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बीएसई लिमिटेड BSE Ltd. बीएसई लिस्टिंग सेंटर BSE Listing Centre स्क्रिप कोड Scrip Code - 532 477	नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड National Stock Exchange of India Ltd. निप्स NEAPS स्क्रिप कोड Scrip Symbol-UNIONBANK-EQ सिक्योरिटी Security - UBI-AT/BB
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महोदया Madam/महोदय Sir,

विषय Subject: पोस्ट अर्निंग्स कॉल के प्रतिलेख Transcript of Post Earnings Call

<p>यह सूचित किया जाता है कि 31 दिसम्बर, 2023 को समाप्त तिमाही के लिए बैंक के समीक्षित (स्टैंडअलोन और समेकित) वित्तीय परिणामों के लिए 20 जनवरी, 2024 को आयोजित पोस्ट अर्निंग कॉल की प्रतिलेख पीडीएफ (सर्चबल) अनुलग्नक के रूप में यहां प्रस्तुत की गई है।</p> <p>इसे बैंक की वेबसाइट पर निम्नलिखित वेब लिंक के माध्यम से भी उपलब्ध कराया जा रहा है:</p> <p>https://www.unionbankofindia.co.in/english/financial-result.aspx</p> <p>यह जानकारी सेबी (सूचीबद्धता दायित्व और प्रकटीकरण आवश्यकताएं) विनियम, 2015 की अनुसूची III, भाग ए, पैरा ए, 15 (बी) के साथ पठित विनियम 46(2)(ओए) और विनियम 30 के संदर्भ में प्रस्तुत की गई है।</p>	<p>This is to inform that transcript of Post Earnings call held on January 20, 2024 for Reviewed (Standalone and Consolidated) Financial Results of the Bank for the Quarter ended on December 31, 2023 is submitted herewith as a PDF searchable attachment.</p> <p>The same is also being made available in the Bank's website under the following web link:</p> <p>https://www.unionbankofindia.co.in/english/financial-result.aspx</p> <p>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.</p>
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भवदीय Yours faithfully,

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

Encl.: As above

Classification: Public

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“Union Bank of India
Earnings Conference Call”

January 20, 2024

MANAGEMENT: MS. A. MANIMEKHALAI	–	MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
MR. NITESH RANJAN	–	EXECUTIVE DIRECTOR
MR. NIDHU SAXENA	–	EXECUTIVE DIRECTOR
MR. RAMASUBRAMANIAN S	–	EXECUTIVE DIRECTOR
MR. SANJAY RUDRA	–	EXECUTIVE DIRECTOR
MR. AVINASH PRABHU	–	CHIEF FINANCIAL OFFICER
MR. ASHWINI KUMAR CHOUDHARY-	–	CHIEF RISK OFFICER
MR. RAJIV MISHRA	–	CHIEF GENERAL MANAGER
MR. C.M. MINOCHA	–	CHIEF GENERAL MANAGER
MR. SUDARSHANA BHAT	–	CHIEF GENERAL MANAGER
MR. DHIRENDRA JAIN	–	GENERAL MANAGER
MR. SUNIL JADLI	–	DEPUTY 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 31st, 2023. The Bank is represented by the Managing Director and CEO, Ms. A. Manimekhalai, Executive Directors, Shri Nitesh Ranjan, Shri Nidhu Saxena, Shri Ramasubramanian S, Shri Sanjay Rudra, 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 star then zero on a touchtone phone. Please note that this conference is being recorded.

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

Sunil Jadli: Yes, Thanks, Madam. Good afternoon, Ladies, and Gentlemen. I, Sunil Jadli, Head of Investor Relations, welcome you all for the Union Bank of India earnings concall for the period ended December 31, 2023.

The structure of the concall shall include a brief opening statement by respected MD and CEO, Madam, and then the floor will be open for interaction. Before getting into the concall, I will read out the usual disclaimer statement. I would like to submit that certain statements that may be discussed during the investors' interaction may be forward-looking statements based on the current expectations.

These statements involve a number of risks, uncertainties and other factors that may cause the actual results to differ from the statements. Investors are therefore requested to check this information independently before making any investments or other decisions.

With this, I now request our respected MD and CEO, madam, for her opening remarks. Thank you and over to you, madam.

A. Manimekhalai: Yes, good afternoon. I am sure that I am perfectly audible to all of you. It is my pleasure to welcome our analysts and investors' community for the bank's third quarter financial results i.e., for 31st December 2023. We appreciate your support and valuable feedback.

On the bank's performance for the Q3 versus the guidance that we have given, let me just tell you a few points. We have provided guidance for the current financial year with a target of 8% to 10% growth in deposit and 10% to 12% growth in advances.

Against this, our deposits have exhibited a Y-o-Y growth of 10.1% and advances recorded a growth of 11.4%, affirming our alignment with the stated guidance for the financial year. We aimed for an NIM of 3% and to keep our GNPA below 6%. The NIM for the nine months ended December, stood at 3.10% and we have reduced gross NPA to 4.83%, surpassing the guidance outlined for FY'24.

provision you made during the quarter, does that also include any catch up on pensions from the new wage hike?

Also, just in terms of wage provision again, you know, the increased QoQ in wages is only 2 billion. So, has there been some additional provision and then some write back also?

Avinash Prabhu: Yes, Mahrukh, hi. This is Avinash Prabhu. So, as far as your question is concerned, yes, we were earlier providing at 15% and then we've increased to 17% following the communication and that connection. So, we are providing now at a rate of INR 130 crores per month. So, the differential of about INR 200 crores to INR 225 crores is what we've provided for in the December quarter.

Mahrukh Adajania: So, that's for the first 11 months differential you've provided that way?

Avinash Prabhu: Yes. Okay. That's right. And then as far as the pension related provisions are concerned, we are in discussion actuary on that and we are waiting for some final guidelines in that connection. So, we will take a call on that in the Jan to March quarter.

Mahrukh Adajania: Okay. But my question was that in employee expenses, you said that the backlog provision for 11 months was around INR 220 crores to INR 225 crores. In addition, there'll be provision at INR 130 crores per month for this quarter, right? So, INR 390 crores. But if you see the increase in the wage bill, it has not gone up by INR390 crores plus INR225 crores. It's gone up by only around INR200 crores. That was my question?

Avinash Prabhu: Yes. So, when we did this exercise, we also looked at, you know, what are the excess provisions that we would have in terms of the entire staff cost. And therefore, we did that exercise for the December quarter. And therefore, the net charge which you see will be lower as compared to what you would expect.

Mahrukh Adajania: Okay. So, there would be some write-backs of earlier charges as well given how the wage has been settled, agreement.

Avinash Prabhu: That's right.

Mahrukh Adajania: Okay. But from next quarter onwards, can we expect 130 into 3 as the additional provision?

Avinash Prabhu: Yes.

Mahrukh Adajania: Got it. And pensions will be as and when?

Avinash Prabhu: That's right. That's right.

Mahrukh Adajania: Okay. And just in terms of now this whole discussion around loan-to-deposit ratio, I know you are quite comfortable. Your LCR has also been good. But would, like a lot of private banks have even admitted that RBIs had discussions around LDRs with them, would you have had any such discussion with the regulator? Or if I have to frame my question differently, would you be maintaining your LDR at current levels? Would you mind increasing it or do you want to decrease it? Any target on LDR that you can give for fourth quarter and even for FY25?

A. Manimekhalai: Actually, see, the bank has been maintaining the CD ratio at about 76% to 77%. And you know that the SLR and CRR and all these things, the banks can go up to 78% as a CD ratio. And my LCR is at 125%.

And I will continue to maintain, though the regulatory is about 100, 100 is the LCR, we will continue to maintain at 125%. We will be wanting to optimally utilize my, the liquidity that is there with us. So I think the LCR will be around 125 and I will keep the CD ratio at about 77% to 78%.

Mahrukh Adajania: Got it. And my last question is just on margins. So do you expect margins to stay at current levels or given that there will be heated competition in deposits in the fourth quarter, private banks may get aggressive given LDR discussions? Do you expect any moderation in NIM from 3.1? I know your guidance is 3. You maintained it above that. But?

A. Manimekhalai: Yes. You know, based on the various factors that we have taken into consideration, like, you know, our advances growth is, you know, quite good. And actually our cost of deposits have also been, you know, to that almost flat kind of a thing. My MCLR advances are also increasing. Plus my, if you look at my MCLR base book is almost 48% to 49% of my total advances. Taking all those factors into consideration, I will be able to maintain the NIM of about 3%.

Mahrukh Adajania: Okay, ma'am. Thank you so much. Thank you.

A. Manimekhalai: Thank you.

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

Ashok Ajmera: Thank you for this opportunity. And congratulations, madam, once again for the fantastic set of numbers. I think the Union Bank has really accelerated its entire business growth. You talk about recovery. It's phenomenal growth over the last one, one and a half years. So congratulations for that.

Having said that, madam, our credit growth advances have gone rapidly much beyond even the targets. Like if you have given the target of 10%, 12%, but if you look at only up to December nine months, it is almost already now 10.62%. And the way you are going from September to December, you have gone. If you take another four or five percent, it means are we talking about almost about 15% to 16% growth in the credit?

A. Manimekhalai: Thank you, Ajmera ji. But we would like to, you know, whatever guidance that we had given in the beginning of the year at 10% to 12%, it will be moderated and we will be at 10% to 12% as per the guidance that we have given.

Ashok Ajmera: Okay. You are being conservative. And the major growth has come from the contributed in the agriculture space and also in the industrial industry, NBFC and HFC space. So whether, I mean, what kind of opportunities are we finding in these two areas, especially the agriculture?

A. Manimekhalai: Yes. So, yes, we have seen good growth in our overall, you know, advanced segment. And of course, our growth of, you know, agriculture sector is at a tune of about 17.88%. And out of this, I know that major growth has come from the gold loan sector. Now, gold loan if you see has contributed to almost, you know, there is a Y-o-Y growth of 53% and that is what is contributing to the agriculture sector growth.

Ashok Ajmera: All right Ma'am. Now, taking to some other targets, you know, targeted numbers, like slippages, you have kept very much in control and against INR 12,000 crores, I think so far in nine months, it is only about INR8,000 crores or so. And similarly, for the recovery also, you know, from the targeted INR 16,000 crores, you are almost near to INR 14,000 crores already. So, whether you would like to revisit these numbers or you will give a surprise on that also?

A. Manimekhalai: Sir, we will give you a very positive surprise on the slippages and for, you know, recovery. Though we have INR 12,000 and INR 16,000 crores, we would like to surpass those numbers. That is one number that we will really want to surpass.

Ashok Ajmera: Good Ma'am. Coming on this capital adequacy CRAR, you already raised earlier INR5,000 crores at 86.55 per share. But now, considering, you know, your results and the performance, our share price has also gone up substantially. Is it not the time again to raise some more funds?

A. Manimekhalai: Sir, we are looking at that, you know, regarding the raising of capital. Actually, we have got, you know, board approval to the tune of about INR8,000 crores to raise equity capital. Out of that, as you already mentioned, INR5,000 crores is what we have raised as QIP. Another INR3,000 crores, we will be coming out, you know, probably during this FY itself.

Ashok Ajmera: Oh, that's a good news because it's a good price to, you know, at which to issue the shares. And one question on the Treasury. If you look at the segment wide, our Treasury profits, income has gone down to INR848 crores from INR1,145 crores. But overall, can you give some color on the overall Treasury operations, considering all kinds of incomes and the profit books? And even on the equity books also, I think you have a book of INR4,000 crores-INR5,000 crores. There also, we might have made good profit because the entire market has run up, you know, considerably high. So, some colour on that ma'am.

C. M. Minocha: Thank you, Ajmera ji. Our Treasury income is around the same level. The previous quarter was INR 681 crore and now it is INR 611 crore. It largely depends upon the 10-year benchmark yield. And in October, the RBI announced that they will come with the OMO sales due to which the yield increased. But later on, with the U.S. announcing that rate cuts will be there after a few quarters, then it softens.

So, coming in the near future also, it depends upon the geographical factors and the inflation which has come, which has slightly increased. So, in spite of that, we are building the book from low-yielding income to the securities which are giving higher income. And we will continue to maintain the same level of profitability, the Treasury income at the same level we will try to maintain.

Ashok Ajmera: Thank you, Bhat sahab. My last question in this round, ma'am. How much has it impacted in terms of the margin?

Ashwini Kumar Choudhary: So, the total impact on RWA is about INR26,000 to INR27,000 crores. That is, including personal loans, credit card loans, and loans to NBFCs. And impact on CRAR is about 60 bps on account of this. Total reduction in CRAR you would have seen, but that is also because of increase in the lending portfolio.

Ashok Ajmera: Can you repeat how much total will be impacted on the BPS? What is the percentage percentile of bps? Total impact?

Ashwini Kumar Choudhary: 60 basis points. That is the impact on CRAR. Is your question on return on equity or not?

Ashok Ajmera: Yes, CRAR. No, this is all right. 60 basis points is the total impact, isn't it?

Management: Yes, effective. Okay, all right.

Ashok Ajmera: Thank you.

Moderator: Thank you. We will take our next question from the line of Swechha Jain from Whitestone Financial Advisors. Please go ahead.

Swechha Jain: Hi, ma'am. Thank you for giving me this opportunity. My first question is, from FY25, will we do a tax provision at 25% in P&L?

Avinash Prabhu: Yes. In fact, for FY23 as well, we have filed our returns based on a 25% tax rate. And for FY24 also, we will be doing that. So your question is relating to FY'25. That will continue.

Swechha Jain: Okay. And, sir, recently, there was a company called BGR Energy Systems, which defaulted on its loan. So if you can just give some sense of how much exposure we have in BGR Energy Systems and how much have we already provided for?

Ramasubramanian S: Madam, normally, we avoid company-specific questions on the investor call. But it is not much, I can say that. And most of them are in project bank guarantees, which have been given. And we are also closely monitoring on that.

Swechha Jain: Okay. But how much have you provided? Have you provided for it completely or a lot of provision is left on that? If you could give some sense.

Avinash Prabhu: As far as we know, this is on NFB business only. So, actually, there is no devolvement of LC or BG. It is not there. And I can say that the amount is very meagre.

Swechha Jain: Okay. And sir, my last question is actually a follow-up regarding the wage provision. So, I just wanted to understand -- probably, I think I joined the call a little late. So, you are saying, in this quarter, we have already provided for the 17% wage provision, right, from 15%, it has increased.

A. Manimekhalai: We have provided at 17%, yes.

Swechha Jain: Okay. So, that additional impact for nine months was?

A. Manimekhalai: INR233 crores.

- Swechha Jain:** INR233 crores for 11 months of last year, right?
- A. Manimekhalai:** Yes.
- Swechha Jain:** Okay. And going forward, what would be this number be? Going forward, what would be the run rate?
- A. Manimekhalai:** INR130 crores per month.
- Swechha Jain:** INR130 crores per month. Okay. So, that 130 crores is at 17%, right?
- A. Manimekhalai:** Yes, at 17%, right.
- Swechha Jain:** Okay. Thank you, ma'am. Appreciate that.
- A. Manimekhalai:** Thank you.
- Moderator:** Thank you. We have our next question from the line of Rakesh Kumar from B&K Securities. Please go ahead. Mr. Rakesh Kumar, your line is unmuted. Please go ahead.
- Rakesh Kumar:** Yes, hi. Can you hear me, ma'am?
- Moderator:** Yes.
- A. Manimekhalai:** Yes, we can.
- Rakesh Kumar:** Thank you, ma'am. So, firstly, ma'am, what is the total recovery that we have done apart from the recovery on the written off of loan? So, what is the other recovery number that we have accrued to the P&L in this quarter?
- A. Manimekhalai:** The total recovery that we have made in this quarter is close to INR5,900 crores.
- Rakesh Kumar:** So, I think, ma'am, this number, like, if we exclude INR5,952 crores number, if we exclude the cash recovery and upgradation number and the recovery on w/off of number, any other number that is accruing to the P&L in this quarter?
- Sanjay Rudra:** Yes. Basically, the recovery consists of four components. One is in the ledger balance recovery. Other is the technically written off accounts where we are recovering. That is almost INR995 crores is the recovery in the written off accounts. And we also recovered in the interest component of the NPA account. So that is approximately INR900 crores. So, all together, it comes to INR5,500 crores of recovery during the Q3 quarter -- INR5,900 crores of recovery in the Q3 quarter.
- Rakesh Kumar:** Okay. And how much that number was for in Q2, sir?
- Avinash Prabhu:** Q2, it was INR5,500 crores.
- Rakesh Kumar:** Okay. Sir, the cumulative provision that we are holding for wage revision is INR1,764 crores. And how much that number was, ma'am, in Q2 end, cumulative provision for the wage revision?

- Sanjay Rudra:** INR390 crores.
- Avinash Prabhu:** Yes, it will be less by about INR500 crores. Because we have taken -- the normal impact is about INR330 crores and plus we have taken about INR200 crores. So, it will be about INR500 crores.
- A. Manimekhalai:** INR500 crores, yes. We have made additional.
- Rakesh Kumar:** Okay. And how much this number, the INR1,764 crores number, so where this number would -
- what is the -- where we are planning to take it to?
- Avinash Prabhu:** Another INR390 crores -- sir, another INR390 crores every quarter, sir.
- Rakesh Kumar:** Every quarter, sir. How many quarters, sir?
- Avinash Prabhu:** INR130 crores per month, INR390 crores a quarter.
- A. Manimekhalai:** See, we are providing INR130 crores per month. And till the wage settlement finalizes and we get the approvals right, we will keep providing. And once it is fully -- it is finalized, then it will become our expenses. It will come into our salary.
- Rakesh Kumar:** Correct. And this tax number, ma'am, so like this quarter also the tax provision, tax rate, like including reversal number, DTA reversal number, it is around 35%-36%. So, how much that number would be for Q4?
- Avinash Prabhu:** Yes, it will stay at the 35% mark for this year and then next year onwards, you will see a reduction to about 25%-26%. And that's because we are giving impact to the reversal of the DTA built up in earlier years. So, you had to reverse that and that's the reason why it will be roughly about 35% for the entire year.
- Rakesh Kumar:** Got it. And margin, if we look at margin number is looking a bit suppressed. If we also take into account the way the cash to NDTL number has come down by around 200 bps and also there is a reduction in the investment deposit ratio, and LCR has fallen by around 20% from 145 to 125 around. So, what is the sustainable margin that we see in Q4, and maybe till the time the interest rate is, like, kind of going up or maybe in broadly in the similar range, then how do we expect the margin to behave? Because we are hitting into the liquidity, it seems.
- Ramasubramanian S.:** Yes. See, as you know, in the banking sector itself, there is a challenge in taking a deposit now. There will be always and that is going forward also. The challenge is going to continue for the time being, at least for the current quarter. So, we expect that the way we are now growing the credit, what we are doing, we are seeing that we are repricing some of our actually NBFC portfolios to a little higher rate so that we try to protect the 3% which we are given a guidance for the current year.
- Rakesh Kumar:** Got it, sir. Thank you, sir.
- Moderator:** Thank you. We have a next question from the line of Rushil Dedhia from Antique Stock Broking. Please go ahead.

- Rushil Dedhia:** Sir, I just wanted the number for the risk-weighted assets, if you can help me with that.
- Avinash Prabhu:** Number for risk-weighted assets?
- Rushil Dedhia:** Ma'am, I just wanted the number for the risk-weighted assets.
- Avinash Prabhu:** Yes, it is INR658,000 crores.
- Rushil Dedhia:** Okay, ma'am. Thank you.
- Moderator:** Thank you. We have a next question from the line of Jai from ICICI Securities. Please go ahead. Mr. Jai, your line is unmuted. Please go ahead with your question.
- Jai:** Yes, thanks for the opportunity, ma'am. Thank you. Thanks for the opportunity, ma'am. I have a few questions. First is on pension provisions, right, regarding now that we have stepped up from 15 to 17. If you can ballpark hint what could be the likely pension hit because of this increase in the rates, and what is the provision that we have set aside for the likely retirement liability?
- Sanjay Rudra:** Pension benefits comes under the defined benefits and provisions on the pension requirement is made on the basis of the actuarial valuations. When actuarial valuations are done, it takes basically the two, three components are there. One of the important components is the return on assets. At present, the returns are, yields are good. Market returns are good. So returns in that is giving benefit for the actuarial valuation also. And we have made the adequate provision which is required under the defined benefit guidelines as per the accounting practice standard, AS-15.
- Jai:** Okay. If you can highlight what is the outstanding provision that you may have and what could be the additional provisions required on pension because of this hike?
- Avinash Prabhu:** Jai, are you referring to the wage division or are you referring to the usual?
- Jai:** No, no, no, the wage revision related pension?
- Dhirendra Jain:** INR1,754 crores.
- Dhirendra Jain:** Wage revision provision as of 31st December is INR1,754 crores. It represents 17%.
- Jai:** No, no, no.
- Sanjay Rudra:** That is already taken care of.
- Avinash Prabhu:** So, Jai, to answer your question, like I mentioned earlier, we made provision for the 17% wage hike up to December. As far as the retirement benefits are concerned, that has not been taken into account. We are in touch with the actuary to estimate that amount. And we are waiting for final guidelines and confirmation on that. So, we don't have an estimate at this point in time.
- Jai:** We would have some provisions for sure, right?

- Avinash Prabhu:** No, we are making provisions, but that is the usual provision that we make per quarter towards the actual valuation. But that is not towards the bipartite agreement.
- Jai:** But last time, if you recall, sir, I mean, this is every year, every five years we see this. If you can roughly recall, what could have been the retirement liability in the last bipartite? And, you know, could that be a significant amount?
- A. Manimekhalai:** Jai, we will look into the numbers and we will come back to you on that.
- Jai:** Sure, sure ma'am.
- A. Manimekhalai:** Thank you.
- Jai:** And ma'am, my second question is, while our cost of deposit has been very calibrated this quarter, but we have seen a few banks like State Bank also, they have increased the deposit rates in the shorter tenure. How would you look at the deposit cost going ahead in the near term?
- Ashwini Kumar Choudhary:** We have also increased the rate of interest for the shorter tenure up to 50 bps. So, our rate is also in line with market rate. And that is the expectation from the customers and hence we have also increased.
- Jai:** And at this point of time, are you seeing any pressure on the bulk term deposit rate or the bulk TD rate is more or less similar to the retail TD rate? Is there any difference here?
- Ashwini Kumar Choudhary:** Nothing significant. It is very close to what we have been offering under the new rate.
- Jai:** Last question ma'am. Post this RBI circular on higher risk rates to NBFCs, any median rate yield hike that you would have expected towards NBFCs? And how are you seeing the reaction from the borrowers?
- A. Manimekhalai:** Yes, close to about 60% was the impact on our CRAR because of the NBFC guidelines. And we have some few of the NBFCs who have come for renewal and review, we have already raised the interest rates to about 15 to 20 basis points. Going forward also, we will be doing the same thing.
- Jai:** Right. Understood ma'am. That's all from my side. Thank you.
- A. Manimekhalai:** Thank you.
- Moderator:** Thank you. We will take our next question from the line of Rishikesh from Robocapital. Please go ahead.
- Rishikesh:** Hi, thank you for the opportunity. Did we just say that we will be doing QIP this year? So are we saying this financial year or this calendar year? And also if you could indicate the size of the QIP?
- Ramasubramanian S.:** Yes, if you are looking at it, we already have a board approval which we have to complete it. I think before this financial year, we have to raise the QIP. We have a board approval for

INR8,000 crores. Already we have raised around INR5,000 crores. Another INR3,000 crores, any time during the quarter we may be able to do that.

Rishikesh: Okay. And also my second question is with respect to the credit cost. What's the credit cost do we see going ahead in FY '25 and FY '26?

Ramasubramanian S: See, already what we expected was the credit cost will be coming down for our bank. We were expecting that we will be going below 60 by the end of March '25 actually. But already we have achieved that. So going forward, we expect that it will be around 50 bps only in the coming days. The present level of slippages which is happening in the bank.

Rishikesh: So for coming 1 and 2 years, are we expecting 50 bps of credit cost? Is that correct?

Ramasubramanian S: Yes, that is what we are expecting. Subject to the same cycle continues.

Rishikesh: Right, right, correct. Got it. Thank you very much.

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

Ashok Ajmera: Thanks for giving the opportunity again. Ma'am, we have been talking in last few quarters about the recovery in the cumulative written-off accounts. So I think if I am correct, in the last quarter you had said that your total written-off account, I mean amount is around, I think INR72,000 crores. So if you add another INR9,000, it becomes, I mean INR81,300 crores.

And you said we have already recovered INR1,500 crores and this year we plan to recover INR4,000 crores. So now we have recovered, another INR1,026 crores. So do you think, does it mean that in this current quarter of January-March, we plan to recover around INR2,400 crores from the w/off accounts?

Sanjay Rudra: No, we had given a guidance for INR4,000 crores, I think. So already we have reached to INR2,700 already we have reached. So remaining INR1,300 crores, definitely we will achieve this quarter.

Ashok Ajmera: All right, I think last quarter the INR1,500 figure was not right?

Sanjay Rudra: Yes, yes, correct.

Ashok Ajmera: So that figure, I think was almost INR1,700 crores. So around INR1,300 crores-INR1,400 crores we can expect in this quarter.

Sanjay Rudra: Yes.

Ashok Ajmera: I was just, there was one question for which the answer was given about the total recovery of this INR5,962 crores. So if you look at the cash recovery INR2,725 crores, upgradation INR1,388 crores, and recovery from return of account of INR1,026 crores. So total it becomes INR5,139. So what was the remaining component of INR800 crores-INR900 crores?

- Sanjay Rudra:** Remaining component is the interest on the NPA accounts which we have recovered.
- Ashok Ajmera:** All right, all right. I mean that has made a major difference.
- Sanjay Rudra:** So there are two components which goes to PL. One is the recovery in written-off, other is the interest which we recovered from the NPA borrower.
- Ashok Ajmera:** That's right, that's right. So ma'am, thank you very much and all the best for the next quarter.
- A. Manimekhalai:** Thank you.
- Moderator:** Thank you. We have a question from Ashlesh Sonje from Kotak Securities. Please go ahead.
- Ashlesh Sonje:** Hi team, good afternoon. First question is on the term deposits front. We have increased the rate we are offering on the term deposit 1-2 Tier bucket. The peak rate by about 25 basis points in the December month. Any reason why we have done that? Because we were already offering premium rates as compared to SBI or Bank of Baroda?
- Rajiv Mishra:** The rates were increased to be in the market. There's no additional increase. Even if you see the other banks, including the State Bank of India, they have also increased in the last fortnight or so. All the banks have gone up and increased the rates.
- Ashlesh Sonje:** Okay, but we are already at a premium. Is there some pressure in terms of deposit acquisition which prompted us to increase rates?
- Rajiv Mishra:** No, there is no as such pressure on the deposit, which is in ways, just to be in the market in line with the overall peers. We have been doing that.
- Ashlesh Sonje:** Understood. And now that we have raised deposit rates, where do we expect the overall cost of deposits to stabilize?
- Rajiv Mishra:** The cost of deposit has gone up by 6 basis points. That's why I think right now we are not seeing any increase in the rate in the near future. But we will watch the market and accordingly price it.
- Ashlesh Sonje:** Okay, but the re-pricing should lead to --
- A. Manimekhalai:** **Cost of Deposits** have gone by 6 bps and even on yield on advances also we have reduced by 6 bps. So going forward there is a challenge on deposits and there will be a little bit of increase in our cost of deposits. But we will just wait and see as to how much -- In fact, we are comfortable with our liquidity right now and plus we also have about close to INR 60,000 crores of excess SLR with us. So going forward depending on my advances, the way the advances increase I will be able to take the deposit. As of now we are not seeing a very substantial increase in my cost of deposits.
- Ashlesh Sonje:** Understood. And secondly on the yield front, do you expect any further benefit coming in from re-pricing of MCLR linked loans?

- A. Manimekhalai:** I do have about INR62,000 crores of my advances still which are yet to be re-priced. INR 62,000 in domestic advances in MCLR has to be re-priced during Q4. So considering the existing MCLR advances we hope to see some increase in our yield on advances also.
- Ashlesh Sonje:** Okay, Thank you. And just one last question. If I look at the corporate slippages, there was a slight increase sequentially to INR600 crores. Any lumpy slippage there?
- Sanjay Rudra :** No, it's only two accounts in the corporate book has slipped. And we are hopeful that the recovery will happen in one particular account. Other accounts, some other issues are there but in one account we are expecting the recovery.
- Ashlesh Sonje:** Okay, any sector like these accounts you want to call out?
- Sanjay Rudra:** Pardon?
- Ashlesh Sonje:** Which sector are these accounts from?
- Sanjay Rudra:** These are from the industry, textile is one such as, and other is the infrastructure.
- Ashlesh Sonje:** Understood, thank you.
- Sudarshana Bhat:** Additional increase of INR200 crores in the existing NPA.
- Ashlesh Sonje:** Okay, Thank you.
- Moderator:** Thank you. We have a next question from the line of Sushil Choksey from Indus Equity Advisors. Please go ahead.
- Sushil Choksey:** Congratulations to team Union Bank for excellent performance. Ma'am, we've done exceedingly well on most of the fronts whether it was fundraising, margins, profitability. Now, you've taken such good steps as a team. What initiatives are we doing to bring our cost to income down? You've initiated on wealth management, cross-selling. How are we empowering our bank's human resource to be future ready in terms of technology as well as all the new initiatives taken?
- Nitesh Ranjan:** Okay, yes. So, in terms of the capabilities that bank is building and you also talked about how we are building the human resources for the future including using the technology. So, you'll be aware that bank has taken multiple initiatives also for digitizing the HR processes and we have achieved most of those.
- On top of that, we are investing a lot in learning and development, new skill sets, lateral hiring for the various skill sets that we have been doing. And also, you'll note that technology and digital is not only for the consumer facing assets but across the bank including HR recovery processes, we have implemented technology. On top of that, how the future growth we'll be able to take?
- One, as you rightly said about our subsidiary that UBISL, we are using it as a sales engine. And today, it is supporting the bank through their presence across the country with more than 4,500

staff that they have for sourcing the retail and MSME loans. And also, they are helping us in the centralization of many back-office processes.

So, that is one area where we'll be able to acquire the customer at a cost lesser than the cost of acquiring a customer at the branch level as well as we'll be able to kind of cross sell to the customers also through this. And also, you'll note that we have also invested in technology across the gamut of the customer life cycle right from sourcing, underwriting, monitoring and so on.

For example, CRM is already an implemented tool in the bank and not only within the bank, like this tool is also helping our UBISL team, our BCs to actually generate and source the lead. We have also recently on boarded our partner for building a digital contact centre which going forward will be more outward outbound call centre services and that will also be generating the business and revenue for the bank.

So, bank is actually investing across the business domains and capabilities so that the current rate of growth that we are seeing and profitably that we are witnessing we'll be actually able to ramp up over the current rate in the coming years.

Sushil Choksey: Can you quantify the amount and kind of human resource you are building for doing this capability?

Nitesh Ranjan: Amount of? Can you please repeat?

Sushil Choksey: How much amount you have invested?

A. Manimekhalai: We are taking almost close to about 75 to 100 people from outside who are domain experts in the various capabilities actually. In HR, like we have created the ULA, the Union Learning Academy so we have taken people in that area we have taken in the respective cyber security we have taken, in digital front we have taken. So, these are the areas that we are looking at and capabilities of being built across the various domains.

And with regards to cost to income I think we are the least in the industry right now and you know if you take for the past almost like seven or eight quarters we have brought it down to very much lower than what it was earlier. So cost to income is already at the lower end but anyway with all the capabilities that ED has already explained, I am sure that we will be able to maintain the cost to income ratio.

Sushil Choksey: And because you have done well the expectation builds higher.

A. Manimekhalai: Yes, Thank you. Yes, we will meet the expectations of the market.

Sushil Choksey: Okay ma'am, my last question how are we positioned for 2024 as treasury market has surprised a bit in this quarter and may surprise the world in 2024 because India has a bright place in terms of inclusion in various indices and the collection on corporate tax collection may not put pressure on government borrowing. If such situation arises, how are we placed for the year?

Nitesh Ranjan: Yes, so I think if we particularly talk about the treasury markets and the outlook which is there globally and in India. The obviously we – the rate which is at the peak today is expected to

remain there for quite some time and in our estimate not earlier than the second half of the current calendar year we will be able to see some kind of rate cuts. So in that sense, treasury market would remain tight.

But if we talk about from the bank perspective, our focus is -- not to make treasury as a key pillar of profitability, but rather focus on the advances because you have been noticing over the past many quarters that we have been investing a lot in different kind of opportunities in the asset market like be the gold loan, the auto loan, the education loan, everywhere we are building capabilities and that is our objective.

Treasury will definitely focus on the trading capability and we have a very good set of dealers across the FX and the fixed income site. So other than that, it will only be a kind of tool for managing the liquidity for the bank. But obviously, I think for the investors, they should not look at similar kind of profitability which treasury has given in the last three to five quarters.

Sushil Choksey: Thank you for answering all my questions and all the best for the year.

A. Manimekhalai: Thank you, Chokshiji.

Moderator: Thank you We have a next question from the line of Swechha Jain from Whitestone Financial Advisors. Please go ahead.

Swechha Jain: Just a follow up, if you could give me again the breakdown of that INR5,900 crores of recovery I kind of missed some numbers there?

Sanjay Rudra: The total recovery during the Q3 is INR5,935 crores. Out of that INR2,700 crores is the recovery by way of the ledger balance recovery and there is an upgradation of INR1,388 crores. In addition to that, the write-off of recovery is around INR1,026 crores and dummy ledger recovery which is the interest recovery is around INR 995 crores. So all together it comes to INR5,962 crores of recovery.

Swechha Jain: And this INR2,700 is what we had guided by your end should be INR4,000 crores So INR1,300 crores should roughly be again in Q4, right?

A. Manimekhalai: Yes. From the write-off? Correct, correct.

Swechha Jain: Right. Thank you.

Moderator: Thank you. We have a next question from the line of Rahil Shah from Crown Capital Please go ahead.

Rahil Shah: Hi, good evening. Have you shared any ROI guidance for this year and next year as well?

A. Manimekhalai: No, we are not revising our guidance for the current year. So we are sticking to our guidance and we hope to perform much better than whatever the guidance that we have given. And as far as the next year guidance for FY'25, we will be the country's GDP will be close to about 7% or 7.2%. So we hope to, the thumb rule is we will do about 1.5 times the GDP growth. So accordingly, we will be taking our guidance for '24, '25.

- Rahil Shah:** Okay. But just the ROA guidance for this year. Can you please repeat it?
- A. Manimekhalai:** The guidance for the current year, of course, advanced growth we said 10% to 12% We are today at 11.4%.
- Rahil Shah:** ROA?
- A. Manimekhalai:** ROA was the guidance was to reach 1% and that we have already reached. Because actually for FY'25, FY'25 our guidance was 1% and that which we have already reached in the September quarter.
- Rahil Shah:** Ok, no problem Thank you and all the best.
- A. Manimekhalai:** Thank you.
- Moderator:** Thank you. We have a next question from the line of Rakesh Kumar from B & K Securities. Please go ahead.
- Rakesh Kumar:** Yes, Thanks Ma'am. So just one question with respect to our deposit composition. Bulk deposit has still, kind of gone up as a proportion compared to September quarter and short-term rates are rising in the system and like as we were discussing the LCR also has fallen quite a lot. It had happened in Q2 also and in Q3 also it has happened. So margin guidance, that we have of 3%. So are we expecting 10, 15 pips sequential fall in the margin considering all these points like Bulk deposit rates?
- A. Manimekhalai:** See it is just not the deposit rates or the how I raise my deposits, impacts my margin So I am not looking any downward impact in my margins right now. There are lot of other, contributory factors to maintaining my margin. So I am sure that, I will not be able -- I will be able to maintain my margin at 3%.
- Rakesh Kumar:** Yes. nine months, nine months margin is at around 3.1%.
- Rakesh Kumar:** Yes. 3.1%?
- A. Manimekhalai:** Yes.
- Rakesh Kumar:** So would that be the number for Q4 also or because the guidance is at 3%?
- A. Manimekhalai:** Yes I will be able to maintain it at 3%. Or little above that also.
- Rakesh Kumar:** Okay. Okay, ma'am. Thank you.
- A. Manimekhalai:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, which was the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you.
- Nidhu Saxena:** Yes. So we at the outset thank all the investor community who had been always participating in all our con calls very actively and taking the guidance from the bank. And also giving lot of

suggestions which, we have been taking and looking at how we can improve upon our financial and overall of performance. So thank you for that and thank you for this attending the con call.
Thank you.

A. Manimekhalai: Thank you all of you. Thank you.

Moderator: On behalf of Union Bank of India, which concludes this conference. Thank you for joining us, and you may now disconnect your lines.
