



TRANSCRIPT

Q4 FY25 RESULTS

Post Earnings Conference Call with Analysts/Investors

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Bank's Senior Management is represented by :

- 1. Mr Ashwani Kumar, Managing Director & CEO**
- 2. Mr Rajendra Kumar Saboo, Executive Director**
- 3. Mr Vijay N Kamble, Executive Director**

Moderator : M/s Antique Stock Broking Limited

- Moderator:

- Good evening, everyone. Welcome to UCO Bank Q4 FY25 earnings conference call. It is my pleasure to introduce to you the senior management team of UCO Bank. With us, we have today Mr. Ashwani Kumar, MD and CEO, Mr. Rajendra Kumar Saboo, Executive Director and Mr. Vijay N. Kamble, Executive Director. We will have the opening remarks from the MD Sir, post which we will open the floor for question and answer. Over to you MD Sir.

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

- Thank you. I welcome all analysts to this post results press conference. Sorry, analysts meet through Webex. Let me first share with you the highlights of our performance for the quarter ended March 25 and the financial year ended March 25. Overall business growth of the bank, bank's business grew by 14.12% on a YonY basis and bank crossed 5 lakh crore business. So the total business of the bank was 530,527 crore. Deposit grew by 11.56% and saving deposits grew by 5.06%. Current deposit grew by 18.47%. We were able to maintain our CASA at 37.99%. Our advances grew by 17.72% of which retail grew by 35%. Operating home loan growth was around 18.13% and vehicle loan growth was 58.99%. Agriculture grew by 20%. Agriculture growth was well supported by improvement increase in our infra-fund, SHG and gold loan portfolio. MSME growth was 18.55%.

- Now coming to the asset quality, gross NPA of the bank has been reducing consistently on a quarter on quarter basis. This quarter, the gross NPA came down to 2.69%, that is a reduction of 77 bps on a YonY basis. Net NPA, again, coming down on a quarter on quarter basis came down to 0.50%, that is a reduction of 39 bps on a Y-on-Y basis. PCR of the bank has been improving on a quarter on quarter basis, 96.69%, that is up by 131 bps on a Y-on-Y basis. PCR excluding TWO portfolio also improved by 704 bps on a Y-on-Y basis to 81.95%. Profitability, our net interest income for the year improved by 18.88%. Non-interest income also improved by 34.91% on a Y-on-Y basis. NIM domestic improved by 17 bps to 3.29 bps on a Y-on-Y basis. Global NIM improved by 16 bps to 3.08 bps. Yield on advances improved by 6 bps to 8.89%. Yield on advances global improved by 9 bps to 8.55%. Our yield on funds improved from 7.89% in March 24 to 8.25% in March 25. That is an improvement of 36 bps on a Y-on-Y basis. Overall operating profit for the quarter ended, we ejected operating profit of 1699 crores, that is a 33.48% growth on a Y-on-Y basis. For the full financial year, operating profit was 6037 crores, that is a growth of 32% on a Y-on-Y basis. Similarly, net profit for the quarter ended March 25 was 653 crores with a Y-on-Y growth of 24%. For the full financial year, the net profit was 2445 crores with a growth of 47.80%.

- Now coming to the guidance which we have given at the start of the financial year and what is our achievement and what is our future growth outlook. Deposit growth, we have given a guidance of 8 to 10% at the start of the year. We ended the year with 11.56% deposit growth. CASA, our growth target was 8 to 10%. Our actual growth is 6.71%. That is tad below the guidance which we have given. Credit growth was 12 to 14%. Our growth is 17.72%. CASA, we have given a guidance of 37 to 38%. We were able to maintain 37.91%, that is within the guidance. RAM percentage, we have given a guidance of 60 to 62% and actually 62.73%. CD ratio, 74 to 75% was the guidance, actually 74.94%. Credit cost was less than 1% guidance, now actually 0.87%. NIM global was 3 to 3.10, actually 3.17%. GNPA is less than 3%, actual is 2.69%. Net NPA guidance was 0.65%, actually 0.50%. Slippage ratio, our guidance was 1 to 1.25%, actually 0.92%. Total recovery and upgradation of our guidance was 3,000 crore. Actual recovery and upgradation is 4,427 crore. Recovery was surpassed by a bigger margin because there were certain NPAs which we were expecting as a resolution in this current financial year, but we got the good recovery in the last financial year in March quarter itself.

- Now coming to the growth outlook for the coming this year. Deposit growth, our outlook is 10 to 12% deposit growth. CASA growth is 8 to 10%. Credit growth 12 to 14%. CASA we would like to maintain in the range of 37 to 38%. RAM 61 to 63%. CD ratio, we'd like to maintain in the range of 77%. Credit cost, again less than 1%. NIM global 3 to 3.10. GNPA are less than 2.5. Net NPA less than 0.35 and slippage ratio between 1 to 1.25%. And recovery and up gradation 2200 to 2,700 because we have already got some large recovery, which was expected in this financial year. We have already recovered in the last financial year. As you all know, we have already successfully completed our QIP of Rs. 2,000 crore. And with that, plus with the plough back of profits of this current financial year, our CRAR has also improved to 18.49%, as it is 16.25% last quarter. CET has improved to 16.03%. Tier 1, 16.37%. So the bank is well capitalized and there is a growth capital is sufficient available with the bank.

- Now coming to the approvals by the board. Board of the bank has approved a recommended dividend of 3.90%, as it is 2.80% last year. Board of the bank has also recommended for raising equity or the capital raising plan by issuing 270 crore shares of Rs. 10 each face value in this current financial year. With this, if it happens at the opportune time, the government holding will come down to less than 75%. So these are the financial performance and approvals by the board. And now coming to the various segments of growth where we have achieved our parameters.

- In home loan, our growth was 18%, vehicle loan 59%, personal loan around 46%. These personal loans are again salary-backed and PQPL based on our transaction analysis for the last one year, which we give. And in the pool, there was a, we have taken a pool. Now the pool amount is 6,797 crore.

- Now coming to the priority sector, bank has achieved all priority sector segments and there is no breach on any of the parameters of priority sector segment. In financial inclusion also, bank has been registering renewable growth and achieving all targets set by the government. PMSBY, our enrollment has reached to 63 lakhs. PMJJBY, the enrollment has reached to 28 lakhs, APY 12.89 lakhs. PMJDY will count 1 crore 49 lakhs and balances in PMJDY count is 6,061 crores and number of BCs engaged by the bank has also increased by 9% to 10,653. If you come to the NBFC advances, then more than 96% are AA and above rated and if we look at A and above, it is 99% A and above rated. Similarly, rating mix also, our out of total rated, 80% are rated, of which 77% are above benchmark at triple B and above rated. Total underrated is 19.75% only, of which again, PSE with the government guaranteed is around 7.29% and without government guarantee is 3.64% and others are 8.82% only.

- Coming to the profitability, detailed analysis, the operating profit of the bank improved to 7,699 crores and which was supported by net interest income of 2,698 crores, non-interest income of 1,392 crores. Operating expenses 2,391 crore of which staff expenses was 1,618 crores. In this staff expenses, in this quarter, we have made a provision of 180 crores towards PLI for the current year also. In operating expenses also, we have made a provision of 100 crores for our IT-related expenditure for the projects which we have already taken but the payments have not been made coming in the next financial year.

- In the provisions also, we have made doubtful-three assets are already 100%, doubtful-two assets we have already made now to 90% provision. And in unsecured substandard also, we have reached 50% provision and in substandard secured advances, it is 23%.

- Now coming to the financial indicators of ratios, cost of deposit, cost of deposit of the bank, which was 4.87 last quarter, now for this quarter is 4.90 but year as a whole, cost of deposit increased by 7 bps and cost of funds increased by 15 bps for the year as a whole. Cost to income ratio for the financial year 23-24 was 59.74%. Now for this current financial year, it is 56.99%. Yield on advances also has improved by 6 bps in this financial year and yield on global advances has improved by 9 bps. Yield on funds has improved by 36 bps in this financial year. Our earning per share, that is also crossed 2 rupees, now it is 2.04 in this financial year. Book value has improved to 17.53. Business

per employee, which was around 20.93 crore in last financial year has improved to 24.35 crore and business per branch has also improved from 139 to 155 crore in this financial year. These were the business financial parameters of the bank.

- Now coming to the stress asset portfolio, our SMA portfolio and restructured portfolio has been coming down on a quarter-on- quarter basis. If you look at our SMA portfolio, which we declared more than 1 crore. Our SMA, total SMA more than 1 crore, book is 1583 crore, of which only 799 crore is in SMA 1 and 2. 784 crore is SMA 1. So if we look at SMA 1 and 2, more than 1 crore, the overall percentage is 0.36% only. If you look at our restructured book, which was at 33,500 crore at the start of the year has come down to 1,687 and that works out to 0.77% of the total standard of advances. So it is, the restructured book is also coming down substantially and it is reached, it's almost 50% from the last financial year. In NCLT 100% provision has been made and around 254 cases are in NCLT with exposure of 17,585 crore. Capital adequacy I have already told, shareholding I have shared.

- So now I, and yes, few of the initiatives which started in last financial year, I would like to highlight few of the initiatives and the progress made by the bank on those initiatives. Last year in September, bank started a new project called Project Parivartan. The purpose was to create a fully digital first approach across all bank offerings and target was kept that we will be digitizing over 25 journeys in one year time. I am happy to share that in six months' time, we have already done 14 digital journeys on our mobile platform and we have kept a target of 6,000 crore of business for the digital channels. We have already crossed 6,100 crore in March itself. So 14 journeys have already been launched of which the important was the announcement made by Honorable FM in the last to last budget where the cash flow-based lending to MSMEs. Bank launched various MSME digital journeys, GST smart, MSME smart, that is up to 25 lakh and Shishu, Mudra, Kishore, Tarun, digital renewal of CC accounts up to 10 lakh. So all those MSME journeys were launched and I am happy to share that ever since launch of these journeys, bank has already clocked 200 crore of business through digital channels from MSME journeys. Another 15 journeys are in pipeline. So we will be around 30 journeys in next three to four months' time. 30 journeys will be completed. Bank has also enhanced its WhatsApp banking offerings. As on date, 43 services are available on WhatsApp banking. In the last quarter, six new services have been offered, making it to 43. If you look at our digital adoption, our digital active mobile banking users have been improving in a quarter-on-quarter basis in the last one year. We have almost doubled our mobile active users. Plus, we have revamped our mobile app also and I am happy to share that our bank's mobile app rating has improved to 4.8 and it is one of the best in the industry across public sector banks. To combat the problem of mule account, bank initiated, launched a new initiative that was Pulse Alert Monitoring

System. We also integrated in I-4C for real-time data on the fraud, digital frauds. Then we have developed various rules to identify some mule accounts before they trigger any loss to anybody. Enhanced due diligence process has been initiated by the bank. As a result, before they are reported as a fraud by any fraud registry, bank has been able to suspect and block those accounts before they are reported by any agency. To enhance the services to our customers, we have revamped our chatbot also, that is UDAY, called UDAY, where account-related 16 services and 14 general services are already made available and three are in pipeline. So we will keep on improving our offerings on the chatbot channel also for the convenience of our customers. In retail segment, we improved all our products, maybe education loan products for our customers, pension loan, vehicle loan, housing loan or gold loan. Every product was totally revamped in the last financial year. We will continue to work on these products in this current financial year so that we come to the expectations of our customers in this financial year as well.

- To help or to expand our reach to the MSME, 11 new MSME schemes were launched in last financial year and this financial year, now the cluster-based financing schemes will be launched by the bank. In HR, bank has already implemented HR initiative, HRMS and project Samsiddhi, we call that, that is HR transformation project.

- Now that reward and recognition program, learning and development, everything has been completed and we continue to build on the learning and development policy, which we have implemented in this financial year in true spirit so that our people, our employees are skilled in that direction. For female customers, bank has launched specific schemes like Pink Basket is one scheme where we offer them specific specialized saving account, current account, Flexi RDA account, special debit card that is called Aparajita debit card has been launched. MSME, under MSME, we have launched UCO MSME, Nari Samman scheme for females. We have given a special scheme for study abroad and special discount of 0.10%. On MSME loans, special discount on MSME entrepreneurs is 0.25%. On home loan also it is 0.05%. In IT, we launched, initiated various projects and we completed. So in IT, we have already done a NOC, that is Network Operations Center has been implemented. We have upgraded network bandwidth that was from 2 Mbps to 4 Mbps. And in Zends, it was 4 Mbps, now it has been to 8 Mbps. Tab banking has been introduced across the branches now. Earlier, it was being done. So last quarter, it has been implemented in all the 300 branches. So digital balance certificate also has been launched through mobile banking. Application white listing solution has also been implemented. EBG facility has also been implemented. We have also integrated with the NSE for E-FDR. New virtual machine setup has been implemented. Now IT asset management solution has been implemented. Application performance management solution has been implemented.

Resilience operations center, ROC, has also been implemented. API banking solution has been implemented. Now we will be taking benefit of API integration with the various corporates. Overseas Finacle migration/up gradation has also been completed. So all these projects have been completed in the last financial year. In this current financial year, we have taken a budget of around 1000 crores. And last year, another 1000 crores was taken, of which around 64% was used. There are a few projects which have spilled over to the next year. So this year also, we have taken a 1000 plus crore budget. And we intend to bring FXPC application, IDAM, data center consolidation, document enterprise, document management system. We want to upgrade storage capacity of UPI, cyber recovery vault. Testing setup, we intend to bring near to your site also at Kolkata. Apart from the CMS supply chain, all these projects are in pipeline. And the CBDC is also in pipeline. Now we will be testing now. Once the accounts are opened, we will be going for the pilot stage also. So there are certain ATMs which need to be replaced. So all these things are already in pipeline, which we will work in this financial year to bring new and newer technology. Apart from that, we are also working on robotic process automation and we are figuring out here, which are the areas where we can use those process automations. And also, the used cases of AI are being identified. So that in current financial year, we bring AI into use also.

- This was all I wanted to share with you all. If anything, you want to share the ED sir. So, thank you all. And now, we are open for discussions. Thank you.

- Moderator:

- Thank you, sir. We will start the Q&A session. Participants who wish to ask a question, please raise your hand. We have a first question from the line of Mr. Amit Mishra. Amit, you can go ahead.

- Mr. Amit Mishra - Participant:

- Good evening, sir. Good evening, everybody and thanks for the opportunity. Sir, my first question is on your RAM share. So now our RAM share is almost 73%. So what is our ideal ratio? Are we going to 60-40 or 35-65?

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

- See our RAM share is around 62-73% and ideal is, I think we should be somewhere 65%.

- Mr. Amit Mishra - Participant:

- Ok, 65-35.

- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- Yes.
- Mr. Amit Mishra - Participant:
- Sir, out of your total advances, how much is linked to external bench rate?
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- See, out of total advances, our link to, give me a second, around 50%, 55% is linked to external benchmark.
- Mr. Amit Mishra - Participant:
- Ok sir, 55%. Okay. Sir, we have witnessed a really good growth in vehicle loan segment, almost 59%. So specifically in vehicle loan, which sector are we seeing, two-wheeler, four-wheeler is growing or which specific vehicle sector is growing?
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- The growth is in four-wheeler only. Maximum growth is in four-wheeler and actually, we have revamped our vehicle loan scheme last year. And that has given a result and our base was very low. So on a base of, with a branch network of 3,300, March 24, our vehicle loan per branch was even less than 1 crore. So now we have reached to a level of around 1.5 crore per branch. And we have also revamped our incentive scheme for the DSS also. So that has all contributed to the growth in vehicle loan business.
- Mr. Amit Mishra - Participant:
- Ok. Thank you Sir. And Sir, next on, I may have missed in past quarters, have we changed any provisioning norms for employee benefits in past?
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- No, no, no. There is no change in employee norms, provisioning norms for employee benefits that is governed by S15. So would they continue to apply, as it is.
- Mr. Amit Mishra - Participant:

- Ok Sir. Sir, you mentioned you have already spent like 440 crores on IT this year. And what was it?
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- 600 crores.
- Mr. Amit Mishra - Participant:
- 600 crores.
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- 642, 642.
- Mr. Amit Mishra - Participant:
- And for next year, we are targeting 1000.
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- 1000 plus, yes.
- Mr. Amit Mishra - Participant:
- 1000 plus. Ok. Thank you, Sir. These are my questions.
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- Thank you.
- Moderator:
- Thank you. We have our next question from the line on Mr. Rohan. Mr. Rohan, you can unmute.
- Mr. Rohan – Participant:

- Hello! Good afternoon. So my question is, what is your outlook on NIM as it has declined sharply from 3.38% to 3.22% quarter in quarter? And also the yields also dropped from 9.02% to 8.9%. What's explaining this? And is this because of your deposit is largely stable?

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

- No, no. See, last quarter, we had an interest component of around 42 crore from one of the segments that is NRLM. So that was over and above our normal interest income. And that gave us a slightly higher NIM and higher yield in the last quarter and which was not available in this quarter. So that is one. Because of that only, otherwise it is not. If you look at our yield on fund, that has improved on a Y-on-Y basis substantially.

- Mr. Rohan – Participant:

- Ok. Thank you Sir. So the next question is around personal loan. Loan book growth has been quite steep this quarter, about 10% to 11%, quarter on quarter and 46% year on year, though it is very small portion of total loan. Can you throw some color on it? Because at industry level, we are seeing degrowth. Is it, is this to ETB customers or NTB customers?

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

- This personal loan is totally to ETB customers, number 1. And number 2, there are two components. One, over the salary account holders. 2nd is our pension account holders. We are giving personal loans to them. 3rd is our regular customers who are accounts are being operated for the last 9 to 12 months regularly and we have a criteria of average balance and minimum balance, basis that we offer them PQL facility. So because of this, this has slightly increased. But on a smaller base, the percentage looks large. But if you look at total overall growth in a year is only 800 crore but on a percentage terms, it looks very large. But per branch, if you look, it is not even one crore per branch. But we are mindful of the fact we are not going to NTB customers currently. So our focus is only on our internal data usage. Data analytics team is there. We have a data enterprise, data warehouse from where we pick basis our BRE, customers are identified and then they are given offer to avail these services.

- Mr. Rohan – Participant:

- Thank you, sir. That's answer my question. And one last question from my side is what is your total gold loan portfolio and how is that book shaping up in terms of growth, sir?

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

- 10,500....

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

- See total gold line portfolio of our bank is 10,500 crore and we are all in compliance with the RBI guidelines of our gold loan portfolio also. And if you look at gold loan portfolio, the behaviour of the gold loan portfolio in last financial has been reasonably okay. There is no delinquency. We are observing that that the ticket size or anything or the NPA or the delinquencies are increasing not like that. Our gold loan portfolio's behaviour is satisfactory and growth is also reasonable.

- Mr. Rohan – Participant:

- Thank you very much. So that's all from my side.

- Moderator:

- Thank you, sir. We have our next question from the line of Mr. Ashok Ajmera.

- Mr. Ashok Ajmera - Participant:

- Thank you for giving me this opportunity and compliments to you Ashwani sir, Saboo ji and Kamble sir.....

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

- Thank you. Thank you Ajmera ji.

- Mr. Ashok Ajmera - Participant:

- For achieving one of the, I think the best profit you have come to 2,445 crores of profit as against 2,437 crores of loss in 2020.

- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- Yes.
- Mr. Ashok Ajmera - Participant:
- What a fantastic journey from a loss making to a profitable and now consecutive I think for last 4 years you are in profit, but this is probably one of the highest profit I think in last 10-12 years.
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- Highest profit. Yes.
- Mr. Ashok Ajmera - Participant:
- Highest profit sir. So compliments to you sir for that.
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- Thank you.
- Mr. Ashok Ajmera - Participant:
- And the entire team of UCO Bank and sir, even your growth is phenomenal even in this year also like credit people are struggling. I think probably you and Bank of Maharashtra, I think these two are the only probably the banks which have gone beyond 17% or even 16%. So compliments for that also.
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- Thank you.
- Mr. Ashok Ajmera - Participant:
- For deposit front also you are doing well about almost 11.5-12% which others is credit actually, deposit is 7-8%. So having said that sir, how do you see like you have given a good target for the next year also but you have a little bit tapered down your targeted number of credits to just 12-14% as against 17.7% which you have already

achieved in this quarter itself. So and similarly on the deposit front also little bit down though it is better than others. So sir, I mean do you see that the demand may little bit come down or because of the geopolitical turmoil and the so many changes, so many things happening around and recently what happened in India also. So is there any impact you see going to be or it's a general assumption that little bit of credit growth will be lower than what you achieved this year?

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

- See, Ajmera ji, if you look at our previous year's guidance also our guidance was 12-14% in advances and deposit was 8-10% and our achievement was in deposit 11.56% and basis this achievement of 11.56%, we have given a guidance of 10-12% in deposit, right. In advances, see advances are again an opportunity based. Sometimes you get a better opportunity, better pricing, yield, then you go for it. So like this and ours is a retail orientated, we have already done around 62% of our RAM segment is there. So in RAM segment when we are talking about RAM and India particularly where the economy is also good, there are no fears, we are doing better than the world and domestic consumption and market is very sound. So we expect that the RAM segment to continue to grow in the same range and in corporate, our growth was.... if you look at our growth in the corporate was only 12%. So again corporate it again depends upon a case-to-case basis whether the pricing matches our expectation. If we get good banking proposal, bankable proposal with a pricing as per our requirement, we will definitely go for that. So it will be a balanced approach towards credit growth in RAM segment and in corporate credit depending upon the margin available, depending upon the pricing which we are getting and accordingly we have kept a guidance of 12 to 14% given an opportunity, if we see the guidance as we have done in the last year also.

- Mr. Ashok Ajmera - Participant:

- Yes, sir. The point well taken sir. Now the second one is sir about you know, very good control you are having on the SMA like SMA 1 which was 280 has little bit come up but SMA 2 which was 420 crore has come down to 66 crores. So it's a like a good control but what is the basically... are you feeling any pinch in the individual accounts or with this little bit of slowdown is there any impact, little bit of delinquency in our recovery this thing though the final number looks good, but on day-to-day basis, what is the experience on the recovery front, sir? And coupled with this our recovery from the return of account is also good. I think it was 964 crores in this quarter. So going forward, what is our total return of book and how much do we expect in percentage terms out of that?

- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- See Ajmera ji, first is SMA book, if you look at our SMA book for the last 3, 4 quarters in the financial year, last financial year, this year, we are declaring more than 1 crore. Generally other banks are declaring more than 5 crore. We declare more than 1 crore on for the last maybe around 2 years now. And if you look at our book, our total SMA still continues to be in the range of 1500 crore only.
- Mr. Ashok Ajmera - Participant:
- Yes.
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- SMA more than 1 crore, 0 1 2 0 1 2. Sometimes some counts get back to 0, some count get back to 1 and some count get slip to 2 and then they go back to 1. So if you look at total 0.7 around 0.7% of my total SMA is more than one crore only of the book. My total out of total advance is only 0.7% and that is a continuous constant. It is not that there is a surprise in one quarter that somewhere it has gone up and somewhere it has come down consistently. And if you look at my segment wise we are also declaring. So in retail our SMA is in the range of 250 crore to 270 crore for the last March, December and March again. In agriculture also it is in the range of 150 crore, 180 crore, MSME it is a range of 500 to 600 crore and in corporate it is in the range of 500 crore. So it is well spread across segment and is consistently it is there. There are few accounts in the corporate segment around 700 crore which are in our watch list which we continue to monitor. Sometimes they come into SMA, sometimes they come out of SMA, but they are continuously paying and playing there are certain challenges with them, cash flow issues are there but these accounts we have seen over a period of last 1.5 years, they have not slipped. But at times they come into SMA and then they come out of SMA as well. So on an overall basis if you ask me from the behaviour of our book, I don't see any stress building up in any of the segments either in retail, MSME, Agri or corporate for the bank.
- And second recovery this last quarter.....
- Mr. Ashok Ajmera - Participant:
- Recovery....
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:

- Yeah, recovery last quarter as I told in my opening remarks that last quarter we had a very good recovery in one of the accounts which we were expecting we have targeted for this financial year, that was around 841 crore of recovery in one account around that was we were expecting in this financial year. But that resolution happened and the money came in the last financial year itself, in the March quarter. So that has given a boost to the recovery of the last year. Last year our total recovery was 4429 crores as against 3127 crores previous year and that has given us a lot of confidence. We have a book of TWO account currently also where around 23000 crore of TWO book is still there and there are certain NCLT, 18000 crore under NCLT only. It again depends upon the resolution when it happens and how it happens and how much we get. If you look at my on-book also that is also now I think 5900 crores of on-book NPA. So there also we target some recovery. So overall recovery we are expecting that because 900 crore, around 850 crore we have already taken this year. Otherwise, our initial estimate was that we will recover around 3500 crores of recovery in this financial year, but since 840 crore is already come. So we expect around 2500 to 2700 crore in the next financial year overall recovery to come.

- Mr. Ashok Ajmera - Participant:

- Okay, sir. The last question in this round sir is on the treasury. Now with this rate softening and even 20 basis point is just in this year itself the reduction is there and with next 2-3 rate cuts, we might go to 6, you know, like 6.1 or 6. So do we expect a good bumper profit coming in the FY 26 from the overall treasury operations, sir? Saboo sir.

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

- Yes sir, Ajmera ji, yes, we all are looking at that.

- Mr. Ashok Ajmera - Participant:

- You are a man of treasury, sir.

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

- Yes. Yes. Thank you, sir. So RBI has already cut the repo rate twice 25 basis point each and now we expect as you have already said further cuts. If that happens, definitely the yields will be going down but because profitability will depend upon....because the RBI has changed the guidelines on investment last year only. So the

FATPL part only will come into the profits directly and AFS part will go to there only. So that is one thing. So but again, we are active in the market as you can see in our presentation also we have plus 2000 plus portfolio in FATPL also and the trading is also means, taken up by the treasury. So we see a reasonable profit from there. We can't quantify because it is a function of the market movement. So we can't quantify but yes, we are hopeful of.... because if yields are supporting, market is supporting, definitely opportunity is there. So we are there in the market to catch the opportunity as and when it arises. So we are hopeful to have a reasonable profit from that also. Already we have declared the reverse for the treasury.

- Mr. Ashok Ajmera - Participant:

- Good, good, sir. If you permit, sir, one more last question, sir.

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

- Yes, please.

- Mr. Ashok Ajmera - Participant:

- Sir, on the NBFC front and co-lending space, now the RBI has also little bit has become liberal saying that the non-priority sector NBFC also the banks can go for. So what are your views on that? What is our existing NBFC exposure including the co-lending? Would you like to throw some light on that, sir? What are your plans in future? Do you want to grow that portfolio? How do you plan to do it?

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

- See, our existing NBFC portfolio is around 12, I think 12.5% of our total domestic advances, right. And if you look at our co-lending partnerships, we have already done around 7 co-lending partnerships and our total co-lending portfolio under this partnership is 2,200 crores. So given an opportunity in the current financial year also, we'll continue to evaluate the proposals coming to us. If we match our loan policy guidelines or we are able to modify product and base our loan policy guidelines, we can offer those products through the co-lending partnership. We'll continue to do that. So we'll continue to evaluate the opportunities and then take a call basis the credentials, basis the product, basis the segment. So many things are to be seen, but we are open to look at the future partnerships in co-lending space with Fintech, with private, non-priority, whatever.

- Mr. Ashok Ajmera - Participant:
- Thank you, sir. Thank you very much for answering all our questions.
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- Thank you.
- Mr. Ashok Ajmera - Participant:
- Thanks a lot, and all the best to you. You continue to perform better than what you have been doing.
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- Thank you, sir.
- Moderator:
- Thank you, sir. We have our next question from the line on Mr. Sushil Choksey.
- Mr. Sushil Choksey - Participant:
- Congratulations to management and team of UCO Bank on excellent stable numbers and the QIP, which you concluded in the last quarter. Based on current quarter CASA which we have ended, with now falling interest regime, Saboo ji already answered on the treasury outlook that the yield, the RBI may drop 2 more times, maybe more also. And second thing, most of the banks have started dropping rates where deposit are concerned. What will we do differently to strengthen our CASA, which leads to a sustainable growth path and compete with larger banks?
- Mr. Ashwani Kumar – MD & CEO, UCO Bank:
- Sushilji, if you look at our CASA, in the last financial year, if you compare CASA of other banks and CASA of our bank on a quarter-on-quarter basis, we have already given a guidance of 37 to 38, and we are well within the guidance in the current financial year, 37.91% we maintained CASA. We have done a lot of initiatives in the last financial year to garner CASA, to improve our offerings to the various walks of life, like for students, for females, for salaried customer, for non-salaried customers, for current

account holders, so for everybody we have done a different type of product and we have bundled those products with various freebies or offerings by way of free insurance or by way of some concessions or waivers like that. We have already bundled all those things. So that has resulted in opening of new account.

- Then another thing which we started last year, if you remember, was a Tab banking. So initially we started Tab banking with 500 branches, reached to 700,1000, 600 and then now in last March quarter we have given Tab to the entire 3000 plus branches. So now our onboarding is through digital Tab banking by reaching out to the customer. Earlier, a year back, we were 100% dependent on the walk-in customer. Then few of our branches were able to reach out to the customers. Now by this March end all our branches are equipped to reach out to the customer for opening and saving accounts. Not only saving accounts, we have already enabled current account for proprietorship and individuals through Tab banking also. That has also been enabled. Now what else we are doing is we are trying to build a functionality in the Tab so that whenever our staff or employee reaches out to customer for opening or for anything, he can undertake transaction also sitting at his office through Tab banking. So that functionality also we are bringing so that customer need not to visit. Apart from that, through mobile app also we are onboarding on various journeys which will enhance our customer experience and customer offerings and customer engagement will improve. The purpose is to improve customer engagement. Since many of our customers are already into investment space also instead of saving, they are investing in mutual funds, they are investing in shares, they are investing in various securities. So we have already a platform which gives these services. In addition to that, we are also trying to have a partnership with NSE or BSE so that we partner with them also so that we offer our mutual fund opportunities to our customers through those platforms. So that engagement is.... similarly insurance partners also we will be onboarding. So anybody wants insurance that also can onboard through our mobile banking app or internet banking. We are also bringing now total omnichannel experience also. So that other project is also in pipeline. So bank will continue to do, enhance customer experience, whatever improve offerings, though we have already done once but will continue to reinvent those offerings basis the customer expectations in a ongoing basis so that we engage more and more with our customers that will enhance and that will enable us to maintain our CASA ratio also. This is my feeling is.

- Mr. Sushil Choksey - Participant:

- Sir, when you're doing a good job and you're implementing so many digital technologies, segment to segment and product to product wise, whether it's a doctor, lawyer, student, MSME customer, all that, when interest rates are falling, I am quite

sure that your CASA can exceed 40 percent. Your guidance may be conservative. I'm fine. But looking at strength because we are showing positivity on credit, a sustainable CASA, when the interest rates are falling, may take the bank to a higher height. And that's the reason I was suggesting.

- Secondly, on treasury, the yield will fall we'll make good money on bonds, which we are holding on AFS, HTM, whatever we encash based on our CD ratio, which you would like to maintain. What are we likely to different because we also have international presence and domestic presence that today, majority of the corporates are in a position to borrow through Gift city. Will we enhance our margins by taking some exposure on corporates, which enables for bank to perform better, Could we do something better which mismatch can be maintained?

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

- Sorry, Sushilji, we missed you in between. We do not get the entire question. Please, last part can you repeat.

- Mr. Sushil Choksey - Participant:

- Sir, I'll repeat. Basically, what will we do separately in the next quarter or in the coming days, so that our yield remains beneficial in treasury other than GSEC? That is what my question is?

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

- Other than GSEC.

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

- So, you are talking about non-SLR book, right?

- Mr. Sushil Choksey - Participant:

- That's right.

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

- So, yes, we are active in corporate bonds category also and we have improved our non-SLR book also, you can see. There have been several certain maturities during

the year from earlier DISCOM bonds. So now we have already front-loaded our deployments in corporate bond category also because we know the yields were quite attractive earlier, before 3, 4 months back. So we have done that investment also and we will continue to see the corporate bond segment as well in our investment book other than the GSEC and SLR book. Though we have reduced our SLR book, if you see year-on-year, we have reduced our SLR book from around 25% to 23% to augment our CD ratio. But I think we will continue to maintain around these levels and we will further enhance or augment our non-SLR book as well through the corporate bonds and whatever opportunities comes into that segment. I think that will support our yield overall, yield on investments. That is correct.

- Mr. Sushil Choksey - Participant:

- How are you shaping up on the international book, similar growth opportunities or with the falling yield there is pressure there?

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

- So in international book also, we have two branches, Singapore and Hong Kong. They are also quite active. Both in lending and as well as investment also. So we have a little book of investment overseas as well. And yields, yes, of course, the yields, falling yields, they are getting more opportunities to raise the cheaper funds also and to deploy it. Yes, the pressure is there on the margins but still we are able to get good deals into the overseas market also, both on lending side also and in investment book also. So we are quite active in overseas book also. So that will also continue and that will support our overall profitability.

- Mr. Sushil Choksey - Participant:

- Sir, you answered the previous questioner's question on co-lending with RBI very elaborately saying now that a bank of our size or any bank can get into partnership which enables bank's growth, whether it's MSME loans or any other category of loans which you know better. What will we do differently or like every other big bank, we'll only try up with AAA and AA and continue the process or we'll identify a partner who is good on process but doesn't have the credibility because he may have the network, but his rating may be not AAA and AA?

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

- See, there is no limitation on our part that we'll go only with AAA or AA. We'll go with any NBFC or partner or bank, whatever, with good standards processes and their NPA percentage. So there are certain parameters which is defined in our loan policy document that what type of partnership we can onboard in co-lending. So whichever partnership fits into our criteria, so we'll be open to look at all those partnerships and onboard with them for the co-lending purposes. So rating is not the only criteria. If the rating is AAA or AA but the NPA percentage of the NPA or the par of the NBFC is high, that does not mean that I'll go with that NBFC itself merely looking at the AAA rating. There are many other factors which are stipulated in the board approved policy for the co-lending, which we look in and then we arrive at a score where we take meeting where we need to enter into a relationship. So we'll continue to evaluate all relationships which come in our way and naturally their processes, their recovery mechanism, their underwriting standards, we will evaluate and then we'll go ahead with the partnership.

- Mr. Sushil Choksey - Participant:

- Okay, sir. Sir, last question on the credit side growth. How are we seeing what is the book position in terms of sanctions which are available, which are not disbursed? How is the pipeline looking, because with whatever happening led by US direction on the trade, India may attract a lot of trading manufacturers and opportunities because a lot of goods may not get shipped from China. So I understand we may not get into any kind of a trade situation which impacts our bank but manufacturing as well as global demand supply chain, India may attract a larger trade finance situation, including manufacturing opportunities. How are we locating or citing those opportunities in our bank or we are creating some opportunities by already talking to customers?

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

- See Sushilji, our sanctions which are already in pipeline, which are likely to be disbursed over the period of next one year is in the range of around 10,000 crore, where we have already given sanctions and which will be availed. Again, it again depends upon a scenario, that time when the opportunity comes to lend or to borrow whatever, but we have already pipeline of around 10,000 crore in various segments which is available. So far as opportunities which we are exploring we have already looking at various lending opportunities in various actions in manufacturing also. Our teams are talking to various customers. They're also trying to figure out if any particular product is required, which is need to be.... like for MSME we have developed around 11 products in the last financial year. For any product for any industry is required we are also working on a cluster-based product for like, for example, simple example, I will

give you like tiles. So there are certain tile clusters. We are working out for a product that will cater to the tile cluster requirement. Similarly, our team is working on various requirements and trying to figure out the possibilities where our customers are in the process of entering into some ventures for taking the benefit of this trade situation which is emerging now. Look on those opportunities we are open to bringing new products also to tap those opportunities. Whatever extra mile we need to go, we will definitely go.

- Mr. Sushil Choksey - Participant:

- Sir, I understood that you're taking a lot of initiatives to capture the segments which are going to be emerging with us and the bank would fructify on a benefit. Sir. Thank you for answering all my questions and good luck for the year to come.

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

- Thank you.

- Moderator:

- Thank you, sir. That will be the last question. MD sir any closing remarks?

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

- So, thank you to all the analysts for post results concall and I thank you all the analysts for showing interest in UCO Bank and we will continue to perform as we have been doing in the last financial year on a quarter-on-quarter basis. Bank will continue to put in best efforts to improve its performance and we expect that same support from the analyst for our bank to continue in the times to come also. Thank you very much. All I missed. Thank you. Thank you for showing interest. Thank you.

- Moderator:

- Thank you everyone for joining the UCO Bank earning call. You may disconnect the lines.

- **END OF TRANSCRIPT**