7, 2.8. I still had an elevated NIM 2.94 in Q3. I took a cut in Q4. So slightly, how do the lag curve plays out, That is important.

Mr. Param Subramanian: So, on the interest income, right? So, you said there is some day count impact. So can you explain that? Is it on interest accrued, there is an impact.

Mr. Debadatta Chand: No, no, there is. As far as we are concerned, we are consistent the day count is same. Actually, because there was a discussion with regard to how do you compute the NIM and then some of the day counts of some of the other banks are different. So, the NIM numbers, that is what he was explaining. As far as we are concerned, our NIM count, I mean, sorry, our discount convention is the same for across all asset class. Is that Chayani?

Mr. Manoj Chayani: Ya, absolutely. Only day count in the sense is that 92 days versus 90 days. That's all.

Mr. Param Subramanian: So, because the other banks have explained it has a positive impact on margin, reported margin.

Mr. Debadatta Chand: So, they have a positive.

Mr. Param Subramanian: I do have a conservative. OK, maybe I'll take that offline. So, when you said that NIM guidance, as in you expect largely to be flat in FY25, first dipping in Q1. Are you talking about versus this Q4 NIM or are you talking about…….

Mr. Debadatta Chand: Full year, full year. We compare full year to full year. And secondly, let us also understand one thing, because see, we are running a bank and then you are analyzing as an investor point of view. Going forward, when the Indian market gets into a bit of a mature market, because we operate globally, so we do have the experience of operating global market, particularly on the margin front. India cannot have a very high NIM going forward. Let us understand that need to, need to get I mean, would have heard somebody's comment that the banks need to reduce their cost to income significantly to maintain the profitability. That's a fact going to happen. We need to understand that. The only way in a market like this, when the cost is elevated, pricing banks are not able to pass on is to get into risky asset. Again, we moderated our personal loan book 2 years back because we count principal more important than only looking at a NIM and getting an incremental income because that is what not our cup of tea in terms of managing that book well. So, we moderated personal loan book 2 years back, we announced, we are the first bank to announce we are going to moderate on the personal loan. The issues came one year later. So, as I said that while having a growth margin trade off, what again I am mindful of is the asset quality. And that's I think the bank has a very strong oversight on that saying that we should not create a book again, which can give a bit of stress later on.

Mr. Param Subramanian: So, one last question. So, on 20%, you said you have bulk deposit.

Mr. Debadatta Chand: 20% of total deposit is a bulk deposit. Yes.

Mr. Param Subramanian: So, the input pricing lower will happen immediately in Q1 and that will give some...

Mr. Debadatta Chand: No, no. Actually, the book is almost 70-30 bulk and CD together and bulk is one year; CD is almost 3 months to 6 months that you can take. So, average duration can be 9 months, you can take it. So, 1/3rd of the book would get repriced in this quarter and something already happened at 40-50 bps lower in this quarter itself. Anything Mr. Tyagi you want to add?

Mr. Lalit Tyagi: Yeah. So, in fact, if you see the money market instruments have reacted quicker than the whole deposit products and probably that we have started witnessing. And we believe that if RBI remains benign in their outlook, irrespective of the timing of the rate cut, probably money market deposit products or borrowing products trajectory will be trending down. That's what our assessment is.

Moderator: Thank you, sir. Pooja, there's one question here.

Mr. Piran Engineer: Hi sir. This is Piran Engineer from CLSA. So firstly, your guidance deposits growing 9 to 11% and loans 11 to 13%. I mean, that mathematically implies we will have to further reduce LCR. Are we comfortable with that? Because we are at 123%, which is lower than most PSU banks, even private sector banks.

Mr. Debadatta Chand: So, there are two things here. As far as LCR is concerned, we will operate at a 120 level, right? And LCR has many components, including impacting on the deposit and also on the HQLA side. We have almost 6.5%-7% excess SLR as on today, I can very well switch asset within the excess SLR to make my HQLA higher. That point one.

Secondly, while managing asset liability, I mean, we also rely on borrowing wherever the funds are available at a cheaper funds, then we go there, we raise infra bonds and others last time. So, there are multiple options available to manage the LCR, but our comfort normalized LCRs would be around 120. That is what we will aspire to do that. I mean, sometimes people say that maintaining 120% is slightly we are maintaining high but I think as a prudent liquidity management we will maintain it almost at 120%, right. Mr. Tyagi.

Mr. Lalit Tyagi: Yeah. So, our internal take always remains that we should operate in excess of 120% or around 120%.

Mr. Piran Engineer: Okay. There is a...

Mr. Debadatta Chand: So, there's a factor which again, you can talk about is the CD ratio, possibly, I mean, with the guidance that we give. So, we said earlier also we are comfortable maintaining CD around 82 to 84% level. That's why actually the international growth we are moderating one reason because that puts huge pressure on though, because they have a almost 100% CD ratio. So earlier the international growth used to happen at 25, 30, 35, where now it is at almost less than 10% or aligned with the corporate growth. So, we are moderating that count just to maintain the CD because we find opportunity in domestic market much more attractive as compared to international asset on that.

Mr. Piran Engineer: Fair enough. And sir, in our EBLR book, do we reprice on T+1? What is our methodology? Or is it different or....

Mr. Debadatta Chand: It's actually, in fact, automatic, but then the ALCO is the competent pricing. So, the moment there is a repo cut next day, we have the ALCO to announce. That's why it is T+1, right. Anything else you want to say?

Mr. Debadatta Chand: It's T+1, just because the ALCO is the competent body to do that, so announce it on the next day. But the benefit goes on the T 0 or no? No, the T+1...

Management: T+1.

Mr. Debadatta Chand: ...... the benefit goes on T plus one.

Mr. Piran Engineer: Got it. That's it from mine. Thank you.

Moderator: Thank you. I think we have a question behind.

Mr. Rikin Shah: Hi, this is Rikin Shah from IIFL. I had a question on margin and I wanted to break it in 2 parts, the domestic and the international. So even if we look at the domestic yields, they have been sliding down in the last 2, 3 quarters. And especially if we compare vis-a-vis the largest SOE bank, they have been able to maintain it stable. So, what kind of assets we are kind of lending to where we are seeing so much of yield pressure, especially when the rate cuts were not there.

And the second part is on the international side. So here we have a pretty balanced loans and deposits from overseas, broadly 16, 17% vis-a-vis the other bank, which has only 4 or 5 % deposits coming from the overseas. So ideally, I would have thought that we would have been able to show a better international NIM trajectory vis-a-vis them. But again, our international NIMs have declined more vis-a-vis them. So why is that happening? So those are the questions on NIM.

And the second part is just on the MSME. While it's just a slight uptick, it would help if you could just explain or provide some color on what kind of customer segment, if there is any specific thing that you could highlight where it's coming from. Thank you.

Mr. Debadatta Chand: See, I will come to the international margin later, but let's speak about the domestic one itself. The peak level of domestic NIM was at 3.32 when before all this happened, right, 2 years back. And from 3.32, it has gone down to 3.18. And all of us do understand that the deposit market was very tight last year for multiple reasons.

One is that the normal retail deposit also, the peak rate offered was almost at 7.30%, many of the banks offered at 7.30%. So, there was an increased cost happening over there. Obviously, when the deposit underlying market has an elevated cost to put pressure on margin, and I am happy that I am running a excellent rate sensitive asset and liability so that if there is a... like all of us need to be bullish at this stage, if my asset liability has reacted strongly to a rate change that happening in the market and looking at a current scenario of downward cycle, I should be much more positive on that, right? So, we will reap the upside on that. At 3.18 also, let me again say that if you compare the large PSB peers, we are one of the highest. At 3.02 full year also, we are just second to large PSB peers. I am talking about the largest bank of the country. So, our NIM level is not the issue, the issue that possibly all of you again, was a change that happened. And my sense is that the change happened for a genuine underlying cost structure in the deposit market. And now since things have changed, I am much more optimistic that it should happen going to be for the full year. But again, Q1 would be still a challenge because the deposit resetting would happen with a lag. So that's the domestic part of it.

The international NIM, we run a larger book on the international number 16-17%. We, I don't know if you look at 2, 3 years back, the NIM of international was very low at 0.47. In 3 years' time, we could optimize to 1.97. At one point of time, December, we crossed 2. But international, what has happened, the rate cycle, the changes happened almost around 6 months prior to what is happening in India now. So, the time we went to the international market, increase the book, we got at a very good price on those assets. Now, all those assets are getting repriced at a lower level, bearing this new change that is happening in those markets now because of the tariff and all. But then the international NIM is almost like 60% of the domestic NIM. And since I am running a larger book the impact on the global NIM is much more as compared to other banks who have a 4% book over there. The bank having a larger book on international with a lower NIM of 1.9, going to be impacted global NIM much more as compared to the other bank. So that is what the issue that I want to highlight on this.

Mr. Rikin Shah: Sir, if I can just follow up on this. In the domestic part, my question was not on the margins or cost of funds. It was only specifically on the yields. And the loan yields have been going down in the last 2, 3 quarters in an environment where there was no rate cut. So why was that happening? And in the international, while I accept your point that we run a 16% loan book, which is overseas, the other bank also has broadly similar. The deposit is a much higher proportion for us.

Mr. Debadatta Chand: I got it. I got it. So, we run one of the largest corporate books. I mean, my corporate book is 4,11,000 crore as in March. In December, it was less and on the international I am running a corporate book of almost 2,00,000 crore. 6,00,000 crore is the corporate book that we run and that is by far within the large PSB, excluding the largest bank, obviously, is the maximum. What happens on the MCLR? The increase in MCLR happened with a lag, much lag after the BRLLR that happened immediately with the repo rate high. And now the lag effect is almost 1 year to 1.5 years. And with change in MCLR, there are a couple of elements there that some of the asset contract you only do at the time of renewal, you can't do at any point of time. So, the asset repricing at a level happened at different point of time. And once it achieved that level, then it was plateau at that point of time. So, the yield on advances for most of the banks, I don't have a proper number now, but I think it has gone down across, right. So, it is not only specific to Bank of Baroda. So, in that sense, I don't think there is any aberration over there. Actually, it is in line, in sync with the market. Anything you want to say?

Mr. Lalit Tyagi: So, I think I can add another thing is that last year despite there was no change in the interest rates in the market but out of the competition or the expectations of the customers of various segments, including corporate and retail, there was moderation on the absolute lending rate. So, if you look at the home loan rates, banks are offering one of the most competitive rates whereas the deposit rates have not come down. Corporates also, highly rated corporates were expecting fine rates because they have the option either to go to the loan market or to the debt market. So, some of those reasons played out in terms of absolute moderation at the top end. And that's how somewhere we try to moderate the corporate growth to save some. Someone was asking that 10% growth and 9% growth. 5000 crore here and there, we would have been there at 10%. So that kind of, you know, the top end book was giving that kind of impact.

Mr. Rikin Shah: Further on MSME.....

Mr. Debadatta Chand: Mr. Lal Singh, would you like to talk about it, what is the composition of the book in MSME? That is what he wants to know.

Mr. Lal Singh: So, in MSME, the bank is focusing on the sectors which are giving us the good asset quality, number one. Number two, giving the good earnings. So, we are presently focusing on the CV/CME segment, then supply chain finance segment, then we have innovated the product cash-flow based lending, smart overdraft limits. So, these are the segments where we are started focusing. As far as the MSME, NPA, which you are talking, which is spiked in the last quarter or last year, that is in the legacy accounts. And as far as the NPA as a whole is concerned, I think Bank of Baroda's MSME book is a quality book and we are having below 8% of the NPAs, around 7.5% NPA in MSME book, as compared to 17% which had been in 2021. And all other banks, especially this is the lowest NPA in the MSME. And this is the sector which gets affected immediately if there is anything happens anywhere this is the weakest segment which gets impacted immediately. So, I think this book is a well quality book and there is a good growth in this book. And Government of India is focusing on this segment in a big way and I think we are part of the economy and we are focusing on this book and Government of India has provided many schemes, many rate guarantee schemes in MSME. So, I think MSME is going to grow with a good speed and the book is protected from any of the slippages.

Mr. Debadatta Chand: Just to add to him, the change in definition of MSME which was announced recently is going to give a huge upside on the growth. And there is typically mid-corporate accounts getting into MSME because of the change definition. So that is one focus area.

Secondly, as you rightly said, the CV/CME where it was never a cup of tea for public sector banks, but for Bank of Baroda for last 4-5 years, we are into that product, there is a good outstanding book on CV/CME. The supply chain is one thing, TReDs is one thing, although these are bit fine price in terms of return therein. So, in terms of the contour of the book, we are going to focus on the main core MSME with a cash management product that gives a better control. We are going to focus on the new mid-corporate accounts by change definition is going to be MSME. We are going to focus on 2 products where we do have a huge expertise now of having done that those products for 4-5 years now, CV/CME and also on the supply chain side. I think that all of these things would give a good growth to MSME and subsequently the NPA in MSME also, I mean it is decreasing year-to-year, quarter-to-quarter and going to be further down going forward.

Moderator: Thank you. I know we still have some questions, but we will just move online for now. There are a couple of questions online.

The first one is from **Sandeep Joshi**, who says, is the bank evaluating increasing the credit spreads for corporate or retail loans in the current interest rate cycle? If yes, was the bank able to increase credit spread when it passed on the rate cut for its corporate book linked to T-bill or G-sec rates?

Mr. Debadatta Chand: Yes, Sandeep, for spread resetting, there is a guideline by the regulator and it happens after 3 years only and there are large number of accounts where spread change have happened only at the time of renewal. So, there is not a uniform policy of changing the spread, it can only be done at the time of renewal based on the quality of the account, there are internal rating over there and if there is a deterioration on either internal or external, obviously, the credit spread would change and giving some upside on that. On the retail side, again, similarly, many of the scheme rates, there are protection available, even if on the repo rate side protection available and couple of scheme where after 3 years we can again reset the spread. So, it is a combination of multiple transactional things, not as a policy we can say, but yes, with a downward rate cycle, the change of spread can be one way to protect the margin and we are mindful of that.

Moderator: The second question is from **Manoj Alimchandani**, he has 2 questions, please share your thoughts on the outlook for the treasury desk performance with one of the best treasury desks and please share on AI and technology initiatives and operating leverage benefits of technology.

Mr. Debadatta Chand: Thanks, Manoj, for asking this question. First question, Mr. Tyagi, can you just answer him, outlook on treasury?

Mr. Lalit Tyagi: So, in fact, last year have been one of the very good years for treasuries because of the movement in market interest rate favoring the portfolios. We believe that the kind of outlook for this year is treasuries are again going to perform better, maybe similar or slightly lesser than that depending upon the absolute interest rate change over the year. And I believe that in terms of the another objective of maintaining the wholesale book cost trending down, again there will be a good improvement this year also. So overall, treasury will continue to give good performance in terms of profits, as well as maintaining the cost.

Mr. Debadatta Chand: Mr. Mudaliar on the AI and technology related aspect.

Mr. Sanjay Vinayak Mudaliar: Yeah, so good morning to you and thank you for the question. See the Bank of Baroda, we are looking at technology for a couple of things apart from the customer service and innovative products, we are looking into the creating some kind of a resilience in the system. And on both the fronts, we have been working for quite some time now and we do have a very strong platform currently to service both the sides, that is the customer service side as well as the internal resilience building. And AI has been very extensively used for both the purposes for building our internal resources as well as customer service delivery points. So, both the sides, we are well covered and we have been doing quite a few innovative products on both sides. Thank you.

Moderator: Last question online from **Ankit Bihani**, what is your loan mix, repo, MCLR and fixed rate?

Mr. Debadatta Chand: You have the... madam, you have the composition? So Chayani....Tyagiji

Mr. Lalit Tyagi: Yeah, so our repo link book is 34-35%, MCLR link book is anywhere between 45 to 48% plus minus 2 percentage point, fixed rate is not very large in a very low single digit percentage.

Moderator: Thank you. I think we have a couple of questions, I think, here right in the front row, okay.

Mr. Sushil Choksey: Congratulations for stable trajectory. Sushil Choksey, Indus Equity. Sir, knowing your experience in treasury and money markets over a decade and the outlook what we are heading towards in next 12 months, specifically on bonds, CPE, corporate borrowing, how do you see your corporate and RAM book shaping up compared to where we are today at 60-40 by the year end?

Mr. Debadatta Chand: No, that is what I said, on the RAM book, we almost added 190 bps in last one year, March '25 or March '24, the RAM has gone up by 190 bps. Considering the segment wise growth guidance we are giving, we continue to have the same journey, maybe in 3 years' time by adding 200 bps every year we want to achieve 66% in fact. And that would give me a bit of a diversification benefit on the RAM side, not only the return perspective but also a diversification benefit. We want to be known as a retail bank rather than more of a corporate bank, at the same time, the corporate growth continue to be in excess of 10%. And mind it, we are running one of the largest corporate books in the entire country now. I mean, in terms of public private together maybe we are at third, within the public we are the second. And if I add my international book, which is again corporate sanctioned from corporate office, the book is almost 6 lakhs odd crore. So, there the growth guidance will continue to focus strongly on that we built in on the asset quality front, we built in on the relationship manager front. We want to add some kind of a concept we have called account planning, capturing 360 degree relationship. There are teams dedicated, engaged over there, we created a skill on underwriting, we had our experts, industry experts, for advising us on the matter. So, we are creating also capacity. So, corporate continue to grow at 10% plus.

At the same time, RAM has to grow on average around 15%, putting something on a 200 bps change on the RAM book vis-a-vis the corporate. Looking at the capital market, corporate ability to raise money from the corporate market rather than coming to the loan market, it's there for long. I mean, they also optimize the time they find on that tree is attractive and then they go for that market. And the moment they find almost at par, there are distinct advantages of somebody availing a loan because you can tap that loan at any point of time, not like a bond. You have to issue a bond. Bonds are a hidden cost in terms of the issuance, blah, blah, blah, maintenance, which the loan market doesn't. It will continue. We are comfortable with operating in both markets and supporting the corporate on that.

Mr. Sushil Choksey: So, my next question was, how many rate cuts are you expecting from RBI this year? And where do you see G-sec specifically in India? And where do you see, we can't predict what Trump and Fred will do, but still keeping that in mind, what is your outlook by the year end?

Mr. Debadatta Chand: Our house view is that there may be 2 more cuts by March 2026, that means 50 bps we are expecting. The G-sec already, because as you know, it's a lead indicator, reacted already to a couple of cuts going forward. On the best-case scenario, G-sec, we are looking at 6% quarter. Currently, it is almost at 6.36% or 6.40% kind of a level. Our book is well positioned on the treasury vis-a-vis, suppose it happens at 6% quarter. The trading profitability of the book is much stronger because huge SDM book we have, where one bank, if you can mind it, there is an item in the balance sheet, if you can closely follow, I mean, vis-a-vis other banks was running an AFS reserve almost to the extent of 2000 crores. You will not find this element in many banks actually. I am not comparing, but I am trying our focus on that. So, our strategy is to preserve value in the book rather than encashing for a short-term year. So, we will do a balancing act in that way, keep the value of the book intact at the same time, opportunity we need to capture to take more trading profit for the matter.

Mr. Sushil Choksey: Sir, assuming your RAM would be at 62 and 38 corporate based on domestic international, and you mentioned international book and domestic corporate book may rise, keeping the money market in line, you may not name the customer but if I eliminate PFC, REC, NABARD, NaBFID, certain similar accounts which are government-backed or AAA customers. And I am looking at your slide of NBFC which specific sector, one is MSME you highlighted, housing loan may be still attractive as rates are dropping despite real estate prices being high? So where are you seeing positivity and which sectors are you seeing negativity from our bank book that you would avoid in the year?

Mr. Debadatta Chand: See, as far as tapping the market, depending upon ability, excluding the large public sector PFC but other NBFC also tapping the market big time on that, RBI, the risk weight was slightly, it was we reduced the growth on the NBFC, now the risk weight is taken out. So, we are again growing on the NBFC book. As all of us want a strong market, both on the bond side and also on the loan side. And the corporate bond market is not that strong as all of us wish that market to be much stronger, there are committees working on that, but then, so there is no specific actually, look at the industry data we have given in the analyst where the industry-wise the composition of the book and the growth we have given. Our book, there is no sector which we want to avoid, every sector we are there in, maybe the growth percentage can be 4% to almost 16% depending upon the opportunity available therein. As far as housing is concerned, suppose you say that I am growing at 20%, a market is growing at almost 16%. There is a market actually gives an opportunity, it is asset-based financing, suppose you underwrite fully, India retail debt to GDP is still the lowest, one of the lowest. So, I do not think there are any constraint for us to avoid any particular sector, whether in the bond side or the loan side. Bond side, there is a minimum threshold rating that every bank has. But we are open to lending and all sectors in both on the debt side also on the loan side.

Mr. Sushil Choksey: You know, TAT and process centers, specifically led by BOB shared service, all that is known in the market.

Mr. Debadatta Chand: It is.

Mr. Sushil Choksey: And it is helping you in the sector.

Mr. Debadatta Chand: It is.

Mr. Sushil Choksey: So, I understand that you will grow faster than the system.

Mr. Debadatta Chand: Yeah.

Mr. Sushil Choksey: But systematic growth, you may grow by 4% higher, 5% higher, 7% higher. If you are to choose a sector, housing loan, I understand. Anything specific other than that stands out, supply chain, you are doing well, I understand.

Mr. Debadatta Chand: Auto loan, I have been also consistently growing more than 20%. That is a market India has seen a significant growth. On the mortgage, actually, there also the growth is almost 16, 17%. Mortgage, typically, NBFC do strong business in mortgage market. Typically, in the form of a retail lap or a corporate lap, they do strongly. NBFC is a huge book. Public sector banks, slightly, I mean, they were not so strong. Now, we built up that model to deliver on that count. Couple up on the MSME, which again, I mean, if you compare the PSU pack and then figure out, the CV/CME is one product, supply chain is another product, where we have an ageing of almost 4-5 years in terms of running this business. I mean, there again, private sector banks were very strong on these 2 products earlier. So, we are now 4-5 years picked up our skill rather more than 4-5 years. So, I think, I mean, opportunities are there.

Suppose that I want to grow, let's say, on an underlying good liquidity market for this year, durable liquidity, which again, all of us think so. Ability to grow at 14-15% can be, we can always achieve, not only the system, Bank of Baroda as a system can also achieve. I think the loan growth in this year has to be higher than the last year of the system as a whole, on the backdrop of better liquidity. But this quarter is slightly a dampener as of now because of immediately getting into a slack season, then a lot of resetting do happen. But I think by Q2, Q3, it would pick it up.

Mr. Sushil Choksey: Sir, where do you see, how do you indicate or how would you process that CASA is very stable or grow from where you are today? Second thing, what is your digital spend? Because you are doing a lot of RAM, so your digital spend would be, or new initiatives will be higher than where we stand today. And that CapEx also will be with AI and many things will change. So, these 2 sustainable numbers and where do you see the forecast on spend on them?

Mr. Debadatta Chand: See, rightly we wanted to, when the CFO made the presentation, he talked about CASA percentage growth as something that he wanted to highlight on that. And we realized 2, 3 years back saying that CASA is going to be a challenge because there was an underlying, I mean, pockets where the CASA was very strong, started reducing on those pockets like tier 2 city where CASA normally is very high, used to be very high, went down because of the, I mean, change in preference. So, we focus on, we have not increased the CASA rate, I mean, on the entire rate cycle, the CASA rate was the same like it was there earlier, maybe a 5 bps change.

And many of the banks would have increased significantly, we had not changed the CASA rate therein. Still then, because the service offering we improved, bundling that we improved, our growth is, and I should not say, but then you can differentiate in case you compare data with other banks. Where, I mean, in the CASA also there are 2 components, one is saving, another is a current. Please, I mean, segregate both the data and compare Bank of Baroda's saving growth vis-à-vis the system saving growth. So, through all these measures, I think that's not, we are not satisfied, we need to grow much higher on that. But then, there again, we created bit of resilience in terms of attracting good deposit, continue to focus on that. But this quarter again, couple of growth, component wise growth guidance possibly in a position to give only after June because there is a change happening in this quarter which need to be mindful. Second question was on....

Mr. Sushil Choksey: Digital spend.

Mr. Sanjay Vinayak Mudaliar: So, digital since there are a lot of initiatives which have been taken, so there is a consistent movement on the increasing the spend on the digital or the tech as a whole. So, we are currently somewhere around 10% of the operating profit, that is what we are looking, we will try to upscale it based on the kind of environment in which we are growing. And including with the AI coming in, obviously the cost, the investment will go up on that side also.

Mr. Debadatta Chand: 10% just with a small clarification, 10% including CapEx, OpEx together.

Mr. Sanjay Vinayak Mudaliar: Yeah.

Mr. Sushil Choksey: Sir, secondly, you highlighted that you would be rather, you wish that we are recognized as a consumer bank, not a corporate bank. Now being a con....

Mr. Debadatta Chand: We wish to be like that, not like recognized, but then we want a higher retail book there in the future.

Mr. Sushil Choksey: There is a benefit also if you are a true consumer bank. So, I am nothing against that. Keeping consumer bank logo in mind, what are you going to do to cross sell because you have

BOB's Capital Market, you have BOB's Shared Service, many other things? How is your income compared to specifically, let us say SBI or HDFC, the trajectory you would look in next 3 years?

Mr. Debadatta Chand: See, on this consumer piece, frankly, I mean, the banks we are referring, we started very late in that manner, actually. But the growth for last 3, 4 years have been good on the consumer side. We created capacity, the flow actually you talked about the TAT we follow on the consumer loan, the sourcing that happened on the consumer loan, the underwriting models we have on the consumer loan, the underwriting model has a lot of Fintech interface over there. So, improved capacity in the entire consumer loan piece. So, we continue to drive to attain certain number and that depend upon the current available data, which gives us comfort to drive more. If the data, again, on the numbers and data, if there is a change, then we will revisit on this guidance also. But we want to grow because I have 8,200 branches. I have large footprints in terms of digital. Suppose I don't create consumer base therein then I think I am not doing proper work on that. So, we want to focus on that. We want to have more and more customers with us. We want to have more and more customer flows with us. We started a super app recently called Bob e-Pay and Bob e-Pay is one app which also meant for customers and also for non-customers. And precisely, the theme that you are telling with regard to the consumer base, the idea of that app is that the Bob world is only for customers or a new customer onboarding into the bank as a customer. But the generic different app, although running two super apps is difficult, I understand that but then we need to target the non-customer. I mean, they need to be part of the customer. Once they get a service of the bank, possibly they would be a future customer. So, by targeting how do we attract. Yes, BOBCAP, I have insurance business that also is a retail business. I have a card business that is also a retail business. BOBCAP typically helping us in terms of how to again reach within that consumer base. So, I think as a group, we are very well placed to capture this market.

Mr. Sushil Choksey: Sir, having insurance, credit card, share advance, mutual funds, the base what you have today in the bank, can it double in 3 years?

Mr. Debadatta Chand: You know, what can be doubled in 3 years?

Mr. Sushil Choksey: The number of customers you have between this segment.

Mr. Debadatta Chand: No. That is difficult to say but then my consumer base is increasing that next time I want to give you a data, my consumer base. That is what actually the idea is to capture customer. Actually, let us take a very simple example. I mean, if you put the Fintech is one of the challenge for commercial banks, right. So, Fintech's, they have grown big time. What is the primary objective? They acquired customers and then they try to create flows. Then now they are trying to create book even within the 4 walls I can say that trying to create a book even. So, one of the key challenges that we are trying to address as a legacy bank of 117 years, how do you again attract customer into my system? Whether it is a small UPI system or a big loan system or a digital lending system, but I need to acquire customer. I need to source customer. I need to have new customer coming to me. My customer, the ageing profile of my customer should decrease because I want the young customer with me. So, all these efforts, we have operationalized a company called Baroda Sun Technology. I mean, that's a tech company within the group Bank of Baroda. We have operationalized that. The idea of this company is to get into emerging technology so that all these young customers be part with the bank. So, there are efforts going on, but exactly I can't give you a number, but we are working on that. That is what certainly I can say.

Moderator: Sorry sir, we will just move on. Sorry. We just have few more questions on this side.

Mr. Sushil Choksey: I am just thanking him. I am just thanking him. Nothing more. Good luck to you.

Mr. Debadatta Chand: Thank you very much.

Moderator: We will try and take the last question from, I think, behind.

Mr. Debadatta Chand: Maybe he is the last one. Last to last one. Then you are there. Please go ahead.

Mr. Antarisksh: Antarisksh from ICICI Prud. I will just keep it crisp. One is, is there any possibility that you take some rate action on your savings account, like some of the other private banks have taken? Reduce rates in savings account?

Mr. Debadatta Chand: See, I have not increased during the rise. So, why should I reduce during the fall? Actually, there is no case for that.

Mr. Antarisksh: Sure.

Mr. Debadatta Chand: See, the only increase that we had is a 5 bps in last so many years. I improved the service during the time. Let us remind. I improved the bundling product, the offerings along with the saving. So, that is what we maintain a better CASA, but I don't think there is a, anyway, ALCO is competent to take a call but then I don't think there is a case for it.

Mr. Antarisksh: Sure. On the MSME slippages, I can see that your SMA number is down from what 50 to 33 bps, but that is 5 crores plus. Does that include the MSME slippages or the reduction is entirely because of...?

Mr. Debadatta Chand: Anything, clearly more than 5 crore is captured over there, whether it is, I mean, corporate.....

Mr. Antarisksh: What I am trying to ask is, sir said that the slippages came from legacy accounts. If they were legacy accounts, then was it part of your SMA? That is what I am saying.

Mr. Debadatta Chand: Actually, the SMA 1, 2 book CRILC, it is almost at point what....?

Mr. Antarisksh: 0.33.

Mr. Debadatta Chand: There is a lumpy account over there, not on the MSME but it is a guaranteed account of a state government. If you exclude that, it is even less than 0.10. So, that talks about the quality, that account it goes into SMA and then pulls back. There is a lumpy account of a state entity, not a central entity account.

Mr. Antarisksh: And just clarifying, you said 34-35 % of the book is repo linked, that entire 34-35%, 50 basis point reduction in yield is happened. It is already done.

Mr. Debadatta Chand: That is true. That is true.

Mr. Antarisksh: Last bit on tradeoff between growth and margins. I mean, you know, there is a credit growth number that makes a lot of us happy. But at the margin, if I look at the composition of your deposit book also, right, bulk has still grown higher than overall domestic deposit growth. So, were there segments even in non-corporate within retail, within MSME where yields are low because of competitive pressure, because of rate structure, whatever, where do you think that growth could have been sacrificed so that your NII growth would not have been just 2 % for the full year?

Mr. Debadatta Chand: No, no, growth nowhere to be sacrificed. That is what a tradeoff would do internally. That is why we, one bank, we keep on saying that as far as building block asset quality is first piece we look into. The second is margin and third is growth. So, while trying to always margin and growth, there would always be a tradeoff and that is a very challenging. But then currently, whatever growth we have given, we are comfortable on those market, those segments. So, that is the segment. Otherwise, I said on the corporate, the growth potential was much higher. But we decided not to get into fine price asset because they are high quality asset, no doubt about it. Every bank would like to be in that account. But then we decided as a strategy not to get into it. So, it is always a balancing call. I mean, fine price book is something that always a debate in different committee. Otherwise, we are comfortable growing wherever we are growing as on today.

Mr. Antarisksh: And Manoj sir, do you know what was the PSLC cost that we had to bear in the year? Or we can take it later if you do not have.

Mr. Debadatta Chand: We had a PSLC, but then my PSL target we achieved 45% as against the targeted level of 40%. And with the change definition, this 45% is going to be 48% again. So, adequately, book has the PSL compliance vis-a-vis the priority sector targets. I think you have one thing I can just give it. I will come back to you last.

Mr. Vinayak: Good morning, sir. My name is Vinayak. I am from Jefferies India. So, I had two questions. Firstly, on mortgages. So, we have taken some sharper rate cuts in mortgage from 8.4 to 8%. So, could you explain the thought process behind this? And second, sir, continuing with the international segment, given that global yields are falling, how do you expect the international margins to trend?

Mr. Debadatta Chand: Okay. Mortgage book, see, already the existing housing loan, the rate that you are referring is the best rate to the CIBIL 800 plus kind of a 750 or 800 plus customer. And the card rates are different. Card rate is not at 8%. The card rates are different at different CIBIL score. So, all the existing borrowers already they got the benefit of 50 bps. So, when we announce the new scheme, obviously, you need to make it at par with the existing customer and the new customer and that is why the new scheme has come. In the process, the new scheme is not going to give me a lower yield as compared to the existing book, the yield it is giving. It is perfectly mapped in a manner where the yield of the existing book is protected in the new scheme that we announced recently. So, there is no challenge over there.

International, as I said, international we seen a, I mean, good new NIM expansion maybe a year back. Quality assets which are marque name in global markets, we could pick it up maybe 1% lower than the domestic market rate at that time. I mean, because of a peculiar scenario where some of the yields in those market went up sharply. So, we could grow at that time 20, 25, 30% in those market at that time. But now the scenario is different. All these assets are getting repriced at a lower, the price have gone down. So, our normal thing currently the international NIM is at 1.95 something. The normal threshold that we need to operate in that market, any NIM which is above 1.75 that is book as a whole, not transaction wise, any NIM which is more than 1.75% and higher. That typically can protect the impact of the international NIM or the domestic and so the market goes on. We will try to maintain both the market therein. Anything Mr. Tyagi you want to add on the international?

Mr. Lalit Tyagi: So, another thing is that unlike domestic market, the international both side liabilities as well as assets are largely linked to the floating rates. The only impact can be lag effect. So, sometimes assets are getting repriced faster because of the linkage of different benchmarks. So, let's say 1-month SOFR-linked assets will get repriced faster than the 3-months SOFR-linked liabilities. Barring that, both the sides are largely floating rate linked. So, all in all, we remain insulated largely because of the benchmark movement. What we basically look at what kind of assets we are onboarding, what kind of spreads we are adding into and the syndication book is giving us the that much headway. So, what MD *Saab* is saying that largely we remain focused towards that kind of spreads in the international book.

Mr. Debadatta Chand: So, with this is you have the last question and I have the last answer also ready that I will give.

Mr. Ashok Ajmera: Sir, this one old large aviation account, I think, you and Central Bank, you 2 are only having the very large exposure. I think overall was about 2200 crore something and you had some extra collateral property also of 1200 crore something. So, we have not heard about that account for a long time. I think in last meeting also we have not discussed. So, what is the status there and what are the recovery charges and is there any scope for the land to be monetized and to come as a buffer in the profit in the bottom line?

Mr. Debadatta Chand: See, out of that exposure, 1/3rd exposure we got through the guarantee money which was guaranteed and one third already we got it.

Mr. Ashok Ajmera: Reward, yeah....

Mr. Debadatta Chand: Exposure has gone down to 2/3rd on that. There is a large land parcel is there as a collateral. The process is on. There are a couple of actually the Central Bank is the lead here. They already have 1 or 2 bid processes that they run through. They are again going for further process on that. It takes time normally for realizing particularly large piece of land, any value on that. So, there is not much of development on that account for last 3-4 months. Anything happens, then we let you know on that. But then the bank is adequately 1/3rd already got....

Mr. Ashok Ajmera: No final loan loss.

Mr. Debadatta Chand: I am not expecting any loan loss on this account, I mean the account was fully provided. But I am not expecting any loan loss as of now on this particular account. Only lastly... answer from Madam Beena, would you like to say something with regard to the liability side, what we have done something extra on that?

Ms. Beena Vaheed: It has been a difficult year for liabilities but in spite of that, we did well. We were within our guidance, whatever guidance we had given. And with regard to CASA, I think there was one question which I would just like to add on to what the MD said. See, with regard to CASA, almost 24% of our CASA is institutional and 76% is retail CASA. And in the 76%, though, if you see whichever banks have now declared the results, if you see their CASA, we have done much better than the others. We almost had a 6.5% increase in CASA. And what I would like to add on here is, if you see the retail CASA piece, we almost grew by 5% in retail CASA. So, that is something which has been good with regard to the liability piece for us.

Mr. Debadatta Chand: I wish all of you to open a masterstroke account. That's one thing, a curated account, curated by the master himself. So that's something I think......

Mr. Ashok Ajmera: Sir, just a small last one. We have MoU....Excuse me....my throat is a little bad. I have been travelling actually. We have a MoU with IREDA, we entered with MoU with IREDA for the solar I think proposals and this thing. So, and where our exposure is 18,547 crore total in the renewable energy. So, in case of IREDA what kind of arrangement do we have. Does it come automatically? Whatever project IREDA appraise and text, we automatically take some share out of that or every proposal is separately appraised by us. Like recently, I know they have taken one proposal of just some 1,450 crore, a project of 2,150 crore on that this thing. So, what is the what is the mechanism set up under that MoU to have those loan accounts?

Mr. Debadatta Chand: The MoU is a non-binding one in the sense that suppose a proposal being originated either by IREDA or by Bank of Baroda, it's only we give it to the other party for their evaluation. Nothing beyond that. It's not that suppose a party X has given a sanction and he wants to, let's say, down sell a portion and the other party automatically takes it. No. The only thing is to induce that proposal on a first right of refusal kind of thing to the other party. The other party has to decide on the quality of the proposal, their own underwriting standards.

Mr. Ashok Ajmera: Full appraisal.

Mr. Debadatta Chand: Full appraisal. Full, absolutely full appraisal on that.

Mr. Ashok Ajmera: Thank you.

Mr. Debadatta Chand: We signed up not only with IREDA, we have signed up with REC, we signed up also with the state government, we are one of the bank to sign...

Mr. Ashok Ajmera: I just found it here actually so I thought....

Mr. Debadatta Chand: Yeah, we signed up with the state government also a MoU for funding renewable because that's a champion sector for us.

Mr. Ashok Ajmera: Thank you sir and all the best. Thank you.

Mr. Debadatta Chand: Yeah please.

Mr. Lalit Tyagi: So, Ajmera Saab, one more thing I can add towards the last is that these MoU's works towards and they go beyond the loan relationship or loan engagement. So, for example, IREDA can't issue LC, if LC is required in a project funding. So, they can collaborate with us, provided we accept the credit as the acceptable credit, then they require escrow account to be maintained. So here is a MoU which works when the teams engage with each other in a structured manner and the mutually they garner the benefit. So, it's a purely acceptable to bank running on our own due diligence then only MOU doesn't induce any responsibility either on IREDA or Bank of Baroda.

Mr. Debadatta Chand: So, once again thank you all of you and sparing your time today. As I said, there is an eventful morning as far as the country is concerned. So, sparing time again thank you. And initially we planned for 45 minutes but it went on for 1 hour 30 minutes. So, thank you all for that. Thank you very much.

Moderator: Thank you.

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