Bank of Baroda Media Meet for Quarter and Nine months ended 31st December 2024

30th January 2025

Participating members from the Management Team of the Bank

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

Host: Good afternoon, everyone, and welcome to the media meet for Bank of Baroda's financial results for the quarter ended 31st December 2024. Thank you all for joining us. We have with us today our MD and CEO, Shri Debadatta Chand and he is joined by the Bank's executive directors and our CFO. We have a short presentation that we will take you through followed by brief opening remarks by Mr. Chand, and after that we will have the Q&A session. Chand sir, I would request you.

Mr. Debadatta Chand: Thanks, Phiroza. Once again good evening to all my media friends. And just to introduce the management team, I am D. Chand, MD & CEO of Bank of Baroda, and I have been interacting with you for a couple of quarters like 7-8 quarters now. With me, Mr. Lalit Tyagi, he is the Executive Director looking after the Corporate credit, International banking and Treasury, and with Mr. Tyagi also, we have Mr. Sanjay Mudaliar, he is our Executive Director looking after the IT and also the Retail Assets of the Bank. We are also joined by Mr. Lal Singh, he is Executive Director looking after the Recovery department, more importantly the Agri and MSME vertical and also the HR function of the Bank. And Executive Director who has also joined with us is Madam Beena Vaheed, she is Executive Director looking after all Compliance and Control function including the Retail Liability. And we have also, the CFO of the Bank, Mr. Manoj Chayani. He is interacting with all of you possibly for a couple of quarters now. With this Chayaniji over to you for a brief presentation, thereafter I will go for my opening remarks.

Mr. Manoj Chayani: Thank you so much, sir. Good evening, it is my privilege to present before you the financial position of Bank of Baroda for the quarter and 9 months ended 31st December 2024.

The Bank has posted a total business of 25.65 lakh crores as of 31st December 2024 with a YoY growth of 11.8%. If we look at the asset side the global advances have grown YoY of 11.8% with domestic growing at 11.9% and international at 11.2%. Looking at the segment wise - retail continues to grow at 20% as per our guidance. Agriculture around 13%, MSME around 14% and Corporate is around 7%. In retail also, the mortgage piece and the home loan piece is growing at 16.3% and 16.6% respectively with education around 17%, auto loan 21% and personal loan segment as you know for quite some time we are moderating our growth and it is at 24% right now.

With regard to the liability piece, the total deposit has grown by 11.8% with a domestic growing at 9.2%. And if we look at the credit deposit (CD) ratio, the CD ratio is a little bit elevated to 84.24% as of Q3 FY25. However, two distinct factors are that our domestic CASA has grown by 6.5% which is better than many of the peers. And we are able to maintain our CASA percentage around 40% as we have been doing for quite some time.

Regarding Profitability metrics, operating profit has grown upto 7,664 crore at 9.3%. Profit after tax at 5.6% YoY growth and we have posted a profit of 4,837 crores. Similarly, for last 10 quarters we are posting return on asset more than 1% and as of 31st December it is 1.15%. Return on equity is robust at 17%.

If we look at 9 months' position we are placed in a better position with total operating profit of 24,300 crores with a growth of 6.3% YoY and similarly in case of return on asset it is 1.17% and return on equity it is 17.03%.

Yield on advances, 9 months ending yield on advances if you look at it, yield on advances has grown from 8.42 to 8.46%. However, there is an increase in the cost of the deposit, this has gone up from 4.85 to 5.09%. As a result of that if you will look at our net interest margin for 9 months it has gone down from 3.14 to 3.08% as on 31st December. This is little less than our guidance of 3.15 +/- 5 bps.

The Bank enjoys a robust asset quality as you can see the gross NPA has reduced from 3.08% to 2.43% at 65 bps down. Similar is the case in case of net NPA to has gone down from 0.70 to 0.59%, and provision coverage ratio remains stable at 93.51%.

The two important metrics showing the robustness of our asset quality is the slippage ratio, this is 0.90% as of 31st December which is within our guidance of 1 to 1.25% and credit cost has gone down from 0.39 to 0.30% which is the best among our peer banks. Similarly for 9 months the slippage ratio is 0.81% and credit cost is 0.47%.

SMA book as you can see as against 0.47%, it is 0.49%, it is at a similar level. Collection efficiency, we are trending at 99%.

Bank enjoys a robust capitalization position of CRAR at 15.96%, CET at 12.38% and Tier 1 at 13.44%. This is without considering the profitability position. And if we consider the profitability position of the current year then the CRAR becomes 17.34%.

Thank you so much. Over to you, Chand sir.

Mr. Debadatta Chand: My media friends, let me again make some qualitative comments on the financial results. As you would have seen the numbers, the outcome is more of a strong one, robust one, a sustainable one, based on the consistent business model we have. The business growth has been quite strong at 11.8% both on the deposit advances. We see another quarter where the growth of deposit is almost aligned with the growth of advances. This is again the underlying, the challenging factor is the growth of the deposit that is what is happening in the system also but in spite of that the Bank has a very strong growth both on the deposit and also on the advances.

One thing which is noticeable is that earlier also we said that we tried to retailize the book more. So, if you look at December 2024 over December 2023 the RAM book which is Retail Agri & MSME, the book percentage has increased from 57.9 to almost to 59.9%. So, roughly there is a change of almost 200 bps between the December ’23 and December ’24 over December ’23 that’s something very significant and that is what we wanted the book to diversify in terms of retailizing the book.

In terms of the CASA growth as the CFO said rightly the growth is 6.5% and let me also remind that our CASA growth in September 2024 was at 7% which is comparing to the system that we have done much better that is what our key focus area. In spite of the challenging deposit market condition the CASA percentage is almost at 39.68%. we are almost able to sustain the CASA percentage vis-à-vis September, in December over September. And we intend to keep the focus on the same way we are focusing on the CASA deposit more as compared as to any other form of deposit.

Our CD ratio we are mindful, this is at almost at 84% so as I said also earlier domestic CD which will operate between 80 to 82% whereas the global CD we would like to operate between 82 to 84%.

The profitability as you look at the book increase is of almost 11.7% to 11.8%. The operating profit increase is of 9.3%. This is again consecutively 8 quarters where we are posting net profit in excess of 4000 crores and the last quarter it was in excess of 5000 crores.

Only on our margin front, this is a industry phenomena in terms of the cost of deposits slightly being higher, the margin has gone slightly lower as compared to our guidance of 3.10 to 3.20%. 9 months NIM is at 3.08%. So, I mean there is a bit of squeeze on the NIM side because of the market conditions but we will be trying to operate within the band of 3 to 3.10% full year for FY25.

Asset quality is one of the best quarters we have had, I said the credit cost is almost 0.30%, the slippage ratio is 0.90%, this is well below our guidance of 1 to 1.25% for the slippage ratio and also below 0.75%

for the credit cost. I think in terms of the quality of book as we have as on today, I think it is a sustainable one. Both net NPA and the GNPA has been trending downwards vis-à-vis YoY and also on a sequential basis.

Also as our CFO said right, this is the 10^{th} consecutive quarter we are posting ROA in excess of 1% and the ROA for the quarter has been 1.15% as compared to 9 months of 1.17%. So, we continue to have a guidance of more than 1% ROA, going forward.

Couple of things on the technology piece which is important, there was an IBA Technology Award and the Bank could get the best prize in terms of being the winner in the AI/ML adoption. Bank was a winner in two segments of the Digital Technology Awards and also runner up in two. In terms of creating the right digital architecture for the customer to get the best service from the Bank.

To sum up the guidance that we want to retain for the FY25, on the deposit guidance continued to be 9 to 11% as we said earlier and this time we have exceeded that 11% on the upper band. The advance guidance continued to be 11 to 13%. And this time the advance is 11.8% slightly on the corporate we wanted to moderate the reason being because the cost of deposit is on the higher side, slightly on the finely priced book on the corporate credit we wanted to go slow on that. The slippage received we continued to be 1 to 1.25%, the credit cost guidance continued to be below 0.75%. On the margin side although we tried to optimize on that but the operative guidance on the margin would be 3 to 3.10% that means 3.05 +/- 5 bps with a bias towards upwards that means we tried to optimize at the upper band which will be at the lower band of the last guidance we had given.

With this again we thank all of you for the joining the call today. The Bank continues to work on having a sustainable and consistent business model, defining the outcome whether it is book increase, whether it is a profit increase and at creating a better asset quality going forward.

Thank you all for again joining and Phiroza for the questions and answer session.

Host: Thank you, sir. We are now opening for questions. If you have a question please raise your hand. If you have a problem with the microphone you can also type in your question in the Q&A box and we will come to you.

The first question is from Ms. Siddhi Nayak of Reuters. Siddhi, if you can please unmute yourself and ask your question.

Ms. Siddhi Nayak: Hi, am I audible?

Mr. Debadatta Chand: You are audible, Siddhi please go ahead.

Ms. Siddhi Nayak: Sir, a few clarifications before I start my questions. You said your net interest the margins would be in what range for FY25, I just missed that number, sorry.

Mr. Debadatta Chand: For the full year the operating band would be 3 to 3.10% that is 3.05 +/- 5 bps but then the bias is upward in a sense we will try to optimize at 3.10% which is the lower band of the guidance we had given earlier.

Ms. Siddhi Nayak: Okay. Sir, the other thing you said on corporate loans you said that you deliberately want to keep that book a little slow, what was the reason for that.

Mr. Debadatta Chand: See, there are particularly in the corporate book there are capex/non-capex, PSU/non-PSU, so the area where the economy wants a productive capacity to be created we are going long on that we are funding big time on that. But there are asset class where the pricing is very fine because these are typically high rated, high-quality asset, typically on a refi market or a takeover market and where we have slightly gone slow. If you look at our 3 quarter performance, June we are slightly slower on the corporative credit, September it was in excess of 10%, and December slightly at 6.8%, but the full year we will try to achieve around 10% of corporate credit.

Ms. Siddhi Nayak: Okay. Sir, coming to my questions right now, what is the ideal retail to corporate books mix that Bank of Baroda is targeting especially and since you said there is some of issue on pricing also on corporate notes so what is the outlook on book mix that Bank of Baroda wants to keep.

Mr. Debadatta Chand: Yeah, we said earlier actually over a period of time we would like to …. retail means not only the retail asset we are talking about the entire RAM book we are talking about which consists of Retail Agri and MSME. At some point of time, we will try to reach around 65 and 35, so that data that I am giving as on December '23 the RAM was 57.9% and as on December '24 RAM is 59.9% almost 200 bps changed in the RAM book. So, as you know the retail is growing almost 20% consistently for last many quarters. The Agri MSME for this quarter we added almost 200 bps growth vis-à-vis the last quarter so the RAM is going faster than the corporate obviously the book would tend towards a higher RAM to Corporate, going forward.

Ms. Siddhi Nayak: Okay. Sir, last question is on your LCR if we could explain what would be the hit if the new draft guidelines were to be implemented.

Mr. Debadatta Chand: So, the LCR we have disclosed at 130% which is very strong and comfortable level, right, so 130% as against 100% of the requirement. So, always all the banks would try to keep the buffer vis-à-vis the regulatory requirement. So, it is draft guidelines, the final contour is yet to come out. But earlier also we said that even if the guidelines comes as it is then the impact can be 10 to 12% maximum. So, taking that into account at 130%, we will be comfortably above the regulatory requirement of 100%. But now our normal comfort range is 115 to 120% is the range that we, normally look for.

Ms. Siddhi Nayak: Okay. And so, my last question is on your provisioning part, it is still like more than 60% increase YoY on provisioning, wanted to understand what was the rationale behind that and how many quarters do you foresee this trend of elevated provisioning to continue.

Mr. Debadatta Chand: No, if you get the provisioning vis-à-vis the Q3 it has been higher but if you look at the Q2, sequentially it has gone down, right. So, from 2,336 crores to 1,082 crores, the lower provisioning is because of the better asset quality of the Bank and particularly the provisioning requirement because of corporate credit and all has been very less. So, there is no concern at all with regard to the provisioning. The asset quality is very strong at this point of time so the provisioning requirement is much lower.

Ms. Siddhi Nayak: Sir, thank you.

Mr. Debadatta Chand: Thank you.

Ms. Phiroza Choksi: Thanks, Siddhi. If I could request everyone to limit their questions to two and we will come back to you if there is time. The next question is from Mr. Vishwanath Nair of NDTV Profit.

Mr. Vishwanath Nair: Good evening, I hope my audio is good.

Mr. Debadatta Chand: Good evening, Mr. Nair, please go ahead.

Mr. Vishwanath Nair: Sir, with regard to your bulk deposits you said it is 14% growth there, compared to that your retail deposits have grown about 9.7% even though in absolute terms retail term deposits are higher. But I just wanted to get a sense on this bulk deposit because you have mentioned multiple times on the corporate credit growth the fact is that the deposit cost is higher so you are trying to control margins there. But 14% growth would indicate that you are okay with cumulating the bulk deposits. That's the first question, sir.

Mr. Debadatta Chand: So, I have been guiding the market actually, we have been talking about reducing the dependence on bulk deposits since long. If you look at my earlier quarters the growth has been much lower on the bulk deposit and this quarter because the retail term has grown at 9.7% that could allow our bulk to grow at 14.7%. So, what is important here is that bulk is not only the bulk deposit that including the certificate of deposit which is a lower tenure and much lower pricing. So, depending upon market condition to optimize that we grow, right. In a case we maintain a margin on the other side, to the extent the balance sheet allows us to grow on the bulk side we will grow. But clearly if you look, since I have maintained the CASA at almost at 40% so you can imagine the kind of focus on retail CASA as compared to bulk deposit or any other form of deposit which is higher than the CASA cost, right. As a percentage we are quite below the threshold in terms of percentage of bulk deposit to total deposit. If you look at last 10-12 quarters the percentage is much better as compared to the earlier quarters. Clearly, that's our focus going forward and the numbers that we are giving on bulk deposit is not only, only bulk deposit it is consisting of a significant portion of the certificate of deposit also.

Mr. Vishwanath Nair: What share of the 2,32,000 crore would be CD?

Mr. Debadatta Chand: CD roughly we have not given here. It almost like 30-35% would be CD component here.

Mr. Vishwanath Nair: Alright. My second question is on the retail slippages, so there the number is a little elevated. That doesn't stop you from growing on this portfolio, sir?

Mr. Debadatta Chand: See, the retail NPA we have given data somewhere the percentage NPA is 1.3% or 1.31% kind of a level

Mr. Vishwanath Nair: I understand it is not affecting your book much but you know specific assets are defaulting that's what.

Mr. Debadatta Chand: So, if you grow on the book obviously the absolute number would go equal to the proportion that you want on the book. Looking at both the factors in terms of the growth on the asset side of the retail and also slightly higher what you can say couple of 100 crores higher on the retail asset NPA, it is not at all a concern, rather it is well below our tolerance and threshold at this point of time.

Mr. Vishwanath Nair: Alright. Lastly, sir, on CASA that seems to be still dropping, you know the expectation is that there is going to be a rate cut soon but it will take time before your deposits are repriced. How soon do you think this can be arrested?

Mr. Debadatta Chand: See, we are focused on CASA, I have given a data that in September also the growth is 7% and you would have seen in the system growth particularly other banks' growth on that. So, in that way, focus will continue to be there. But at the same time while a tight deposit market we are also not willing to sacrifice the CASA percentage. On the dip that you are looking at 16 bps or around slightly 16 or 17 bps. That in terms of the market actually you can imagine what is the focus that you are going to retain the CASA percentage. So, we will continue to have a lot of optimization within the liability structure so depending upon the assets, the asset pricing how much you could pass on and the book would calibrate accordingly so that the guidance is on the margin more and also the ROA more.

Mr. Vishwanath Nair: Understood, thank you, sir.

Host: Thank you, Vishwanath. Joel Rebello of the Economic Times, Joel, you will have to unmute yourself.

Mr. Joel Rebello: Good evening, I hope my audio is good.

Mr. Debadatta Chand: Yeah, I can hear you please go ahead.

Mr. Joel Rebello: Thank you. Sir, in your comments in your opening remarks you mentioned that CD ratio of 84% you are very mindful of in the context of you'll growing the book at the rate that you'll are growing especially the retail side what are you going to do to ensure that CD ratio doesn't go up further or you know, you'll don't get into I think you'll are already in the danger zone. If I've heard you right, I think 80-82% is what you'll want to be and you'll are at 84%.

Mr. Debadatta Chand: You know, just to slightly I mean tell you here that our domestic CD continues to be in the range of 80 to 82% while the global CD continues to be around 82 to 84%. And when we talk about the CD ratio there are a couple of data points which are important, I am running an excess SLR of almost 6.5 to 7%, I am running a LCR of 130%. So, if in both the data points I think this is a level where we are comfortable at this point of time. Let us also understand that the deposit market is quite tight and with the deposit market improving the ratio would go down. But let's say again on the growth the numbers we have said deposits we want to grow at 9 to 11%, advances we want to grow at about 11 to 13%. If you see, if we are at the top end of the growth, deposits 11% and advances 13%, I think below 84% CD we can achieve both the targets. So, we are very certain with regard to how do we construct the book so that we maintain the CD at the same time achieve the growth guidance that we are giving for the full year.

Mr. Joel Rebello: So, in other words if I have read you correctly you do not expect CD ratio to go above 84% for the fiscal year.

Mr. Debadatta Chand: Yeah, yeah.

Mr. Joel Rebello: So, you are at the peak in CD terms.

Mr. Debadatta Chand: We are comfortable at this level.

Mr. Joel Rebello: On the margin side, sir, year-on-year margins have fallen. I can understand cost of the funds getting expensive, liquidity tight, but your yields on advances have also fallen year-on-year. Can you just tell us what is the problem that yields on advances, sir?

Mr. Debadatta Chand: No, actually there is no, see, if you look at the ROI matrix of the advances side, whether it's BRLR or the MCLR, these are already saturated since long, right? So, the asset side, where the cost of deposit was catching up in terms of month-to-month and quarter-to-quarter. So, this is what the structure we have. In that scenario, there will be a bit of repricing happening because of the asset getting repriced. There are resets happening, consequently putting some impact on the yield side. So now we're at a scenario where you are looking at a cost moderation because of the aspect that we talked about. And I think, which is again going to balance out going forward in that way.

Mr. Joel Rebello: Okay. So basically, if I've understood again correctly, you're saying that it is not because your loans have been repriced at a lower rate because of MCLR adjustments or whatever in the last few months. That's why the yield has come down. I mean, put it simply?

Mr. Debadatta Chand: There are two ways. The reset can happen at a higher rate or can happen at a lower rate. But let's say again, a couple of things I have said, that personal loan, which was quite NIM accretive, we have reduced the exposure significantly. The NBFC exposure also would have seen, suppose you have that analyst presentation, there the percentage has gone down. So, while balancing the portfolio, you have to look into what is the RWA, the risk-weighted asset also in that way. So, it's a balancing act in terms of how do you structure so that you maintain the asset quality, at the same time, maintain your margin guidance.

Mr. Joel Rebello: One last thing, sir. Other Income has shown a very handsome growth; that's for all banks mostly this quarter. But for y'all it's been pretty high year on year, if I'm looking at 34%. So where is it coming from? What is the outlook? I mean, is it there is either a one-time gains there? Is there some treasury gains that you all made, which was one time? If you can elaborate?

Mr. Debadatta Chand: Yeah, two factors who contributed well for this quarter on the Other Income. Last quarter was because of the recovery of the written off accounts that we said last quarter. This quarter, there is a good growth on the treasury income. The trading profit has been higher. On the depreciation scale, there is a write back as compared to a depreciation provided in last quarter of last year. So, the treasury income there's almost substantial growth vis-a-vis the last year, the same quarter. At the same time, you can also take a note of one element, there is an interest on the tax refund, that's almost 330 crore. So, that has also contributed to a handsome 34% increase in the Other Income.

Mr. Joel Rebello: Okay. Okay. Just to clarify again, lastly, sir, NIMs, you expect it to be better than this. I mean, 3-3.10% is better than what you'll achieve in this quarter. That is because you think that retail will continue to grow, the high yielding portfolio will continue to grow, basically?

Mr. Debadatta Chand: That's fairly right. So, we have achieved 3.08% for 9 months. The guidance was 3.10 to 3.20%. So, now we're giving an operating guidance of 3 to 3.10%, we'll try to have upside there, so that we at least achieve the 3.10%, which would be the lower band of the earlier guidance.

Mr. Joel Rebello: Okay. Thank you so much, sir. And all the very best for the rest of the year.

Mr. Debadatta Chand: Thank you, Joel. Thank you very much.

Host: Thank you, Joel. Mayur Shetty of Times of India.

Mr. Mayur Shetty: You said the provisions were not out of place, the 66%. But your profits have been contained at 5% because of increase in provisions and also operating costs. In absolute terms, both have 600 crore increase in operating costs and around, I think, 400 in provisions. So where do you think the profit increase will come in future? Like, will it be by reduction of these operating costs or do you see the operating income going up substantially higher than 10%?

Mr. Debadatta Chand: So, you are right on the matter, actually. If you look at the Net Profit, the growth is 5.6% yeah, the growth is 5.6% for this quarter on the YoY, whereas for 9 months it is 12.6% on the Net Profit. This is one. Secondly, the growth slightly in terms of the Net Profit growth has been significant, but in YoY terms, it is 5.6% because the NII growth has been 2.8% because of the cost increases therein. So, interest expense is growing slightly higher than the increase in the interest income. So, this is typically based on the current market scenario where the system is also facing a bit of margin squeeze because of the cost of deposit. So, there is a different outlook, going forward. So, in that scenario of that, and normally when you walk into the Quarter 4 of the financial year, it's a very productive quarter for all the banks, right? So, this is a busy season, good productive quarter. If you look at the Quarter 4 results of the bank for multiple years now, always it's better than the earlier quarters. So, in that way, when we are giving a ROA guidance of in excess of 1%, I think we will be positioned to achieve a significant growth in terms of what do you think the Net Profit that we have achieved for 9 months now.

Mr. Mayur Shetty: Yes, sir. And one more question. The 1.5 lakh crore liquidity measures announced by RBI, how will that impact your, say, P&L and balance sheet? Would borrowings go up? Would the interest costs come down?

Mr. Debadatta Chand: Ideally, it should be because it's a durable liquidity being injected to the market. And obviously, there should be moderation at the market borrowing cost, and possibly some segment of the deposit cost, particularly the certificate of deposit and all. So that's why actually when we are looking at a NIM guidance, we think of slightly a better outlook on the cost structure on the deposit side and whether it is a borrowing or a certificate of deposit. Even if the retail deposit may slightly take a longer time for a bit of moderation, but other market would react to this. And that's something positive for the bank.

Mr. Mayur Shetty: Thank you very much.

Host: Thank you, Mayur. Mr. Abhijit Lele of Business Standard. Okay, we'll come back to Abhijit. Piyush Shukla of Hindu Business Line.

Mr. Piyush Shukla: Hi, sir. Good evening. So just to, just one clarification for Joel's question, you said 330 crore of that penal interest that used to come, has now gone in Other Income in this quarter. 330 crores?

Mr. Debadatta Chand: No, no. We said there is an item of around 330 or 340 crore, which is interest on the tax refund, which is an item which is shown as part of the Other Income. So that's something that has slightly boosted the non-interest income, almost the growth has been 34%, right? So, that is what the point I made.

Mr. Piyush Shukla: Okay. Thanks, sir. So just two quick queries I have. One is, I want to know what is the loans that you have given against securities in terms of shares, mutual funds? One is that. And then, that product that you've launched, Systematic Deposit Plan, how much of a traction has it gained? If you could help me with that.

And the last question is on the ECL. If you have estimated the amount of provision that you would make as per the draft norms? I understand the final guidelines have not come in, but have you done any estimation of how much provision you will have to make? Thank you.

Mr. Debadatta Chand: See, on the loan against shares and mutual fund, I think we do have an insignificant exposure therein. And so hardly any exposure on that. Although I don't have ready data, but then that's not a product we have been quite active on that. So that would be very insignificant.

Secondly, you talked about the ECL impact. As the framework is still yet to come, but then obviously, we have our calculations, the proforma which is shared with the regulator. But then the impact currently, because it allows for an amortization over a period of 5 years in that way. So, I don't think the impact is going to be very significant vis-a-vis the numbers we are doing. Actually, like you, I have read in multiple newspaper also, like banking system, the impact on the CRAR can be maximum 100 to 125 bps. So that's a ballpark number everybody talks about, and we can also possibly have that kind of impact. But normally, once the guidelines will come, then definitely we'll disclose all the numbers required to guide the market with regard to the actual numbers, right? So, this is one.

I just missed your second question. What was that?

Mr. Piyush Shukla: SDP, sir.

Mr. Debadatta Chand: Yeah. SDP has seen a good traction, good response, and with the Master Blaster being our brand ambassador, now we're getting very good traction on that. I think the last 6-7 months would have mobilized more than 3,000 crores on the SDP side. So that's getting good traction.

Mr. Piyush Shukla: Sir, just one last question on this Nainital Bank. Last year there were a couple of reports. Is there any update on the likely stakes sale that you were going to do? Is there any update on that front, sir? Thank you.

Mr. Debadatta Chand: So as of today, Piyush, no update on that. Actually, all my subsidiaries, including Nainital Bank, are unlisted and continue to be unlisted. The divestment depends on a host of factors in terms of process, timing, valuation, the approval process. So, there is no set timelines for any of the divestment, whether it's Nainital or any other subsidiary that we talked earlier. So, once the right time comes, we'll announce to the market. But as of today, it's unlisted and will continue to be unlisted.

Mr. Piyush Shukla: Thank you, sir.

Host: Thanks, Piyush. The next question is from Kshipra Petkar of Informist.

Ms. Kshipra Petkar: Hi, sir. So just a couple of questions. The first is on your expenditure on tech. How much are you expending? Are you planning to increase that portion for this year and for FY26 as well?

Mr. Debadatta Chand: Yeah, to respond, Kshipra, actually, normally, all our expenditure, both revenue and the CapEx is in excess of roughly around 4,000 crore. But normally, as a principle, what we normally decide, that I set aside around 12 to 15% of the operating profit towards the tech spend, which includes the capex and also the operating expenses. And we'll continue to be guiding on that. That is a significant amount and that can take care of the requirements for investing on the digital side.

Ms. Kshipra Petkar: Okay. S,o the other one was, you recently launched your liquid fixed deposit and a couple of other deposits as well. So, any plans on coming out with more products on the deposit side?

Mr. Debadatta Chand: Yeah, actually, the point, Kshipra, you're rightly touched upon that, as we keep focusing on the retail side of the CASA and the retail term deposit. Earlier also, we announced to the market that we need to keep innovating because we need to meet the trust of the depositor or the preference of the depositor in the current scenario. And some of the products that you are referring, whether it is a liquid deposit, whether it is an SDP deposit, whether it is a Green Deposit, these are all timing on the customer preference. And out of all the deposits we're getting good traction as on today. And we may innovate particularly on the Green Deposit, we are looking for a new… because Green Deposit has got a very good traction. The outstanding Green Deposit as on today is more than 1,000 crores since we have launched that. We're trying to again create a new structure for the Green Deposit. We'll keep on innovating within the regulatory norms so as to meet the slightly changed preferences of the depositor that we have seen for last couple of quarters in the banking sector.

Ms. Kshipra Petkar: Sir, the last one. Any fundraising plans for this, the rest of the financial year as well as for next year?

Mr. Debadatta Chand: There are two ways I will address this. One is a normal fundraising in terms of Infra. We almost raised 15,000 crores. In terms of tier 2, we raised around 3,500 crores. We'll continue to do that. There is some headroom available in terms of our announcement, both on the Infra and also tier 2. If you're referring to the equity raise, the Bank has not decided as on today; the Bank is quite adequately capitalized. But looking at a future scenario, we'll plan, and accordingly we'll let the market know at that point of time.

Ms. Kshipra Petkar: Sure, sir. Thank you so much, sir.

Host: Next question is from Anshika of Mint. Please unmute yourself.

Ms. Anshika: Hi, sir. Good evening. Sir, two questions. One, you mentioned that on the personal loan, you're going a little slower on the personal loan portfolio, but it's still grown about 24% on year, and about 7% on quarter. What was the growth last year and what has been the slowdown? How much has the slowdown been?

And the second question is, because you said you're going a little slower on personal loans, if you could just share the breakup of disbursements within the RAM portfolio this quarter, and whether you expect that share of disbursements to continue, or could we see MSME loans going a bit faster and there could be some amount of shift in the portfolio mix within RAM?

Mr. Debadatta Chand: On the personal loan, actually, if you have the data of more than a year, the growth was almost 70-80% continuously. So, in July 2023, we announced to the market that we're going to moderate that. And, that was much before any discussion happened on the unsecured personal loan in the entire market itself, right? So currently, we have come to a very… earlier also I said, the growth target would be something around 30 to 35%. This quarter, the growth is 24%. We slightly segmented the unsecured personal loan in terms of salaried class, in terms of category of customers who have a higher bureau score. So currently, the kind of underwriting quality that we're looking at, we're quite comfortable growing at 25-30%. Mind it, my base is quite low as compared to many of the peer banks on the market, right? That is one.

Secondly, on the RAM side, yes. Actually, not only the retail, growth of almost 20% for last many quarters now. If I remember, it is almost like 10-12 quarters, the retail growth is 20%. Agri and MSME, in December 2024, we picked up almost 200 bps more than the September quarter. So clearly, there are segments under Agri and MSME where we think these are again going to be a sweet spot, good quality underwriting quality and the growth continues to be higher there. We'll try to optimize further on that, no doubt. So, the overall piece that we are working on the RAM, slightly grows faster than the corporate credit, so that I chase the mix that you are talking about on that. I've changed that 200 bps December '23 to December '24, and going to improve further upon that.

Ms. Anshika: So, would you be able to share the disbursement breakup?

Mr. Debadatta Chand: On the RAM disbursement all together, I may not have. We can share offline. Any idea Mudaliar sir on that?

Mr. Sanjay Mudaliar: Sir, we will share separately, I also don't have immediately.

Ms. Anshika: Sure, sir, no problem. Thank you.

Host: Thanks Anshika. Abhijit Lele sir, do you have a question? Not sure whether you can unmute yourself.

Mr. Abhijit Lele: Hi, sir. One is with regard to the MCLR book. Is there still room left for you to revise the rates, keeping the cost of funding behind? And if that is the case, what would be the broad basis point that you see, so that that might improve your yield on advances?

Mr. Debadatta Chand: Just to answer this actually, the cost of deposit, as we said earlier, almost peaked out in a manner, right? So, if there is a cost increase that happens, MCLR is directly dependent on the cost of deposit as per the model. So, there may increase in case the cost goes up. But then, now we are at an outlook which is completely different than the outlook, maybe a month back. There is durable liquidity injected to the system, both in terms of CRR cut and also the measures announced. There is a policy again due, which again would be much watched in terms of the policy stance, and particularly, on the rate stance. So, in that scenario, I think fairly well balanced in terms of managing book, in terms of maintaining margin. Our book is actually rather a strong and robust one. And while again, the idea that we are doing on the book, in case you look at the book increase, the profit increase, the margin guidance, it's a very balanced, sustainable and consistent vis-a-vis many quarters now. So, the model that we're working on, the business model, is to have a sustainable and consistent business model. And I think any cost factor going up and down, the system would take care of it, in terms of how do you pass on and how do you absorb that in the book. So, I think there is no guidance on the MCLR. Typically, it's an ALCO call. But then I'm not seeing a case where the cost of deposits is significantly going up and impacting the MCLR upward in the matter, going forward.

Mr. Abhijit Lele: Okay. I'm through with my query. Thank you.

Host: Thanks, sir. Dipankar of PTI. Dipankar, can you please unmute yourself?

Mr. Dipankar: Good evening, sir. Sir, I just wanted to understand with respect to your exposure in MFI sector. And, do you see the pressure mounting as far as delinquencies are concerned in that segment?

Mr. Debadatta Chand: Actually, my MFI exposure is very less, actually. Maybe around 6,000 crore is the exposure as of today. And these are again, on a rating scale are A and above. Maybe a couple of accounts would be below A. So, if you look at the percentage slippage that we've given, this is not at all accounting anywhere in terms of any slippage out of the MFI book. So, we are quite comfortable at the current exposure, which is not large, a small one. At the same time, the asset quality of our book of 6,000 crore on that.

Mr. Dipankar: Okay. And since you said that, if you plough back your profit, your CRAR comes around 17%. So that is good enough to sustain the credit growth of 11 to 13%.

Mr. Debadatta Chand: Absolutely. Rather, it would support a higher growth of 14 to 15%, but then we're comfortable with that.

Mr. Dipankar: So next year, you may look at raising some capital, or next year also you will be sufficient?

Mr. Debadatta Chand: So, in terms of the normalized growth and the plough back, I mean, we do have the requisite growth capital to sustain growth of 14 - 15%. That's not a point. The point, which again, I'll slightly give a dimension that, ECL framework is one thing that we need to factor in. So, the Bank would be looking at all these aspects, and possibly at the right time, would announce whether there is a requirement of equity or not. So as of today, no plan for an equity raise. But then going forward, yes, we may evaluate all the options and come back to the market at the right time.

Mr. Dipankar: Thank you, sir.

Host: A couple of questions that have come in on the Q&A chat. So, one is from Manish Suvarna of Moneycontrol. Given that there's an expectation of a rate cut in Feb in the monetary policy, what impact do you see on NIMs?

And can you clarify on the liquidity announcement by RBI and how it will help Bank of Baroda?

Mr. Debadatta Chand: So, Manish, there are two things on the rate cut. Yes, it's an expectation that there may be moderation, looking at the liquidity measures announced and the global outlook therein. But it's a Regulator's call. In case that rate cut happens, then obviously, we expect a cost moderation immediately to happen on the market side of the deposit side, on the resource side. Retail deposit may take a lag effect in terms of resetting on the deposit, retail deposit. But obviously, the bulk, CD and market borrowing would immediately react to that, and that would be positive to the NIM and for the Bank.

The liquidity measures again announced is also positive because as I said, the system liquidity was lax, negative. So now, there is a durable liquidity being injected to the system. And I think, that's again, positive in terms of cost moderation and positively impacting on the NIM that the Bank has, or is going to be for the full year.

Host: One question from Ram Kumar of Hindu Business Line. Why is the Net Interest Income growth muted, but Other Income growth is robust? And why is the bank buying pooled assets? And what do these assets consist of?

Mr. Debadatta Chand: See, the first point is the Net Interest muted growth because obviously, the interest expenses growth has been higher than the income. So, the Net Interest Income has been muted. And that's typical to the current market conditions for the industry per se. So that's very apparent therein. In case there is a elevated cost structure on the deposit, and the asset repricing has happened long back in terms of the BRLR and the MCLR, then obviously the NIM.

But earlier also we said while looking at the profitability side, we do not take NIM as the only parameter. We always said NIM and ROA are the twin parameters. To improve the ROA, we need to have a very strong Other Interest income. So that has been very strong this quarter, and the earlier quarter also it was very strong. So, while we'll react to the market scenario, in case, there is an interest expenses going up because of market scenario, we'll try to optimize on the non-interest income, which has been slow for the Bank for many quarters now. So, we optimize on the ROA. That's why the ROA has been consistently above 1% for 10 quarters now. And this quarter it is 1.15%, and the full 9 months it is 1.17%. So, we'll operate on both as a twin objective to operate. Somewhere, it may be optimized and other factor may not be optimized. But it's a balance for us to try to optimize on the margin and also at the ROA.

Host: Thank you, sir. The last question for today is from Falak of Deccan Chronicle...

Okay. Then I think that is it for this evening. Thank you all for joining us. Have a good evening.

Mr. Debadatta Chand: Thanks, all media friends on the call. Thank you very much.

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