



UCO BANK

Q2 FY24 RESULTS

Post Earnings Analysts/Investors Meet

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TRANSCRIPT

UCO Bank Management is represented by :

1. Mr Ashwani Kumar, Managing Director & CEO
2. Mr Rajendra Kumar Saboo, Executive Director
3. Mr Vijaykumar Nivrutti Kamble, Executive Director

Moderator : M/s Antique Stock Broking Limited

- **Moderator:**

- Ladies and gentlemen, Good afternoon and thank you for joining us for the post results conference call of UCO Bank. It is my pleasure to you to senior management team of UCO Bank who are here today to discuss the results. We have with us Mr. Ashwani Kumar, MD & CEO, Mr. Rajendra Kumar Saboo, Executive Director, Mr. Vijaykumar Nivrutti Kamble, ED.
- We will begin the call with remarks from the management team and post that we'll open the floor for Q&A. So, Ashwani Saab over to you.

- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

- So, very good evening to all the analysts connected to web. I apologize for being late for 5 minutes. First of all, I'd like to share the highlights of quarter 2 to performance of the bank and I have with me our Executive Director, Mr Rajendra Saboo, Mr. Kamble, both Executive Director and top management teams, our corporate general managers are also with us and after my initial remarks then I will be open to your question and answers and then me, my EDs, and GM's , they will be answering the questions. So, first of all, welcome back to this analyst meet. Business of the bank for the quarter ended. 30th September, 2023 increase to Rs. 4,17,145 crore, the growth of 10.56% on a Y-o-Y basis, which was supported by growth of 6.07% in deposit and around 18% in advances. Within that, saving grew by 5.47% and CASA share was 38.28%.
- Advances, our retail grew by 17% on a Y-o-Y basis and 3.07% on Q-o-Q basis. Agriculture grew by 14.32% on a Y-o-Y basis and 5.97% on quarter-on-quarter basis. MSME grew by 20.83% on a Y-o-Y basis and 5.92% on quarter-on-quarter basis. Within the retail, home loan grew by 21.24% on a Y-o-Y basis and 4.92% of a Q-o-Q basis. Vehicle loan grew by 27.49% on a Y-o-Y basis and 5.42% on a Q-o-Q basis. Agriculture; within agriculture, our investment credit grew by 35% on a Y-o-Y basis and 13.41% on Q-o-Q basis. Agri and allied grew by 22% on a Y-o-Y basis and 13.31% on a Q-o-Q basis. Within agriculture, our SHG grew by 39% on a Y-o-Y basis and 17% on a Q-o-Q basis. Gold loan portfolio also grew by 20% and increase which is forming part of agriculture. All our priority sector targets are achieved. Now coming to the asset quality. Gross NPA of the bank has been reducing on declining trend of a quarter-on-quarter basis and it was 4.14% as at 4.48%. Last quarter, improvement of 244 bps on a Y-o-Y basis. Net NPA of the bank also improved to 1.1%, an improvement of 88 bps on a Y-o-Y basis. So, for the last quarter, it was 1.18%, thus on a quarter-on-quarter basis it has been improving. PCR of the bank also improved to 95.07% and that is an

improvement of 217 bps on a Y-o-Y basis and if we exclude TWO, even that PCR stands at 74%.

- Profitability, net interest income grew by 8.3% to 1,917cr. NIM of the bank, domestic NIM was 3.05% with 8 bps increased on a Y-o-Y basis and 2 bps increase on a quarter-on-quarter basis, whereas NIM global was constant at 2.84% on a Y-o-Y basis and quarter-on-quarter basis. Operating profit for the bank during the quarter was down by 17% on a Y-o-Y basis. Net profit was also 20% down on a Y-o-Y basis, but on the quarter-on-quarter basis our net profit improved from 221 crores to 402 crores. CRAR of the bank improved to 16.83%, it's a 281 bps on a Y-o-Y basis, it is without considering current half years profitability added back, if we add back that, our CRAR will be around 17.39%. Yield of domestic advances improved to 8.80% and yield on global advances improved to 8.38%. This was all about the performance highlights. As far as slippages are concerned, let me come to the slippages. Slippages during the quarter was 578 crores. It was around 1.42% on an annualized basis whereas the for the last September 22 quarter it was 1.90%, for the full financial year 22-23 it was 1.75%. So, slippages in the quarters to come, it is likely to come down and our credit cost is around 0.83% during this quarter with 0.97% during last quarter.
- Our standard portfolio, total advances basis is around 96%, which was 93% a year ago. Our cash recovery and upgradation during this quarter was 656 crores tax recovery upgradation and recovery income of 656 crores vis-a-vis 589 crores during last quarter. Previous year same quarter it was 1,044 crores mainly because of recovery in written off accounts was higher and cash recovery because there were no hanging fruits in Sept quarter .We expected recovery in 2 accounts during this quarter.
- Now, our slippages, if you look at from the retail, Agri, and MSME, from the retail it is only 70 crores. Agri , it is little elevated due to crop loan at 178 crores, and MSME is 130 crores. From corporate segment, there were two accounts, which accounted for the major slippage around 140 crores of those two accounts was there, so 180 crores is the corporate slippage. So, that is the total slippage composition. If we look at it segment wise NPA, our retail segment is coming down from 2.24% in September 22, has now come down to 1.37% in September 23, within that, our home loan NPA percentage has come down from 1.72% in September 22 to 1.16%. Education also has come down. Vehicle loan has also improved. Agriculture NPA percentage has also improved and similarly MSME percentage has also improved. If we look at SMA position 1 crore and above,

which was 2,631 crores in June quarter, it has now come down to 1721 crores. So, it is 1% of our total gross advances and last quarter it was 1.60%. Covid Restructuring portfolio coming with repayment and now standard portfolio stands at 2,554 crores.

- At NCLT, we have 100% almost provided you know in all NCLT accounts. Now, I will share the initiative, which the bank has taken during the last quarter and what are the initiatives which are planned for the coming quarter and half year. In the last quarter, we implemented performance management solution, a total digital driven performance driven culture and meritocracy, which we started somewhere in June. In three months, on 28 September, 2023, all the 10 tools over performers doing culture system was implemented. We have to ensure quality customer acquisition; we have implemented tab banking successfully. It was implemented on a pilot basis in 10 branches.
- Now, orders for implementing in 500 branches have already been given and delivery of the tab has started and we have also implemented state-of-art cyber security office to take care of our cyber security issues. We have also issued PO for the new Gen. call center using AI & ML. So, the total revamping of the existing call center is being done. Approvals have been obtained. RFP have been floated and vendor has also been selected and the order has also been issued. We have also implemented some digital initiatives for internal working to start accountability report that also has been implemented on an online basis and E-OTS is also under testing. We will be coming out with the E-OTS shortly. For the compliance - sustainable compliance monitoring, we have started UCO focus where in our compliance department will be monitoring the compliance level within the organization on a continuous basis. To undertake the digital transformation, we have already quoted our RFP for onboarding our digital transformation knowledge partner and maybe onboarded where we will be undertaking our entire deposit and lending journey through internet banking on an end-to-end basis from the customers point of view.
- We are also upgrading overseas Finacle for which we are also implementing new integrated treasure solutions for which we have taken all approvals and order will be shortly placed. We are also going for Forex PC centralized; Forex PC cell. Currently our Forex operations have entered across the branches at various places. There is no central Forex PC as in other banks. So, that is also being floated maybe today or tomorrow or this week anytime that will put it. We are also reconnecting our MSME hub, retail hub, and agriculture hub. So, as we prove that in the retail segment, we have already revamped our mid corporate

units in the last quarter wherein we have simplified thing with corporate functioning also now there is a direct monitoring for the mid corporate proposals, at our 27 mid-corporate branches.

- In addition to that, certain other things are also being planned to meet our cyber security requirements. Here, implementation is going on, even application performance solution is also being secured. Even whitelisting of assets of IT asset management solution is being secured. Now we are also bringing cyber security to stop enhancement. That is also in the pipeline. API gateway is also planned and AML solution for our overseas operation is also planned. So all these digital transformation or technology upgradation which we have planned in the next 6 months, upto 1 year may be implemented over a period of time. Do you really want to add anything which I have left out? Yes, one more thing which I would like to add is, according to our provision, which we started in the last quarter, so SMA 1 and 2, last quarter, more than 1 crore on SMA 1 and 2. We have kept 197 crore of provision. Though SMA 1 and 2 figure has come down from 2000cr. to 1100cr., more than 1cr. but we continue to hold 197 crore of provision against those. Further to our Covid-19 provision of 530cr., we are having and mandatory RBI provisions are also we are keeping. So in all around 2400cr. of standard asset provision we are keeping with of which around 1000cr is beyond RBI mandatory information. So these are the standard assets we are keeping. These are about the provisions which I wanted to share. Now I am open for question and answer. Thank you.

- **Moderator:**

- Thank you sir for your opening remarks. We will just open the floor for question and answer. We will wait for a minute for the queue to arrange. Post that, we will start. Anybody who wishes to ask questions, please raise your hand. So we have our first question from Mr. Sohail. Mr. Sohail, you can unmute yourself and go ahead.

- **Mr. Sohail:**

- Good evening sir and thanks for the opportunity. Sir, there are 3 questions from my side. 2-3 questions from my side. One is in terms of your ROA trajectory. Now if we look at your margins at 3.05, your credit cost is 0.8 and you are delivering an ROA of 0.5. So what is the ROA that we should expect in a couple of years down the line and which would be the factor that would move the ROA?

- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- Sohail, should I start or you have another question?
- **Mr. Sohail:**
- Yes sir. No sir, I will ask the 2nd question later.
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- Ok. See, ROA for the current quarter is 0.54 and ROA is a function of profitability and in the last quarter, we had a profit of 221 crore and in this quarter, we have 402 crore. And as we improve our profitability, ROA will continue to improve. And your question is that, for 2yrs. down the line – I think, 2yrs. down the line with our provision requirement is already at 95pc and net NPA is already at 1.11pc and our guidance on NPA for the financial year is a said below 1pc and gross NPA is also said below 4pc. So, with this guidance, I believe that the requirement of provisions for next year will come down and with that, the profitability will improve next year and as we improve profitability, ROA will continue to improve on quarter-on- quarter basis. But exact number, I will not be able to share but definitely on quarter- on- quarter basis, ROA will improve on an on-going basis.
- **Mr. Sohail:**
- Sir, related question to this. Probably ECL framework, so in terms of ECL framework, it has to be implemented from the next financial year. What is the kind of impact the bank sees and probably any study you have done, what could be the on-going credit cost post ECL is implemented?
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- See, ECL guidelines are yet to be formalized by Reserve Bank of India but as a prudent practice, we have already started making some forward looking provisions like I have shared with you. Like NPA is one part where the provisions are bad, for which we are only getting 95pc. There can be a case, as the guidance given, there may be some reversal from the NPA provision which we are already holding. There can be but till the time it comes, I don't know.
- **Mr. Sohail:**
- Sir, final question from my side. If I even look at your break-up in terms of the domestic credit, even in terms of sectoral demand I see that probably most of the sector is picking up and NBFC is also growing strong. So could you just highlight

in terms of how are you seeing the corporate demand and what is your risk appetite in terms of growth?

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

- See, in corporate demand, we are very open for corporate credit. Only marking which we talked about while giving corporate credit is profitable growth is mandate. Where we are getting profitable opportunities at reasonable pricing....I think there is some noise coming. See if profitable growth opportunities are available in the corporate credit, we will definitely go for corporate credit growth as well. In last quarter, our corporate credit growth was not there because though we have sanctioned around 12000cr. of corporate credit and there was a disbursement of around 8000-9000cr. but there were repayments also. Out of those repayments, there were certain repayments for which we did not go for the repricing at the old rates. So there were repayments that somebody else might have given to them. So we are only looking at profitable growth vis a vis when we talk about corporate credit. So when the opportunity is there, we are not savvy of taking credit calls. We have been taking credit calls, that is also there but only where profitable opportunities are there, not at the cost of losing the margin.

– **Mr. Sohail:**

- Sir, final question from my side. If I look at even in terms of your retail lending growth, which is growing at a healthy pace of 17pc and if I look at the various components, so the pick-up is there in vehicle loan, personal loans as well. So could you just articulate it in terms of what is your strategy in terms of retail growth? Are these two internal customers? Is it through Fintech partnerships? And how do you see the retail growth over a period of time? What are the changes you have done in the backend to see this kind of an accelerated growth? That's all from me Sir.

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

- See, if we are to look at retail growth, I think retail growth is powered by our growth in home, growth in vehicle and growth in personal. These are the 3 segments in retail. As far as the home loan is concerned, there we are targeting big ticket because if you look at current market trend, then high value premium houses or luxury houses market is there. So what we are trying to do is, we are trying to integrate, we are trying to go over project approval for all big players of the specific area. So our target is to go for premium segment wherever there is an opportunity, we will take project approval of the large builders at different

locations like Bangalore, Mumbai and Hyderabad, Kolkata, Delhi. That is one strategy. 2nd is, effective use of DSAs, that we are doing for this growth in our vehicles and growth in our home loans. 3rd thing which we are using, Fintech also through co-lending. So that is also being done. So these 3-4 things are being done. In car loan also, we are trying to tie-up with top end car dealers also because again going by the trend, there is corporate and SUV vehicle growth is good.

- So that is another area where we are targeting. So we have a franchise of nearly 500-1000 branches and we are present in all parts of the country. So that is the way we are trying to drive and that drive will continue in the quarter to come next year as well.

– **Mr. Sohail:**

- Thank you sir and all the best. If I have anything more, I will come back in queue.

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

- Thank you Sohail.

– **Moderator:**

- We have the next question from Colen. You can unmute yourself and go ahead.

– **Mr. Colen:**

- Ya, good evening. My 1st question is on overseas deposit of the bank declined sharply. This is for which reason? What's the reason for such a sharp decline in overseas deposit? That's my first question. What is your output on the NIM going ahead?

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

- See, overseas deposit, GM International will talk about it. I will supplement that.

– **GM – International:**

- Ya, Good afternoon. Overseas fund management, we evaluate many sources of funding in the overseas sector . Depending on the market liquidity, we reduce our bank borrowing because internationally the interest rates have tightened in the quarter. So accordingly, in overseas bank borrowing, this is a part of deposit.

Our customer deposit has increased quarter on quarter, half yearly and yearly also.

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– On a case to case, scenario to scenario basis.....Begusarai.....please go ahead.

– **Analyst:**

– Thank you so much for the reply.

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– Thank you.

– **Moderator:**

– We have the next question from the line of Mr. Sarvesh Mutha.

– **Mr. Sarvesh Mutha – Analyst:**

– Sir, I had one question on the expenses line, I saw the operating expenses increasing 26-27% on Y-o-Y basis which has led to cost to income ratio increasing from 54 to 61%. Can you give some colour there?

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– Yes. CFO, can you reply.

– **Mr. Sujoy Dutta - CFO, UCO Bank:**

– Good afternoon.

– Yes, the operating expenses have increased by 25% year-on-year and 26% on quarter-on-quarter basis. This is mainly due to the salary, the staff expenses have increased by quite an amount and also we have made provisions for our salary revision.

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– 100 crores provision was made in this quarter, September 2023 it was not there.

– **Mr. Sujoy Dutta - CFO, UCO Bank:**

– Yeah, September 23 it was not there. And thereafter also the operating expenses in terms of rent and taxes have increased, electricity has increased and also IT expenditure has increased because we are putting resources for development of

IT as we are going on the digital path and for that reason some capital expenditure is also being made which is again hitting the depreciation because in any IT expenditure – capital expenditure the depreciation is 30%.

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– So, depreciation and IT expenditure is also one of the major contributor of operating expenses.

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– And apart from that I think one is 33 crores of CGF so there is a credit guarantee fees which generally used to be deducted in in March now there is a change in the guidelines of government of India which has been charged in September, so that 33 crores.

– **Mr. Sarvesh Mutha – Analyst:**

– Sir, so now the wage head provision is at 15%?

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– Not exactly, maybe on a quarter-on-quarter basis but not exactly. We have not worked on a percentage basis, it may be worked out somewhere around this.

– **Mr. Sarvesh Mutha – Analyst:**

– Okay, and sir, on advances growth we saw other banks reporting 4 to 6% quarter-on-quarter advances growth. But our growth has been much less. Your views on that, sir?

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– See, growth in advances if you look at my RAM, within that retail there is a growth of quarter-on-quarter basis 3%, agri there is quarter-on-quarter growth of 6%, MSME quarter-on-quarter growth of 6%, area base we have not grown in the corporate credit. Corporate credit we have already shared where we have not gone for an opportunity here there is no progress. So, only in quarter credit we are going for profitable growth. Whereas quarter-on-quarter I have already told that we have sanctioned around 12000 crores and disbursed 9000 crores for the Corporate Credit. But there are certain repayments and there are certain repayments for the re-pricing which we are not adding, certainly repayments were out of the surplus cashflow of the corporates, they have paid back many

times due to surplus tax. So, only quarter credit, except quarter credit all RAMs have grown, reasonable growth in the quarter is there.

– **Mr. Sarvesh Mutha – Analyst:**

– Okay, sir, thank you, I will join back in the queue.

– **Moderator:**

– We have the next question from Sushil Choksey, you can unmute yourself and go ahead.

– **Mr. Sushil Choksey – Analyst:**

– Sir, congratulations on a stable numbers and best wishes to the team.

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– Thank you Sushil Ji.

– **Mr. Sushil Choksey – Analyst:**

– First question, sir, based on the current management team which has come together in the current quarter the new team and Mr. Saboo has been stable and you have joined now less than 6 months. What is the strategy which UCO Bank is making for future growth with a 3 year/5 year outlook.

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– Thank you, Sushilji. See, let me tell you one thing that with our current team I think our Sabooji has got a good tenure and Kambleji has got a good tenure available and myself also only 4 months here from June onwards. So, we all have a stable and long tenure to go in this bank. And as far as the strategy is concerned one part of initiatives which I have already covered in my opening remarks where we have talked about, if you look in a holistic way, it was a difficult strategy for the entire operations like deposit and advances. So, the strategy will be to go digital in a big way, drive digital adoption, drive digital acquisition of the customer that through TAB banking which we have already implemented, in a slow way we are going forward and increasing the month-to-month basis, maybe by March we will cover 2000 branches major branches through TAB banking, and as far as this is one part. Second is our cyber security as I have told we are enhancing our cyber security tools and we are implementing latest technologies for cyber security as well. Technology infrastructure I also shared with you, wherever technology gaps are there, IT

infrastructure we are improving by bringing in latest available technology. We are modernizing our treasury operations also for which RFP has already been floated and we are looking into the matter and we will be onboarding that shortly. We are working to strengthen our satellite operations on forex and trade finance, we will be bringing the latest trade finance technology also. So, that is from digital and IT infrastructure product basis. So far as growth of credit is concerned, our focus will continue to remain on retail, agri and MSME because we are a retail bank, we don't want to lose our focus so our RAM segment will continue to be around 61 to 62%. And for that as I told we will be entering into tie-ups or the project approval of big builders by offering lucrative and also competitive rates and continue to be competitive in the market so we will be entering into a tie up with the big named developers and even car dealers, high end car dealers also. In the corporate credit we will be margin conscious, we will continue to remain margin conscious. Based on opportunity we will go for corporate credit also. During this quarter also if I have to share the number I think 4000 crores infrastructure credit we have sanctioned that is around 4000 rupees, sorry 3200. So this also will get disbursed over a period of time in 2-3 years. So these are all the numbers which will increase our corporate book on an immediate basis. So, next quarter also this quarter also we focus on sanctioning loans, project loans and working capital loans. There the margins are not AAA rated and we being a mid-sized bank we try to focus on mid segments so there we will get some good margins. So whereas strategy or the slippage control, our monitoring will continue in the same way. We have already given, placed PO for setting up state of the art call centres using AI and ML so that will help us in bringing focus and more control over our slippages in the quarter to come. We are also bringing, one more thing was there was there EDW. That project is also on and the ED has just reviewed 3-4 days back progress, so data analytics will be once that will be stabilized we will be setting up centre of excellence, analytics centre of excellence also for automatic data generation so that we can cross sell the product. So, all these things are being put in place to strive for a sustainable growth, sustainable asset quality in the times to come.

– **Mr. Sushil Choksey – Analyst:**

– Sir, if I intervene your reply and ask you a questions, which experience of yourself from OBC/PNB and Indian Bank and a great success visible in Indian Bank. Mr. Sabooji has rich experience from PNB and Mr. Kamble comes with rich turnaround experience of Bank of Maharashtra. Now, UCO Bank team has decided in taking a lot of initiatives to strengthen the bank from digital perspective and credit perspective where quality is the priority. Quality and

credit both are priority. I am sure the demand where housing loans or home loans or auto loans or personal loans is huge because you are sitting with a huge CASA base. You are in East you have a monopoly to a great extent compared to other banks. Most of the northern and western banks don't penetrate in your area. How are we increasing the growth where retail and RAM is concerned on each customer acquisition specifically on experience with TAT which can become the biggest positive impact where each customer is concerned. And where credit to corporate is concerned our focus is on quality, pricing I accept and to be in the marketplace, however we are strengthening our hands within the financial centres and UCO Bank's headquarters for strengthening the process that you have a good marketshare compared to the first half.

- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- See, Chokseyji, I will answer in 3-4 parts because there are a number of things you have talked about. First is the customer acquisition in the east and the TAT, see for customer acquisition our earlier approach was walk-in customer only we never had any infrastructure to reach out to the customer's place and we were totally dependent on the walk-in customers and customer acquisition would take time and quality of the customer was also not upto the middle level or upper level customers. So, that was the reason we decided to bring TAB banking and once it is now being made available to the branches so, now the outreach will be there and TAT for account opening we have introduced maybe in 10 minutes or maybe 5 minutes, or we need to open digitally at customers place, maybe at workplace, so customer acquisition part will be taken care. So far as credit customer part is there. Again, now we have already implemented loan processing system, loan origination system, which takes care of TAT at least from the branch table once it reaches, but where we are lacking in TAT from the customer level. So, now with this digital onboarding of our FinTech partners and knowledge partners will be working on customer facing journey. So, the TAT will be monitored from the customer point of view and every effort then once the monitoring is there then I think the TAT will automatically get reduced over a period of time, but even that currently around 63 journeys are through LPS where the TAT is being monitored very closely, but to penetrate the market, our focus will be repeating to tighten up the top bidder which are into the luxury apartment in the premium segment either in home loan or in the car loan engaged reputed DSAs in markets and originate loans from that. Along with that, we will be catering into a co-lending arrangement also with the reputed NBFCs, we have already entered into co-lending arrangement and on retail segment or agri, we will continue to enter where ever the opportunity is there.

Third is corporate credit growth. No doubt corporate credit profitable growth is the motto and quality corporate credit with the profitable, profitable does not mean that we wanted super abnormal profits. We want at least reasonable pricing above my cost. So, that is the only Mantra where we will target that at least we are able to achieve our cost. If I'm raising my deposit, let us say around 7% or 7.2%, there is no point in lending at less than 7.2%. If I get even 5-10 bips or 15 bips more than that, I think that all those types of opportunities we can explore, but anything less than one pricing I think it will be eating out my margins, so our focus will be to retain the marker and go for a profitable - reasonable profitable growth, not

– **Mr. Sushil Choksey – Analyst:**

– Sir, sorry, I'm interrupting in your reply. I accept that you will be doing well on housing loan and auto loan, can you differentiate over the previous year the current housing loan ticket size and average auto loan ticket size? Is it the premium segment when you mean it is 1-crore average ticket for housing loan which you are targeting or a 5-crore housing loan ticket? Where auto loans are concerned, you're looking at 20-30 lakh bracket or you're looking at lower segment?

– **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

– See, as GM retail, can you share that during this current quarter what was ticket size of the new onboarding and previous quarter was the ticket size, if you have, if you have the data can you share separately?

– **GM Retail, UCO Bank:**

– Sir, on and average ticket size as of today, it is somewhere around 60 lakhs. We are targeting all the customers maybe one crore and above or less than one crore because in small zones, in small towns we are getting small tickets and metro zones we are getting ticket size of 1 crore and above and in previous quarter it was somewhere around 40 lakhs. In car loan segment, average ticket size, which was 6-7 lakhs, now it has crossed somewhere around 10 lakhs.

– **Mr. Sushil Choksey – Analyst:**

– Thank you for answering that question.

- **GM Retail, UCO Bank:**
- Thank you, Sir.
- **Mr. Sushil Choksey – Analyst:**
- Now, Yeah, your digital initiatives, all the other initiatives in back office, strengthening credit process, touch points, tab banking, I appreciate it will take three months, six months for the entire bank to roll out and adoptions. Sir, the key to you can buy all technologies because you have the strength to buy all technology because money is available within your bank, you are profitable Sir, but how are you going to overcome or you already have in-house talent to manage this process whether 200 or 500 offices on retail are concerned, 200 people on corporate is concerned, I was talking on a PAN India, how are we strengthening our human resource team with all the technology enablers compared to a normal bank which is functioning and who's likely to compete with you?
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- Sushil ji, I appreciate that you have a valid point. See so far as talent is required last to last board, our board has already approved to on-board required talent having skill set for the matches like for Analytics Center of Excellence or the EDW, we need Data Scientists, we need Data Analyst, so that policy has already been approved by our board for onboarding that type of skill level people with a competitive market salary. So, if I want to onboard anybody in our bank let us say scale 2, scale 3 probably with that type of skill people will not come. So that is the reason, our board has already approved that policy and last board, we have got approval for inducting how many GM-HRM sir?
- **Management:**
- 127.
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- No, no, only skilled development, 127 means you are including the AFO?
- **Management:**
- No excluding it.
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

- Digital?
- **Management:**
- Digital? 127 Specialist which comprises of digital, IT, software developers and economists, and data analyst, and MIS.
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- MIS, so around 127 people requirement has already been approved and we will be onboarding them on a contractual basis, where we can offer them a competitive salary.
- **Mr. Sushil Choksey – Analyst:**
- Sir, now my next question before I jump into the queue for other participant. Sir, everybody has spoken about retail and corporate credit looking at what has happened in this week between US Fed, global turmoil led in Middle East, the yields have come up at least in the West. How are you positioned to reap the harvest in treasury from the current status in next quarters to come have you built a HTM book? Have you built the AFS book? because rules and regulation for next quarter are going to - next year are going to change. So, how dynamic is our situation? If we do well in corporate, we do well in retail, and if we do well in treasury, I think you will take off on a better stage from Calcutta than some other city in India.
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- Sir, I would request the ED, Saboo ji, who is looking after treasury, I think it will be nice if he replies to your question.
- **Mr. Rajendra Kumar Saboo -- Executive Director, UCO Bank:**
- So, yes Sushil ji, you are raising a valid question that we also have a treasury which is means having a sizable investment book and as you can see from our presentation also, so our total gross investments are around 97,000 crore and year-on-year it has come down, but quarter-on-quarter it has shown an increase, little bit increase. So, we are already, you can see that our CD ratio is around 67%, but our investment ratio is very high, already we are holding 27% SLR security as against required 18% SLR. So, we are having surplus SLR, but it's still as the yields have risen in the market due to various reasons so we have also started building up our investments in selective matter wherever we are seeing

good yields coming. So, we have little bit increased our investment book that you can see, but as on 30th September also and it is being continued, wherever we are getting good yields, we are trying to increase in selective basis and we will be taking benefit, advantage of this increase to both ways either through yield increase, our yield on investment will increase, so our acquisition of security is better and another is like if we see some correction in the yields since we see some downfall and we can book some profit also, some trading profit also, so that also opportunity we are looking for in times to come, but overall long-term is already we have discussed that we are putting more focus on our credit book, so we will be trying to increase our CD ratio and reduce our investment ratio because as we also see that cost of deposit is also a factor and overall yield on investment is lesser than the yield on advances. So, if we can shift a certain part of lower yielding investment into the advances, it will also help us in increasing our needs. So, we are maintaining the book and selectively enquiring new investments also, but simultaneously we will be looking for the opportunities to book profits as well and the maturities will also happen as and when it is due. So, that is the overall strategy in the investment book. You can see our duration has also increased to 2.93 from 2.7.

– **Mr. Sushil Choksey – Analyst:**

- Saboo ji, my next question to you is based on the current yield, will you target some CPs or NCD, which is rewarding you for the next three- or six-months short-term paper because interest rates are peeking out is what the market is speculating. I have no judgment, but hearing at Business Standard event the governor, what Fed has indicated growth is there and corporate AAA, AA maybe give you a reasonable rate of return based on your CD ratio. My one question will be to invest on that and say last question is where do you see your CD ratio at FY24?

– **Mr. Rajendra Kumar Saboo -- Executive Director, UCO Bank:**

- So, yes, investment also includes the non-SLR investment as well as. As we are taking up SLR investments, simultaneously we are also looking for good yield in non-SLR investments particularly in the NCD space where we can have around two-year, three-year papers and attract good yield. On top corporates so that also selectively we are going for. So, we are process of that aspect also to increase our overall investment book. As far as the CD ratio is concerned, I think MD Sir can guide as to where we want to reach in the CD ratio work.

- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- See, Sushil ji, first I think you talked about AFS. If you look at our AFS from last quarter, we have increased net around 1700 crore. So, there is certain maturities after even having maturities that has also been redeployed and we have increased by 1,700 crores and second thing is about CD ratio. See, if you look at quarter-on-quarter basis our CD ratio is improving. So, we will continue to see improvement in CD ratio and it will be our endeavor that we touch at least 70% CD ratio in March which will be endeavor, but again it really depends upon the opportunities available in the market and how the deposit side pans out, but our endeavor will be to reach to 70% at least during this financial year.
- **Mr. Sushil Choksey – Analyst:**
- And rightly said by Governor Shaktikanta Das that good times are there for public sector and private sector banks. I wish a good luck to UCO Bank team with a good TAT to be visible in years to come.
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- Thank you.
- **Mr. Rajendra Kumar Saboo -- Executive Director, UCO Bank:**
- Thank you.
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- Thank you, Sushil ji.
- **Moderator:**
- Thank you, Sir. We have a next question from Mr. Sarvesh Mutha. Sarvesh, you can unmute yourself.
- **Mr. Sarvesh Mutha – Analyst:**
- Sir, if you can just give out your margin guidance once again and also your advances book break up, MCLR repo and fixed and how much of the repricing is still left on the MCLR book, just give out that number?
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**

- Yeah, I'll. Give me a second. Yes. See our MCLR book is around 40% and our repo rate book is around 45.54% and this is the combination almost in the last quarter and current quarter and repo rate book is little high also because there are certain corporates PSU which have been sanctioned line of credit and they have given short term or WCTL maybe three months or six months linked to repo. So, that is the reason that our repo rate portfolio is around 45% and overall repricing of our MCLR book, I think how much is left out? Shashi, can you tell?
- **Mr. Shashi – UCO Bank:**
- 25%-30%.
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- 25%-30% only and similarly retail asset also maybe 15% to 20% like retail liability, so matching around 15% to 20% and 15% to 20% size. So, that is the repricing from both sides available.
- **Mr. Sarvesh Mutha – Analyst:**
- So overall not much scope for margin improvement going ahead if asset enlargement .
- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- No margin improvement, it may not be there, but protection of margin if we are able to achieve, that will also be a big achievement because of that rising interest cost on deposit that is creating pressure margin. So, as in this quarter we have been able to maintain the margin. So, going forward also if we are able to maintain the margin, I think that will be big achievement.
- **Mr. Sarvesh Mutha – Analyst:**
- Thank you, Sir. Thank you for your detailed answer. That will be from my side.
- **Moderator:**
- As there are no further questions, I would like to thank the management team of UCO Bank for giving Antique Stockbroking the opportunity to organize this call. I will hand over the call to MD Sir for his closing remarks.

- **Mr. Ashwani Kumar – MD & CEO, UCO Bank:**
- Thank you, all the analysts and thank you Antique team for conducting this con call and to all the analyst for attending to the call and we look forward for your support. Thank you all for joining. Thank you.
- **Mr. Rajendra Kumar Saboo -- Executive Director, UCO Bank:**
- Thank you.
- **Moderator:**
- Thank you, Sir. Everyone can disconnect the lines.

~End of Transcript~