



# “Union Bank of India Earnings Conference Call for the Period Ended December 31st, 2024”

**January 28, 2025**



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SHRI NITESH RANJAN – EXECUTIVE DIRECTOR  
SHRI RAMASUBRAMANIAN S. – EXECUTIVE DIRECTOR  
SHRI SANJAY RUDRA – EXECUTIVE DIRECTOR  
SHRI PANKAJ DWIVEDI – EXECUTIVE DIRECTOR  
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MR. AJAY BANSAL – DEPUTY GENERAL MANAGER,  
HEAD OF INVESTOR RELATIONS  
MS. KANIKA PASRICHA – CHIEF ECONOMIC ADVISER**

**Moderator:** Ladies and gentlemen, Good Day and Welcome to the Union Bank of India Earnings Conference Call for the Period ended December 31st, 2024.

The Bank is represented by the Managing Director and CEO – Ms. A. Manimekhalai, Executive Directors – Shri Nitesh Ranjan, Shri Ramasubramanian S., Shri Sanjay Rudra, Shri Pankaj Dwivedi 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 this conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ajay Bansal – Deputy General Manager. Thank you, and over to you, Mr. Bansal.

**Ajay Bansal:** Good afternoon, ladies and gentlemen. I, Ajay Bansal – Head of Investor Relations, welcome you all for the Union Bank of India Earnings con-call for the period ended December 31st 2024.

The structure of the con call shall include a brief “Opening Statement” by respected M.D. and CEO ma’am, and then the floor will be open for interaction.

Before getting into the con-call, I will read out the usual disclaimer statement.

I would like to submit that certain statements that may be discussed during the investor relation interaction may be forward-looking statement based on the current expectations. These statements involve a number of risks, uncertainties and other factors that cause the actual result to differ from the statement. Investors are therefore requested to check this information independently before making any investment or other decision.

With this, I now request our respected M.D. & CEO ma’am for her “Opening Remarks”. Thank you, and over to you, ma’am.

**A. Manimekhalai:** Thank you, Bansal. Good afternoon, everyone, and welcome to Union Bank Financial Results Announcement for the Third Quarter ended December 31, 2024. Thank you for joining us today. I am sure you have had the opportunity to review our Results.

We are navigating through a challenging macroeconomic landscape characterized by tight liquidity conditions, which was eased a little by the Reserve Bank of India yesterday, moderating urban demand, uncertainty arising from global developments, volatility in the Indian rupee, and capital outflows.

These factors are exerting pressure on the banking industry. However, positive developments such as recovery in rural demand, driven by higher agriculture growth, and gradually easing inflationary pressures are expected to support economic growth.

**Moving to the Bank's performance:**

We remain steadfast in our commitment to sustainable growth with a balanced focus on top line and bottom-line performance. Our strategy prioritizes profitability and operational efficiency over aggressive growth. The bank delivered a strong performance in key areas such as asset quality, capital adequacy and profitability, ensuring the long-term value creation for all its stakeholders.

**Let me now review the 'financial highlights' for Q3 FY '25:**

The net profit reached 4,604 crores, marking a 28.2% year-on-year growth. For the 9 months' ended December 2024, net profit stood at 13,002 crores, registering 25.8% growth year-on-year, compared to the full-year FY '24 profit of 13,648 crores.

Return on assets improved to 1.3% and ROE reached 17.75%.

Capital adequacy stood at 16.72% with a CET1 ratio of 13.59% as of December 2024.

I was talking about asset quality. So, gross NPA reduced by 98 bps Y-o-Y to 3.85%. Net NPA improved to 26 bps to 0.82%. Provision coverage ratio increased by 88 bps to 93.42%. Credit cost stood at 63 bps and the slippage ratio improved to 89 bps.

**Let me just give you the update on the guidance that we had made to the market:**

While profitability and asset quality metrics remain in line with our expectations, there has been a moderation in the business growth this quarter.

This is largely due to our conscious decision to shed high cost bulk deposits, which impacted terminal growth numbers. As a result, the deposits growth has moderated to 3.8%. However, our growth in advances has also remained at 5.9%.

In terms of averages, both deposits and advances grew sustainably Y-o-Y by 7.6% and 10.9% respectively, reflecting resilience in our business expansion. We now anticipate achieving growth closer to the lower end of our guidance for deposits and advances.

**Now, other highlights on our guidance:**

NIM for the 9 months ended December 2024 stood at 2.94% well within our guidance range of 2.8 to 3%. Notably, on a Q-o-Q basis, NIM improved by 1 basis point. GNPA, which is currently at 3.85%, is already below the 4% FIN target achieved ahead of the schedule.

With regard to slippages and recovery, gross slippage for the 9 months stood at 9,506 crores, and net slippages are around 8,941 crores, while gross recoveries reached 10,789 crores, aligning

with our annual guidance and demonstrating our commitment to maintaining recoveries consistently higher than slippages.

**I will now give you a brief on the significant developments during the quarter.**

The bank has opened five Nari Shakti Branches in Bangalore, Chennai, Jaipur, Mumbai and Vijayawada on November 9, 2024, by the Honorable Finance Minister, which aims to support women entrepreneurs and provide tailored resources to foster growth and job creation.

On our 106th Foundation Day, we launched several innovative initiatives, including the Union Current Account STP, Union Digital Contact Center, Union MSME Superfast STP, Union CBDC accessibility initiative for the visually challenged and the Union Green Home initiative.

We have added 146 branches in the current financial year, taking the total branch network to 8,574. We have expanded our clientele by opening 32 lakh CASA accounts in the first 9 months of FY 2025, including 2.42 lakh premium accounts.

To conclude, the bank remains steadfast in navigating challenges while delivering sustainable growth and value for stakeholders. With a focus on innovation, operational excellence and customer-centric initiatives, we are confident in our ability to drive long-term success.

Thank you and I look forward to your questions.

**Moderator:**

Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Jai Mundhra from ICICI Securities. Please go ahead. Due to no response, we move on to the next participant. Next question is from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

**Ashok Ajmera:**

Good results, ma'am, as you yourself said on the performance of the bank is concerned on the asset quality side and even to a great extent on the recovery targets also. But ma'am, we are really going down on the business front, both the deposit and credit. And our performance is a little lower than other especially the PSU, PSBs, which have declared their results. I mean, we are much below them in this nine months' performance.

So, now some people have started a little bit downgrading our stock and our future prospects. So, I would just like to know, though you have touched upon in this opening remark, you yourself said that our business growth is lower than the target. But going forward in future, not just in one quarter of the remaining quarter of this FY '25, but what do you think? I mean, the previous levels or the targeted levels will come back again soon, or there is really a major slowdown in the economy and the growth path, and we may not regain the past glory again? The first question is on that, ma'am.

**A. Manimekhalai:**

Regarding the macroeconomic landscape, our economist will give you a brief. But however, as far as the bank is concerned, as I told you in the beginning with my opening remarks, we are committed to sustainable growth with a balanced focus on top line and bottom-line numbers.

Our strategy, of course, as I have been mentioning in all the quarters, we focus on the probability rather than adjusted growth. My total or the bank's total focus is to create long-term value creation for the stakeholders rather than making small glories.

Now, if you look at the way we have done it, we have shed almost like more than 30,000 crores in bulk deposits to improve our CASA deposit number and see that our NIM is not impacted. The deposit growth moderated. We had a strategically, we reduced the numbers. We shed those numbers, bulk deposit. And many things that the bank has taken is to drive home the point that we are looking at sustainable numbers and not a small blip in whatever we do. And I will now ask Kanika to give you a brief on the overall macroeconomic scenario.

**Kanika Pasricha:**

Thanks a lot, Ajmeraji, for the question. Sir, actually three quick points. First and foremost, of course, we acknowledge your concern. But if you look at every banker on the street, when they have come out with a post the analyst call, one stream of thought is very clear that the macro environment is very challenging, sir. And if you see the same period last year when we would have had this call, we would have said that at least for the next 12 months, even RBI was talking about a growth number of 7, 7.5%. They downgraded it to 6.5. Government is at 6.4. So, the RBI and the government have also acknowledged that there is a growth slowdown in the economy and the economy needs some oiling in that regard.

So, second point is just on the macro front, so what is the concern is that the nominal GDP growth for two consecutive years is below the double-digit mark. And in an economy like India, a nominal GDP growth drives credit growth. So, credit growth same period last year was 15-16% excluding the merger effect. Now it's trending at 11% to 12% number. So, there has been a lag in terms of credit growth numbers for the total growth coming under the federal and statistical domestic factors. Global economic uncertainty also remains, which has got exacerbated under Trump 2.0 since November.

So, last point from bankers' perspective, and why is it, you know, why the economy and not just that the financial system needed some oiling? You know, the liquidity side, sir. Same period last week, we kept talking about deposit growth being higher than credit growth. We needed structural liquidity. Then post Trump 2.0, we got some 5 lakh crore of outflows on account of FX.

So, we started, you know, there were a lot of concerns raised. Of course, liquidity came under pressure. And in that regard, I would say now ending on a positive note, and an optimistic note in terms of outlook, sir. And we are very sure that it will hold something good for our bank as well. So, RBI yesterday, the kind of state of liquidity measures we have given are signaling that they are paying heed to our bankers' liquidity rules. And 1.5 lakh crore is a big amount given.

On the other hand, sir, now from the budget also, we expect that while the government stays committed to roadmaps, they will do something more to stimulate the economy. We see some incentives coming in to boost overall growth that will lead to more business growth and eventually bank credit growth as well. So, something to look forward to. In fact, in the next 10 days itself, sir. Thank you so much.

**Ashok Ajmera:**

Ma'am, my second question is on the income side, the non-interest income and especially the recovery from the written off accounts. Yes, I mean that is some area. You know, the overall recovery plus recovery from written off account plus other components of the other income. There, I think, if you can give some picture, that at least like on profitability front, like this operating profit also, this quarter was little under pressure. So, going forward, do we have some more chances of big profit, other income includes recovery from the written off account, treasury income and some other components of the income?

**Avinash Prabhu:**

Yes, so on the non-interest income side, we have been showing a consistent growth. So, our year-on-year growth is about 25%. Our core fee income is up by about 26% year-on-year. Treasury income is also growing nicely at about 23% year-on-year. Recoveries again have shown a higher trend year-on-year. So, that's at about 32% higher.

So, you can see that we are looking at various fronts as far as our non-interest income is concerned in terms of trying to get the maximum out of that. And we are quite comfortable that we will be able to show a similar trend going forward. So, that is something that we continue to focus on. And we will continue to show growth going forward.

**Ashok Ajmera:**

Some color on the NCLT account and NARCL or other asset recovery company sale of the assets recovering some good amount on that in this quarter, so as to make this year at least a good year for profitability point of view?

**Sanjay Rudra:**

Ajmeraji, good morning. I am Sanjay Rudra here. In the NCLT account, this quarter our recovery is slightly low as compared to the last year, December quarter. We are able to recover 294 crores in NCLT accounts as against the 1,674 Cr. But in the current quarter, we are hopeful that some improvement will happen.

As far as the ARC sell is concerned, last year the number was zero, but this year it has improved, and it is 344 crore. So, if you see the total guidance, which we have given for 16,000 crore of recovery for the current financial year, out of that already we have achieved almost 10,800 crore, of recovery. And the balance amount of 5,500 crore recovery will happen in the current quarter. So, we are very much hopeful that we will be able to meet the recovery target. And already the write-off recovery is better than last year. We will see that it improves further, which will add to our other operating income, other income. It will add to our other income.

**Ashok Ajmera:**

Sir, this 345 crore is the total recovery. I mean, out of this, only 15% is the cash component, isn't it this asset recovery company?

- Sanjay Rudra:** No. That's slightly different. Now, the ARC sell, we are not looking for any SR because it is on pure cash basis. So, this 345 is a whole full recovery on cash basis.
- Ashok Ajmera:** Cash basis. Okay, sir.
- Moderator:** Thank you. Next question is from the line of Aditi Naval from RSPN Ventures. Please go ahead.
- Aditi Naval:** I have a few questions. First, with respect to the interest on RBI balance or the bank balance line item, so that has dropped significantly Q-o-Q as well as Y-o-Y. So, anything that you would like to call out on that line item?
- Sudarshana Bhat:** Yes, madam. This is mainly because of the setting down our bulk deposit and liquidity tightness. We have not done much arbitrage activity. That is why it has come down by 187 crores. Otherwise, it is on par with the earlier quarters also. If the liquidity improves and opportunity comes up, definitely we will add it and improve our performance in that case.
- Aditi Naval:** So, then second question was with respect to the effective tax rate this quarter came down to around 21%. So, is there any type of reversal of anything that we have gotten?
- Avinash Prabhu:** No, obviously we keep revisiting our income tax provisions from time to time. So, you will see that on an average our effective tax rate is about 24 to 25%, which is in line with what the regulations are in terms of income tax. So, it is just that this quarter we just revisited some of our estimates and that is the reason why you see an effective tax rate of 22%.
- Aditi Naval:** And also just one last question on the SMA. So, SMA-2 has increased from 1,654 crores in September to 5,500 crores in this quarter. So, is it that same account that we were referring to last quarter which was in SMA-0 around 5,000 odd crores and that has slipped into SMA-2?
- Ramasubramanian S.:** Yes, this is only one account actually, for which also we earlier told that we already made the adequate provisions also in standard asset. We approved the provision. But for your kind information, as of today, the amount is recovered.
- Aditi Naval:** So, this amount will go back to being standard in the current quarter.
- Ramasubramanian S.:** Yes.
- Moderator:** Next question is from the line of Rakesh Kumar from B&K Securities. Please go ahead.
- Rakesh Kumar:** The first question was with respect to the interest income accrual with, you know, due to the recoveries. So, I think that the number previous year was approximately 3,065 crore and that number has fallen to 1,750 crore in the nine months. So, any comment that you can offer or any clarification that you can offer, ma'am?

**Sanjay Rudra:** For the last year, for nine months, recovery was around 2,223 crore and full year it was around 3,065 crore. But this year, in the first nine months, our recovery is only 1,738 crore, which is almost 500 crore short of last year number. But we are working on that, and we are hopeful that the recovery of the interest will also improve.

But interest recovery on NPA account is not through the OTS because we have a policy where in whatever the recovery comes through the Sarfaesi and all is first adjusted towards the recovery of interest. So, last year actually SARFEASI action was more effective. This year we have done some of the same but the realization has not yet happened which will have effective in this current quarter. So, I am hopeful that that number will also improve, and we will be able to meet our expected number of around 2,500 crores for the current quarter.

**Rakesh Kumar:** Secondly, ma'am, with respect to our discount rate on the AS15 estimation, we have, I think, discount rate at 7.5% as on March '24. I am not sure if we have changed that number during the nine months. If it is the case, kindly clarify. And with the 10-year G-Sec having come down to 6.7 and around. Would we have to reduce the discount rate for the AS15 calculation in the March quarter? And if that is the case, how would the terminal benefit obligation number would look like in the fourth quarter employee expenses number, ma'am?

**Avinash Prabhu:** Yes, so on that, on the AS15 assumptions, we are in touch with the actuary. So, you know, even for the December quarter, we did speak with the actuary before looking at what numbers should be booked. So, we have taken into effect what the actuary told us. We will again revisit this in March and finalize the numbers, but we are quite comfortable with the numbers that we have booked based on the discussions that we have had with the actuary, and no statements or assumptions right now.

**Rakesh Kumar:** Just one last question, sir. Our credit growth guidance is 11 to 13%, and ma'am mentioned that we were looking at the lower end of the band, guidance band. We have done 5.6% in the 9 months. So, are we expecting that another 5% we can do just in one quarter, in fourth quarter? Would it be feasible in this market?

**A. Manimekhalai:** See, even though my terminal numbers, you know, if you look at the terminal numbers, my gross advances is at 5.9%. That's about 6%. But if you look at my average number growth, it's almost like 10%. That is the way the advances numbers have grown.

I also have a pipeline of about 75,000 crores sanction limit with me and out of that, pending for disbursement is close to about 36,000 and pending for sanctions is around 39,700 crores. We are getting very good traction from real estate, road, power, data centers and other such centers. My RAM portfolio is equally quite aggressive, and we are hoping to grow a good numbers and plus with the kind of stance that RBI has taken, so we hope to improve the advances portfolio also in this quarter.

**Moderator:** Thank you. Next question is from the line of Mahrukh Adajania from Nuvama Wealth. Please go ahead.

**Mahrukh Adajania:** I had a few questions. Firstly, last quarter, because there was a big slippage of a lumpy telecom account, there was a sharp reverse, there would have been a sharp reversal in interest income as well, right? And even with that, so which wouldn't have been in this quarter. So, even on that base, our NIM has declined our lower growth, right, obviously because of tight liquidity and as you explained recovery interest being lower.

But given that now, possibly, neutral liquidity may last and may be the theme for the future quarters, do you expect your NIM to recover from current levels? I know you have full-year your guidance, but this is just like a discussion from the current quarter to where we see NIMs going ahead, right? Because maybe the tight liquidity impacted NIMs, but do you see it recovering? Because last quarter itself, there was a lot of pressure from a big NPL. And also, if you could call out separately the arbitrage income this quarter versus last quarter? This is my first question.

**A. Manimekhalai:** We have guided for the NIM of, if you remember, 2.8 to 3% for FY '25. Our current NIM for December quarter is at 2.91. And if you look at Q-o-Q, we have improved our NIM by 1 bps. And this is because we had maintained our cost of deposits, our yield on advances also improved by about 8 bps. We have taken a lot of measures. We controlled and efficiently managed our bulk deposits.

On the yield front also, there was an increase in average advances. All this has helped us in keeping the NIMs above whatever the numbers that we had given. So, going forward also, I do not want to change my stand of 2.8 to 3%. We are looking to improve our NIMs to further amount, further numbers.

**Sudarshana Bhat:** As far as arbitrage is concerned, due to the tight liquidity condition and setting up our bulk deposit, we took a little arbitrage opportunity. As and when this quarter if the liquidity eases happens and we have a surplus fund, definitely we will look for a better opportunity and increase the arbitrage income during this quarter. It is hardly Rs. 180 crores only down.

**Mahrukh Adajania:** Rs. 180 crores lower than the last quarter?

**Sudarshana Bhat:** Yes.

**Mahrukh Adajania:** And what would be the reversal on interest income last quarter and this from NPLs?

**A. Manimekhalai:** There is not much of reversal. It is a very miniscule number that we have been able to reverse.

**Mahrukh Adajania:** Reversal as in on NPL?

**A. Manimekhalai:** Yes. Very small number.

**Mahrukh Adajania:** But last quarter it would have been a bigger number?

- Avinash Prabhu:** It's almost the same, Mahrukh quarter-on-quarter. So, if you look at the December quarter, the dummy ledger recovery is Rs. 600 crores. It is very small number. [Mahrukh, I will give you that number offline.
- Mahrukh Adajania:** And then just a clarity on that SMA thing, which has already been recovered. So, I guess in last quarter's discussion also, we said that the lumpy SMA loan was upgraded. So, at the time of last quarter results, so after it got upgraded, it got downgraded again, and now it's paid. Is that the way to look at it?
- Ramasubramanian S.:** No, see, last quarter also, that was continuously in SMA, actually speaking. Sometimes it goes to SMA-2 also. That's what it has happened in December. We all know the account, so because of some funding from equity has come and the over dues has been fully cleared.
- Moderator:** Thank you very much. Next question is from the line of Jay Mundra from ICICI Securities. Please go ahead.
- Jay Mundra:** Just on this SMA, did I hear it correctly that the exposure itself has run down now, right? Or it is just that the account has become normal?
- Ramasubramanian S.:** No. The overdue only has been run down. The exposure still remains. Overdue has been fully cleared.
- Jay Mundra:** Right, and ma'am, on your loan growth, so somebody was also asking that even if you were to match your loan growth guidance at the lower end, it will be a steep ask. You mentioned that you have a decent separate pipeline, sanctions and amounts to be disbursed. But again, then you will also face the same challenge, right, that cost of deposit is still hard and you may have to fund those corporate loans by T-bill or maybe bulk which will not help on the margin front. So, what is the way out in the sense that it looks like a catch 22 situation that you know CASA growth is not happening and hence we are not going corporate as much. So, that may continue for a while, right? Is that the understanding or how do you want to get out of this?
- A. Manimekhalai:** See, if you look at the way we have done in this quarter, we have consciously reduced our bulk, which is at a higher cost. And also, if you look at my average advances growth has also remained quite good at 10%-10.5%. Now looking at the pricing and most of my advances that is on the book now is at MCLR pricing and not at the T-Bill pricing. So, as and when there is a requirement and we have also seen a good growth in my retail deposit front. I have seen some good growth happening in the last nine months. So, the various steps that we have taken, my retail term deposit has also grown by about 8% and with an absolute growth of about Rs. 36,000 crores. Now, and with this also, and with a little bit of easing of liquidity measures that the Reserve Bank of India has also taken we were sure that we would be able to fund our advances growth.
- Kanika Pasricha:** So, you have two points. First of all, you know, it's not as if bankers are in a Catch-22 situation, even from the macro perspective you know that everybody is looking at sources of funds because

even now, credit growth is higher than deposit growth and of course, people are scouting for funds, but apart from deposit, the everybody is looking at alternate sources of funds. So, we also have our own avenues for the give that fund. Second, as liquidity eases and RBI signals, they're on a path to monetary easing because they also want to contribute, in fact, with the heavy lifting on growth. So, when the cycle switches, we all know the statutory effect on CASA as well in the coming months. It may not be as much because of the shift in savings profile. So, first alternate sources of funds, we are also looking for some. And second, on CASA, maybe some statutory relief in the coming months of the cycle shift. Thank you.

**Jay Mundra:**

Ma'am actually, the broader point I was trying to understand was this NII growth now has become 1% YoY, right? And assuming no rate cut change, I mean, no change in the rate cut, you believe it will remain like this only, I mean, without any policy action, or you think it can inch up?

**A. Manimekhalai:**

I think the main income of the bank comes from interest income, NII only and we have seen a little bit of growth Q-o-Q also and Y-o-Y in our interest income. With the easing of the liquidity numbers and with the yields coming down probably with the run cut. We are sure that we will be maintaining our interest income with the higher growth, positive growth in our advances, that is one thing. But if you look a, the bank is also doing very well in the non interest income part. They have shown a very good growth almost 17% in the last 3 months and also Y-o-Y growth of about 25% in the non interest income. Core fees based income is also grown by 26% and recovery income is also in recovery in written off accounts, dummy ledger recovery, all this will also factor in and we hope to keep our net interest income at the steady growth space.

**Jay Mundra:**

And then secondly on SME and Agri, while corporate may have very fine pricing, but SME and Agri, the largest PSU bank is delivering very steady growth on SME and Agri both. Other private banks are also delivering. What is actually impacting the slower growth in both these segments?

**A. Manimekhalai:**

I will tell you about MSME, of course the growth has been muted because of two factors, one is of course Rs. 5,000 crores of my MSME book were upgraded to mid corporate segment. They were moved into the corporate because of the turnover and the other issues. And then secondly, about close to about Rs. 12,000 crores of my MSME book we had to declassify because of URN number not happening. So, these are the two reasons because there was a little bit of run down on my MSME book which I am sure that we will be able to make up during the current year. With regard to the Agri portfolio, it is showing a growth now. As of now, the season has started picking up. We had a lot of many governments coming up with debt waver and all those things and that is why there was no growth in my agri sector and which we hope that we will be able to do during the current quarter.

**Jay Mundra:**

And this MSME reclassification was during the quarter, right? Or it was at the beginning of the year?

**A. Manimekhalai:**

Yes, it was during the quarter. December Q3 quarter, it was done, declassification. and upgradation.

- Jay Mundra:** And then on gold loan, if you can quantify how much is your total gold loan, how much is agri-gold and how much is retail gold? And is there any impact because RBI has revised the gold loan circular, asking for product changes, a lot of changes on LTV and maybe the rollover and renewal policies.
- A. Manimekhalai:** My total gold loan portfolio is to the extent of about Rs. 81,000 crores. Out of that, I Agri gold is about Rs. 50,000 crores. And of course, RBI has come out with the guidelines with regard to LTV for both agriculture and non-agriculture loans. We are yet to feel the impact of those guidelines by the RBI. But, however, we have been doing well. We have opened large number of gold loan accounts during the last few quarters and we hope to match those numbers and the portfolio will grow in a very healthy manner.
- Jay Mundra:** I have one more question on PL, unsecured personal loan. How much is the exposure and what was it last quarter, I mean how it has grown in the last one to two quarters?
- A. Manimekhalai:** Unsecured lending to personal loans is about Rs. 12,800 crores, not much in the variation here, in fact if you look at YoY growth, it is actually declined by almost a percent. So, there has been a degrowth in my personal loan portfolio.
- Jay Mundra:** And if you have the GNPA number in this book, the outstanding GNPA.
- A. Manimekhalai:** NPA numbers stands at about 1.8% in this personal loan segment.
- Jay Mundra:** The last question, if you have the SMA number for MSME because there was some concern in the SME portfolio for banks, if you have the SMA-1 or SMA-2 figure for MSME portfolio of the entire bank for this quarter?
- Sanjay Rudra:** SMA number for MSME is around Rs. 9,900 as a whole. And SMA-1 is 3500 and SMA-2 is 4,600.
- Moderator:** Thank you. The next question is from the line of Ashlesh Sonje from Kotak Securities. Please go ahead.
- Ashlesh Sonje:** First set of questions on the deposit mobilization front. You have run down the bulk term deposits this quarter. How much of it, do you think there is scope for further run down here in this book?
- Sudarshana Bhat:** Run down around Rs. 30,000 crores plus and brought down the percentage to 25.02% that was the conscious call taken. We continue to stick to that 25% from the bulk side at the total deposits.
- Ashlesh Sonje:** If I look at your deposit growth rate for the year that is 9% to 11%, but YTD growth is negligible. Do you think you might have to hike your term deposit rates to garner more deposits for the rest of the year?

- Sudarshana Bhat:** That is because of the setting down the bulk deposit. As per our retail segment is concerned, it is at 8.5% level. And that is continuously doing pretty well. Only because of setting the number of bulk deposits, the percentage has come down.
- Ashlesh Sonje:** Do you plan to hike term deposit rates? That was the question.
- Sudarshana Bhat:** Deposits are very competitive compared to other peer banks. We will look into the other bank's competitiveness, if required we may look for it.
- Ramasubramanian S.:** Just to add to that retail term deposit, if you look at our last year, our retail term deposit during the nine-month period, that is from April to December the absolute growth was only Rs. 6,500 crores. And during the current year, that is from April to December 24, the increase is around Rs. 22,000 crores. So, we are already our rate is very competitive in the market and we are growing in the retail term deposits.
- Ashlesh Sonje:** Sir, secondly on the recovery front, you have guided for Rs. 16,000 crores for this year and you indicated that you expect to achieve it. Do you think you have a pipeline which is large enough to do a ballpark similar recovery in the next year?
- Sanjay Rudra:** The portfolio of recoverable amount is coming down year-after-year because last year if you see we have recovered Rs. 18,000 crores this year we are targeting for Rs. 16,000 crores after this also we will have a portfolio, but recoverability will come down, so we will take a call in the month of March that what will be our target for the next financial year. And majorly the majority of the accounts almost, Rs. 80,000 crore if I take Rs. 80,000 crore is in NCLT where the resolutions are very slow paced. So, that also will be one of the guiding factor for recovery for the next year.
- Ashlesh Sonje:** And just lastly, you shared the GNPA ratio in the personal loans book at 1.8%. What was this number last quarter?
- A. Manimekhalai:** It remains at the same level. 1.8% to 1.9%. We are not growing very aggressively in this book.
- Moderator:** Thank you. Next follow-up question is from the line of Ashok Ajmera from Ajcon Global Service. Please go ahead.
- Ashok Ajmera:** My question was a little bit more, again, on the business development, like credit and deposit, , a little more in detail. Like, what are we actually looking at? I mean, what is our pipeline is showing as far as the credit is concerned? We have I think, the renewable energy credit facility of about Rs. 27,269 crores. So, are we looking for more opportunity in the renewable energy side? What is our sanctioned undisbursed pipeline is saying? And the proposals which are not yet sanctioned but are in pipeline you are saying? Because, you know, we need to start worrying about the growth. Deposit side, I mean you are comfortable as far as your CRAR is concerned. You also have extra SLR. I mean you can raise the funds also. But on the credit front, because in order to maintain the profitability of the bank on a continuous basis, you need to grow your

loan book. So, where are the opportunities you are looking at and what thrust on which areas you are giving the main thrusts?

**A. Manimekhalai:**

We have almost as I told earlier also, we have got almost about Rs. 75,000 crores are pending for disbursements and sanctions. Out of this Rs. 75,000 crores, Rs. 36,000 crores is pending for disbursement and Rs. 39,000 crores is pending for sanctions at our end. We have sanctions under road, power, real estate, iron and steel, cement, renewable energy, EV, semiconductors, you've got so many sectors under which the loan has already been sanctioned. Renewable energy also we get lot many proposals. But the bank is very clear that if you are getting it a good pricing and the rating of the promoters are good, only then we take up these kind of industries. We just do not want to grow for the sake of growing but whatever meets our bottom line that is the way the bank wants to grow. And I have told you at the beginning only that we are committed to a sustainable growth with a balanced focus on the top line and bottom line performance. And with the kind of strategies that the bank has taken in the last few quarters, we have shown a good bottomline performance exceeding the market, the way the market is thought about, we have taken up lot of initiatives to improve our performance in the advances sector also and we hope to continue with those kind of practices which help us in a sustainable growth, but also the bottom line of the bank is also adequately taken care.

**Ashok Ajmera:**

So, basically, if these things little bit improved in the overall economy and if you become a little positive, you have a scope for immediate Rs. 26,000 crore of this which is already sanctioned and on disbursement and you have another strong good pipeline, of course, providing you meeting your criteria. Having said that, my next question, ma'am, in this round is on a little bit of clarity on this taxation DTA number. So, how much more is left, and can the CFO give little color like this quarter it was I think Rs. 1,289 crores compared to the last quarter of Rs. 1,681 crore, the taxation including DTA. Overall, in nine months, it is Rs. 4,321 crores as compared to previous nine months of Rs. 5,819 crores. So, going forward, March '25, because the taxation ultimately affects our bottom line, even though we don't have to pay actual tax so much. So, can you please throw some color on that, that what is actually going to be the 2025 color figures on the taxation on the DTA, including DTA?

**Avinash Prabhu:**

See, the way generally as we provide details of provisions, the work is that the provisions for taxation and DTA kind of offset. So, for instance people obviously look at as we increase the amount of write-offs, that would have some color as far as our DTA is concerned. I will not be able to give you exact numbers as far as DTA is concerned or maybe I can discuss it with you offline in terms of how our DTA book is panning out. But I won't have numbers right now in terms of what the March 2025 DTA could be.

**Ashok Ajmera:**

What is the total amount left now?

**Avinash Prabhu:**

Total amount is roughly about Rs. 2,175 crores of DTA.

**Ashok Ajmera:**

That is to be taken care of in the coming quarters, isn't it?

- Avinash Prabhu:** Not necessarily in the coming quarter, in the coming quarters, yes.
- Ashok Ajmera:** And last question is on the buffer provision, then have you used some of the buffer, you know the addition provision on the standard asset, I think which is stands about Rs. 550 crore something now. Is there any addition in this quarter in this or have you used something out of the existing buffer which we had or more than the IRAC norms provision if any which is there still?
- Avinash Prabhu:** I think we are making standard asset provision in line with the regulations, so we don't, I mean what we monitor is how are we comparing ECL versus what we are holding in our books right now and there we are very comfortable. So, we are not necessarily maintaining additional buffers as far as our standard asset provision is concerned.
- Ashok Ajmera:** It is written in the note to the account that as a prudential measure, not that as an IRAC requirement. If you read the note, it says additional provision on standard as a prudential measure, not on a prudential basis. So, definitely it means it's not as per the guidelines, it is above the guidelines?
- Avinash Prabhu:** But that is referring to the provision that we made in the June quarter, if you recollect, towards standard asset provisioning. So, that we are still holding because one of those accounts moved to specific provision. The balance still stays there and that we will revisit as the quarters go back.
- Ashok Ajmera:** Basically my reason for asking this question was, whether in the coming quarter it might come, I mean it might get totally reduced or I mean, our decision may be applied on this or it may take some more time.
- Avinash Prabhu:** No, we don't expect this to, because obviously it can get reallocated to other, other NPAs if required. So, I would not say that it will reduce in the coming quarter. We will obviously revisit it as and when developments take place.
- Ashok Ajmera:** If you permit, ma'am, something on the digital front, on the digital journey because when the moods are down, the business is a little bit down, and this thing, I mean, we reduce our efforts toward that. So, can you throw some light on the digital journey, whether it is for our plan, what kind of spending, which we have done already now this year, and what do we plan to do?
- Anil Kuril:** In terms of digital transformation journey, in this quarter, in the December quarter, we have actually launched our platform with the 7 journeys as of now. And in terms of other standalone journeys, obviously there are 17 journeys which are already live and there are business which is being done. So, if you look at the number, basically around Rs. 18,800 crores, on digital lending we have done and there are around Rs. 5.26 lakh accounts we have opened and renewed. In terms of our liability side of it, obviously we have opened almost like a 1 lakh plus Digital accounts through that. And we have gone, in terms of our Vyom, particularly digital channel, which is Vyom, almost like 3 crore customers which are onboarded on this journey on this platform. So, as far as the bank is concerned, we are on track in terms of our digital

transformation journey. There are journeys which are going to come next quarter and thereafter. So, we are on track as far as our digital transformation plans are concerned.

**Moderator:** Thank you. Next question is from the line of Aditi Naval from RSPN Ventures. Please go ahead.

**Aditi Naval:** I just had one question on the asset quality front. So, on page 17 of your PPT, I can see that there's LC and others where the slippages have been very miniscule this quarter. However, the outstanding GNPA has increased by around Rs. 2000 odd crores and the percentage has also increased. So, can you just provide some color on as to how this is working? I mean, your slippages are very less, but your GNPA has increased quite a bit?

**A. Manimekhalai:** So, actually you are talking about the increase in the NPA numbers. I told you when I was addressing the MSME issue I was talking about, about Rs. 13,000 crores have been reclassified as you know from MSME book. Out of that because of the URN number not available and out of that close to about Rs. 7,000 crores are NPAs. It was actually, in the MSME segment because there was no URN number available. It is declassified and that is how it is showing under LC and others.

**Aditi Naval:** So, even though GNPA gets reclassified?

**Moderator:** Thank you. The next question is from the line of Rakesh Kumar from B&K Securities. Please go ahead.

**Rakesh Kumar:** Just one question I had ma'am. So, like in the first half, what we had seen is that, like, you know, the core retail deposit growth as per the LCR definition and classification, was around 4.5%. So, now even like, you know, retail term deposit growth has been close to around 8% number, but how is the number as per the LCR, if you can throw some light because that would be important from the LCR perspective and the balance sheet growth perspective?

**Ashwini Kumar Choudhary:** Our LCR has been in the range of 130%. So, earlier it was little higher than 130%, but this 130% is still very comfortable number for us. Even under new guidelines, it will be well above the regulatory and our internal policy limits.

**Rakesh Kumar:** I was like you know that could have happened because this have reduced the wholesale deposit composition this quarter on a sequential basis. So, that could have positive repercussion on the LCR number. The core retail deposit growth which is very crucial for sustained LCR number and for the balance sheet growth also. So, that number was around 4.5% in the last quarter. How that number looks like this quarter?

**A. Manimekhalai:** We will come back on this number calculation.

**Moderator:** Thank you very much. Ladies and gentlemen, that concludes today's conference call. On behalf of Union Bank of India, we conclude today's conference. Thank you for joining us and you may now disconnect your lines. Thank you.