



TRANSCRIPT

FINANCIAL RESULTS - Q1 FY26

Post Earnings Call with Analysts

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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 Q1FY26 Earnings Conference Call. It is my pleasure to introduce to you the Senior Management of UCO Bank. We have with us today:
 - ✚ Mr. Ashwani Kumar, MD and CEO,
 - ✚ Mr. Rajendra Kumar Saboo, Executive Director,
 - ✚ Mr. Vijay N. Kamble, Executive Director,
- and other management team from UCO Bank. 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. Thank you, all analysts for sparing time to join the Q1 Post Result Conference Call. Along with me, I have our ED, Mr. Saboo, Mr. Kamble, and also our entire top management team, various vertical heads are with me. So first, I'll share a few important salient points of our performance during this quarter, and then we will be open for your question and answers.
- I believe that our presentation is already uploaded and all of you have gone through the presentation. I'll give you the brief about the numbers first.
- **Our bank's total business as of 30th of June, 2025:** We crossed Rs.5,23,736 crores with a growth of 13.51% on a YoY basis, which includes deposit of Rs. 2,98,635 crores with a growth of 11.37%. Advances of Rs. 2,25,101 crores with a growth of 16.48%. Within deposits, the Savings grew by 4.8%, Current grew by 8.79%, and our CASA was maintained at 36.91%. In advances, our RAM advances grew by 23.47%. Within RAM, Retail grew by 30.73%. Housing within the Retail, Housing grew by 17.92%. Car loan, vehicle loan grew by 66.94%. Agri grew by 15.46%, and MSME grew by 20.33%. Our RAM percentage to total advances was 62.97% as against 61.22%, same period last year.
- **Asset Quality:** The Gross NPA of the bank has been declining on a quarter-on-quarter basis, and now it stands at 2.63%, a decline of 69 bps on a YoY basis. Net NPA declined to 0.45%, with a decline of 33 bps on a YoY basis. PCR improved to 96.88%. The improvement is 112% on a YoY basis. PCR excluding TWO i.e. tangible PCR, also improved by 607 bps to 83.12%.
- **Profitability:** The operating profit of the bank grew by 18% to Rs. 1,562 crores in this quarter. Net profit grew by 10% to Rs. 607 crores in this quarter. Our net interest income grew by 6.64% to Rs. 2,403 crores in this quarter. Non-interest income also grew by around 20% to Rs. 997 crore in this quarter.
- **Cost of Deposit:** Our cost of deposit was at 4.84%, whereas in the same period last year, it was 4.79%. There is an increase of 5 bps on the cost of deposit.

- **Cost of Funds:** Similarly, cost of fund also, it was 4.79% last year, June quarter, now it is 4.73%.
- **Yield on Advances :** It was 8.76% last year, same period, now it is 8.60%. This is the yield on advances domestic level.
- **Cost to Income Ratio,** which was 57.23%, and quarter-on-quarter basis, it is coming down, so now it is at 54.06% in this quarter.
- **NIM Global,** earlier in last quarter, last year, same quarter, it was 3.09%, and in March, it was 3%, now it is 2.96%.
- **NIM Domestic,** 3.29%, same period last year, now 3.18%.
- **Slippages:** Slippages for the quarter was around Rs.631 crores, slightly on a higher side than the last year, basically because one mid-corporate account in the MSME segment slipped in this quarter, which was in our watch list, which we monitored on a quarter-to-quarter basis. but overall slippages are within our guidance given of 1.25%.
- And sector-wise slippages, if we look at in Retail, slippages was around Rs.150 crores, and Agri, it was Rs.91 crore, and MSME Rs.368 crores. So this was the slippages sector-wise.
- **SMA Book:** As you all know, we declared more than 1 crore of SMA on every quarter. So SMA more than 1 crore is now around Rs. 1,541 crore, and as a percentage-wise, it is 0.7% of the total advances.
- **Capital Adequacy position of the bank:** Bank's capital adequacy position is quite strong. We stand at 18.39%, with Tier-1 at 16.36%.
- **Provisions:** As you all know, we have been maintaining some additional provision over and above the RBI-mandated provision. We continue to hold the same provision at the same level. We have not reversed any provision, and approximately 1,000-plus crore provision is being maintained in addition to the RBI-mandated provision on our books.
- **Initiatives:** Now coming to certain initiatives which bank has started last year, where we shared with you, was the Project Parivartan, that's a digital transformation journey we started in September, and our target was to digitize around 25 journeys in one year's time. I'm happy to share that till now, our team has already developed 22 journeys, and 8 journeys are in pipeline. I think by the end of September, we'll be live with 30 journeys; 22 already are live, and 8 more will be live. Last year, we targeted 6,000-plus crores of digital business. This year, our target is 25,000 crores, and already we have crossed 8,000 crores of digital business in this current quarter.
- Bank introduced WhatsApp banking also, and 43 services are active, and now we have expanded to five languages - English, Hindi, Bengali, Assamese, and Odia. We are regularly working to increase the services, and five more services are in pipeline. So maybe, in another three months' time, we will be up with 48 WhatsApp banking services.

- We have been focusing more on the digital adoption as well, and I'm happy to share that mobile banking users, which was very low around two years back, where we had only 14,000 active users, now, we have crossed 51 lakh active users as we speak. So it is around 38% of our registered mobile users who are active on mobile banking now.
- Various IT and other initiatives were also undertaken, which we have already highlighted. Some are more planned in this year.
- Now, with regards to the ATM infrastructure, interoperable cardless cash withdrawal, and deposit via UPI facility, we are working. Unified dispute and issue resolution system, we are working. To improve our robust infrastructure, application performance monitoring software is being implemented. We are also in the process of setting up near DR at Kolkata, Cybersecurity World for enhanced cybersecurity also. To improve efficiency and cost optimization, we are now in the process of implementing centralized forex processing centre, enterprise, DMS, and CASA back office.
- Further, to improve efficiency and again, cost optimization, robotic process automation is being put in place in selected areas. Then, in order to identify risks and mitigate security and all these things, Identity and Access Management System is also being implemented.
- We announced about the CBDC. Now, CBDC is in the final stage. This quarter, we will be going live with CBDC. All approvals and onboarding has been completed, accounts have been opened. Now, this quarter, we will see that CBDC is also live.
- We introduced tab banking last year. Full-fledged tap banking was launched in the month of March. Now, around 35% of our accounts are being opened through the tab banking that is being used by the branches for quality customer onboarding.
- To enhance our outreach, bank is now doing a carnival on a fortnightly basis, where we focus more on customer outreach in respect of Agri, MSME and Retail customer, along with the CASA customer acquisition. Every fortnight that is being implemented now. Last year, with these initiatives, we brought out various new schemes based on the requirements of our customers. Around 11 new MSME schemes were launched last year, and around 6-7 are additionally planned in this quarter also for bringing out, to serve our MSME customers.
- **Human Resources:** The bank has engaged 545 apprentices, and recently the bank has also taken 182 local bank officers in various parts of our country. Reward and recognition policy has also been put in place. Further, woman-centric policy has been further strengthened in this current financial year.
- Skill development programs have been introduced for the specialized skill development of our requirements in the IT, Risk, Treasury, Forex areas.
- **Customer Service:** To improve our customer service, we introduced PULSE alert monitoring system and that has been working fine. Now, with the help of this monitoring system, we are able to identify certain mule accounts. The success rate, at the start of this alert monitoring system which was around 40%, has reached 88% So, whatever alerts the

team is getting now, 88% of the accounts are being identified and marked 'mule' well in advance.

- Our bank is very closely working with the Reserve Bank of India also for the Reserve Bank of India Innovation Hub with regards to integration with the MuleHunter and ULI also. ULI, we have already onboarded and many services we have started using. Some services are in pipeline. So, in this quarter, we will see that most of our services available in the ULI platform, the bank will be integrated.
- Thank you. And this was the major important highlights, I will say, which I wanted to share with all of our colleagues in the analyst fraternity. And I have my EDs also if they want to add anything. Otherwise, we are open for the Question & Answer session. Thank you very much.

– **Question & Answer Session:**

– **Moderator:**

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

– **Mr. Ashok Ajmera – Participant:**

- Sir, at the outset, compliments on the business growth. In a time when others are facing problem and they are going in degrowth, you have grown well. I mean, even 2% of this growth in the quarter in the overall business and 1.73% in the deposit and 2.32 in credit, is really commendable in this environment. So, my compliments to you and both the EDs and the top management teams for the same.
- Having said that, sir, we are a little bit lagged on the profitability front, maybe because of the margin pressures, and because of the RBI rate cuts, another combination, which you can explain a little more in detail. Our operating profit also has gone down. And eventually, I mean, accordingly, consequentially, net profit has also gone down. And one major contributor is lesser recovery from the written off accounts, I think, which is almost about 500 crores. Had that recovery been even a little better or as equal to the March quarter, I think on the recovery from written of accounts is only 425 crores against 954 crore in the last quarter, which is major. To some extent, the Treasury profit has added 150 crores more than the last quarter, but that is the major dampener in our profitability. But considering the business growth, we would like to hear from you the targets for this year, FY26. Many banks are shying away from that because of the uncertainties, but we would like to have it. So, this is one.
- Secondly, sir, there is one Note No. 10 on SRs (Security Receipts), in which because of the change in the provision guidelines of the RBI, the Note says that 274.95 crore has been taken... have been received in this quarter. It is received or it is provision

written...? I mean, provision is reduced or this amount is received, or it's a fresh SR. What is it?

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

– It is fresh SR.

– **Mr. Ashok Ajmera – Participant:**

– These are the fresh SRs.

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

– Fresh SR.

– **Mr. Ashok Ajmera – Participant:**

– So, it means 85%, 15% must have been in cash receipts.

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

– Yes, yes.

– **Mr. Ashok Ajmera – Participant:**

– And this is the amount of the SR in the fresh

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

– Yes, sir.

– **Mr. Ashok Ajmera – Participant:**

– Okay. Provision might have been written back in the earlier quarter itself when the regulation came. I think extra provision.

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

– Yes.

– **Mr. Ashok Ajmera – Participant:**

– So, that clarifies this point. And one point, sir, I think on MTNL also we have some small exposure of, I think, 273-275 crores. So, how much provision total has been made against that amount so far? Maybe as per IRAC norms or even more... as you are saying that you are floating reserves, you have got some hidden reserves still now. So, whether it has been fully provided for or what is the percentage of them?

– My last in this round is on the SMA-2 numbers. So, SMA-2 numbers in this quarter has gone up from 66 crores to 696 crores. Maybe something from SMA-1 spilled over to SMA-2. So, what is the status of that, sir? I mean, whether some recovery has already taken place in July against that upgradation, or they still persist? And can you give some

colour on that? And that one account, one Mid Corporate account, which you said, has slipped. So, how much is the amount of that out of the total slippage of 608 crores? So, these are some of my questions, data points, and observations.

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

- Thank you, Ajmera ji. I will go one by one. First was about the operating profit and net profit. See, you rightly pointed out the last year, we had a good amount of written off recovery in last quarter, particularly that was in around 900 crores. If you recall that we were expecting one account to be resolved in this quarter, but that recovery came in the last quarter. That was a bonus for us in the last quarter. And as a result of a recovery from written off account was higher.
- Second, in last March quarter, this account which got resolved, it also had a component of around 280 crores of interest income, which was booked. So, if you look at my interest income during this quarter, though the advances have grown in this quarter, but interest income has come down. The basic reason for interest income coming down in this quarter from advances was that Rs. 283 crores which was booked as an interest income last quarter on account of recovery from written off account, which was not available in this account. If we discount that and these two things, you will find that with the growth of business, though there is an impact of Repo cut also, but we were able to have our interest income intact during this quarter, barring if we exclude 283 crores of income for that quarter. So, in spite of these two things, there is a marginal decline in operating profit and net profit during this quarter. So, the growth has contributed to the profitability, though the impact can be seen in our NIM also, slight impact. I think 4 bps impact is there in the NIM also.
- Our cost of deposit is also coming down now. Our yield or advances also, there is a slight impact. But having said so, this cost of deposit may come down further in the coming quarters because repricing of the deposit will keep on happening every quarter now. But the Repo cut till now, which was probably front-ended, which we were expecting that Repo cut will come in stages, but it was front-ended, that had impacted slightly higher in this quarter. Maybe coming quarters, we'll have a better visibility of things.
- Now, coming to your targets, you asked about the visibility on the target. See, we have given a guidance of around 12% to 14% of growth in Advances. And if you look at our Advances, they have grown by 16.48%. And from wherever growth has come, growth has come from our home loan, our vehicle loan, our MSME segment and our Agri segment. So, these are the components or I will say, the engines of our growth. And our products are well aligned with the market. So, our teams are already active. The momentum, which we gained in the last year and last years, that momentum is continuing. So, we expect that we will be within our guidance of credit growth of 12 to 14% by the year end.
- Deposit growth, we have given a guidance of 10 to 12%. This quarter, we are within that guidance, 11.37%. But considering the CRR liquidity which will be available now in the next quarter onwards, we may have surplus liquidity available. So, we may have a slight cut in our deposit guidance, maybe after seeing the performance in the September

quarter. But as of now, we are not making any cut in our guidance. So, 10 to 12%, we are continuing with our guidance in that.

- And CASA, we have given a guidance of 37 to 38. We are marginally lower than 37. But we expect that the way now the market is behaving, mutual fund industry, certain cash flows are now less, we expect certain amount to be with the banks. So, we expect that we may touch again 37%. But I think this will continue to be a challenge, not only for our bank, but for all the banks.
- Third, SR, I already clarified that SR we have received in this quarter and existing SR, which are available with the bank, we are already holding the provision. We have not reversed the provision. So, in our notes, we already say that around 48 crore of SR are available with the bank. We'll continue to hold that provision. We have not... This 275 crore, we have taken as part of the new norms, new guidelines, right.
- Third, sir, you talked about MTNL exposure. MTNL, we are giving... we are already having 100% provision in the MTNL account. So, there is no room left for MTNL account.
- Another was your SMA numbers. Sir, if you look at SMA, you're right, it's 66 to 696. Basically, this is because of the... last year, if you recall that quarter was for 89 days, that was not... I think one day differential was there. Because of that, certain accounts, though technically they were in SMA-2, but they were reflected in SMA-1. So, but if you look at overall bucket, and if you look at previous quarters, like the December quarter and the September quarter, you will find that the overall numbers are almost in this range only, the SMA-2 range only. So, there is no much difference. Only this March quarter was exceptional, where because of this one-day differential, they did not cross 60 days. So, they were in the SMA-1 bracket. So, that is the reason that was there.
- That other account which slipped, that exposure is around 137 crores. So, if we exclude that, then our slippages are in a similar range as in the last quarter. But including this also, our overall slippage ratio remains within the guidance.

– **Mr. Ashok Ajmera – Participant:**

- Point well taken, sir. You explained it very much in detail. Just one or two small data points. Our employees' cost has come down by about 350 crores as compared to the March quarter, 1,276 crore. Similarly, our other operating expenses have also come down by almost about 200 crores. So, what I would like to know, whether this is going to be the trend for the remaining three quarters, maybe because March quarter needed some more spending, or the subsequent quarters will be higher on salaries and the operating expenses?

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

- See this salary and staff expenses AS 15 provision will be in line with this quarter only for the next two quarters. Last March quarter, we provided for the PLI, and the AS 15 provision was there. So, whatever shortfall was there, that was provided for in the March quarter. And then PLI provision was also there. So, in this year also, in the March

quarter, PLI provision will be there. 150 crore of PLI provision which we kept last year in March, which we will be using this year. And in the March quarter, basis the performance, we will be making additional PLI provision for this next year also. So, for the next two quarters, I feel that this should be in line with this quarter only.

– **Mr. Ashok Ajmera – Participant:**

- Sir, if you permit just one more. This RBI relaxation on asking for the collateral of below 2 lakh loan from the Agri-loans and the farmers, how is it going to help us grow our book on that account? Because now we'll be having at least some collateral against those loans. We can officially ask for. So, what is our strategy on that? And how much additional growth you see because of that?

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

- See, we don't have a very large presence in the South where prominently this gold loan portfolio is there. But over a period of last one year, we have already built a gold portfolio of around 10,500 crores. And with this new relaxation available, I think it's going to benefit the bank and the industry as a whole, because there was a lot of ambiguity, or I would say, clarity was not there, whether they can be classified as agriculture or they can be taken as a collateral or not, because RBI guidance say below 2 lakh, you cannot take collateral. Now having got this clarity, we can go, at least in a big way, to converse our gold loan portfolio also in the South, and in the North or East also.

– **Mr. Ashok Ajmera – Participant:**

- Okay, sir. Thank you, sir. If I get a chance again, I'll come back again for some more discussion. But let others also have the opportunity. So, thank you very much and all the best, sir.

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

- Thank you.

– **Moderator:**

- Thank you. Thank you, Ashok sir. The next question we have from the line of Nitin Dharmawat. Nitin, you can ask your question now.

– **Mr. Nitin Dharmawat – Participant:**

- Thank you so much for the opportunity. Sir, my first question is related with the return on assets, ROA. It has been hovering around 0.7 to 0.75% and it has come down during this quarter because of the net profits. So, when we will be able to see 1% ROA or crossing 1% benchmark? Does the bank have any such target? Does the management have any such target in mind for 1% as well?

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

- See, Nitin, if you look at our Gross NPA and Net NPA, we have been consistently coming down. and our Net NPA stands at around 998 crores only, 1,000 odd crores. So, going forward, except that slippage, one additional account in this quarter that happened, the slippages are likely to be within the range which we are expecting. So, that additional provision requirement is going to come down in the subsequent quarters, maybe a quarter later. So, I believe that from next year, Q1 or Q2, we may see that we reach or cross at least 1% ROA, that is going to come because the way the portfolio is behaving, our SMA levels are there, SMA level more than 1 crore we declare and more than 1 crore portfolio is around 1550 crores only currently. And that includes SMA 0 also, it is not that all includes SMA 1 and 2. So SMA 0, 1 and 2, all three put together is 1550 crores against a book of 2,20,000 crores. So, that is not even 0.7%. So, I believe that maybe next year anytime we will see that bank crosses 1%.

– **Mr. Nitin Dharmawat -Participant:**

- Okay, my second question is any possibility, you see this amount is small in MTNL, but do you see any possibility of recovery in MTNL account?

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

- Yes, discussions are going on, bankers are waiting for a favorable solution so that not only the employees, our stakeholders, our shareholders are also benefited out of the resolution plan. So, discussions are already on, we expect something to come anytime. It is again depending on the acceptability of the resolution which is coming to us.

– **Mr. Nitin Dharmawat - Participant:**

- So, will there be any haircut for the banks or it will be 100%?

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

- As of now, there is no talk about that haircut, as of now.

– **Mr. Nitin Dharmawat - Participant:**

- Got it, sir.

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

- That is not on the agenda.

– **Mr. Nitin Dharmawat - Participant:**

- Got it. And my last question is, sir, do you see any stress in any of the sectors where we are serving currently or any potential sectors where you see the stress is building up in general, in industry, across the industries?

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

- See, I will first talk about our bank's portfolio, if you look at our bank's portfolio, if I go back to around two years, our slippages used to be in the range of 2% of our advances. And slowly and slowly we have strengthened our credit monitoring system, we have strengthened our recovery collection system also. And as a result, last year '23-24 , we improved in our slippages and upgradations plus collections, '24-25 we further improved. And this year also we have kept a target of 1-1.25% only. So that is the last, basis the continuous decline in our slippage ratio, basis the mechanism or the control mechanism or monitoring mechanism we have put in place, I am confident that this will be achievable in this year.
- And if you ask me any particular segment where the stress is building up, I will say that as of now, we do not see any particular sector, because if you look at my restructured book also, consistently it is coming down. It is now around I think maybe 1,500 crores or 1,500 crores that we have now restructured. And that includes your normal restructuring plus COVID-19 restructuring, both. So that is a very small amount where we could have thought of some...and the slippages which we see, and they are in the range bound. When we do business, certain slippages will continue to happen. But when we look at our segment-wise NPA also in various sectors, like in Retail, Agri, MSME, so that segmental NPA percentage is also coming down on a quarter-to-quarter basis. Slippages are there, but they are not out of control. They are well within the knowledge also and manageable also.
- **Mr. Nitin Dharmawat - Participant:**
- Got it, sir. Thank you so much. I'm wishing you best.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- Thank you.
- **Moderator:**
- Thank you. We have the next question from the line of Amit Mishra.
- Amit, you can unmute your line now.
- **Mr. Amit Mishra – Participant:**
- Hi, thank you and good afternoon, everyone. Sir, my first question was on cost to income ratio. I think we are around 54% this quarter, I think it's lowest in 8 to 10 quarters. So, what was the reason for this? And do we look at similar range of cost to income in future, or 56- 57% as we have reported in last two years?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**

- See, Amit, you are right that our cost to income ratio is lowest in the last 7-8 quarters, we were at 61 also. Consistently, we have been coming down.
- There are many contributors to the cost to income ratio. If you look at our operational efficiency, our business per employee, business per branch is increasing. So additionally, that is helping the bank to improve on efficiency and cost efficiency is coming into play.
- Then if you look at our cost, overall cost, that is also under control. And cost of deposit also is under, we are managing where we are --- with a 37% of CASA, we are able to manage our cost of deposit. And maybe if you can compare with some other banks with this higher CASA ratio, their cost of deposit is still higher, but we are able to manage. We are using all available sources to raise resources, maybe through refinance or overseas deposit at overseas or we raise equity also, so that is one.
- Then on yield front also, we are very cautious in taking exposures. You can see that our main focus is on the RAM segment where yields are slightly better than the corporate segment and our focus is on that. We have already reached around 63% of our RAM segment.
- So, all these factors are helping us to improve our cost to income ratio. I believe going forward the way we are planning to control the cost, to improve our income, fee-based income also you see that we are increasing. I believe that it should be in this range only. I believe it should not go up again. Our conscious effort is to reduce it further.
- **Mr. Amit Mishra – Participant:**
- Thank you, sir, for the answer.
- Sir, my next question is on retail mix, in your retail mix, there is like a pool. What kind of types of loans are there covered in pool?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- See in pool, majority of the pool is home loan pool. And their CIBIL is more than 725, that is our cutoff. 725 is our cutoff for the pool. Majority of the pool is home loan.
- **Mr. Amit Mishra – Participant:**
- 90 plus percent I can assume.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- Yes, it should be. It should be. Yes, 90% should be in the housing loan segment.
- **Mr. Amit Mishra – Participant:**

- Okay. And sir, my last question is on a current account. So, we have seen a decline of 8% and across other banks also we have observed that there is a decline in current account. So, any particular reason for sector or our bank, any trend you can point out?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- See, there is no particular reason for any decline in current account. Current account - may be in March in order to strengthen balance sheet, corporates may be keeping certain amount of liquid in their books. So, that may be the reason that in March, there was a slightly higher current account balance. And in June, there was a slightly lower current account balance. I do not think any other reason will be there. This may be the reason.
- **Mr. Amit Mishra – Participant:**
- Okay. And sir, my last question on the same topic. Do you have average CASA number with you? Average CASA during the quarter?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- Average I can give you separately. Right now, I am not having, but it will be around, I think, 95%.
- **UCO Bank Management:**
- 90 to 95.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- 90 to 95.
- **Mr. Amit Mishra – Participant:**
- Okay.
- **UCO Bank Management:**
- I think 88.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- Maybe 90%, Amit ji, 90% I can say roughly 90%.
- **Mr. Amit Mishra – Participant:**
- Thank you, sir. And good luck.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**

- Thank you, Amit.
- **Moderator:**
- Participants, we request you to raise your hands for any question. And also, you can ask your questions via the chat window. We have a few questions from the chat window.
- The first question is, can you specify the total exposure for MTNL?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- Total exposure for MTNL is 245 crores.
- **Moderator:**
- Okay. The second question, is there any challenge in your SMA book? Because your slippages have increased from 198 to 368 crores. So, can you give some color there?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- See SMA book, I already informed that only it is slightly elevated because of one account only. Otherwise, the slippages are in a normal range only. That was one account which was already SMA 2 and was under the watch list as we have already declared and because of that only, otherwise slippages in SMA book are in the normal course of business and normal slippages are there.
- **Moderator:**
- Thank you, sir. We have the next question from the line. Mr. Sushil Choksey. Sushil sir, can you unmute your line now?
- **Mr. Sushil Choksey – Participant:**
- Good evening, Team UCO for a very stable result.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- Thank you.
- **Mr. Sushil Choksey – Participant:**
- Sir, my first question is in your slide, you've shown vehicle loan at 50 to 82 crores. I know that UCO does second-hand car finance, which yields much better than any of your retail loans. What would be that portfolio out of vehicle loans?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**

- Sir, that exact number I'm not having, but majority is first-hand, second-hand will not be so huge. Second-hand will be a very small number, may not be very huge. We have just started, but we are not having such a huge portfolio to look into.
- **Mr. Sushil Choksey – Participant:**
- Sir, in my view, you are one of the few banks which has started this product and the market condition for second-hand car is very good, whether it's an imported second-hand or a domestic and the yield can be almost nearing double digit or at least 100 bps higher than the car loan, which you are doing today. In view of that, how are we going to capitalize on the market through our bank's branch strategy, publicity or what that yields your benefit? Because looking at your guidance, we need support from some of these products to match all your aspirations.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- See, Sushil ji, in this segment, we are looking for DSA tie-up because these segments generally come through DSAs only because there are corporate agencies also like Maruti they have their own, Mahindra they have own, Toyota they have their own. So, we are planning to have some tie-up with these corporate agencies itself so that the leads flow to us. So, that is one segment.
- There are certain imported car dealers also, second-hand car dealers, we are talking to them also. And we got some leads also, maybe slightly higher ticket leads we got and we sanctioned that is also there. So, apart from branch, the DSA network will be the most helpful. Online DSA network is there, companies DSA network is there which we are exploring.
- **Mr. Sushil Choksey – Participant:**
- Sir, my next question is our RAM and corporate book 62:37 or 63:37 is stable where we are concerned. How are you seeing other than car loans which is growing well, home loans are growing and reasonably double-digit, you may do 18-20%. How are you seeing the advances on agriculture, MSME, retail, if you are looking from a yield perspective where the bank balance sheet is concerned?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- See, our home loan is around 18% we have continued to grow in this range of 18-20% home loan segment for last --- if you look at last around 6-7 quarters or 8 quarters, our home loan growth continues to be in this range.
- And vehicle loan growth is also in the range of more than 30% for last 5-6 quarters.

- And MSME particularly we have started focusing for last 2-3 quarters where yield is slightly better than these retail loans. And MSME our target is slightly mid-corporate segment than the small micro segment. So, mid-corporate is the segment which we are now focusing in the MSME segment where yields are slightly better than the corporate also and then the retail segment also.
- In personal loan, the growth is there --- personal loan we are growing mostly in loans given to salaried employees accounts, customers are keeping accounts with our bank and pensioners getting pension from our bank.
- Now, we are coming out with a new product that personal loan to salaried customers maintaining account with other banks also through NACH mandate and all this, that product is also in the offing. So, we will try to grow, to focus on those areas also where yields are slightly better than the corporate and the home loan segment.
- **Mr. Sushil Choksey – Participant:**
- Sir, most of your offerings would be there in the marketplace from private or public sector small finance banks also. Now, to beat the banks who are in competition either it has to be TAT which is a better way to manage this or it is a rate which is lower than the market. What strategy we are adopting where MSME is concerned specifically? Retail I understand it's a rat race so nobody can compete with a 10-20 bps difference unless you sacrifice on quality.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- See, MSME we have only one USP I will say and that is TAT where we are focusing very closely which is being monitored from Head Office level. Daily our MSME team monitors these sanctions and their pendency at the hub level. Just to give you some idea about... I think we have already talked about that last year we created specialized hub for MSME segment and last year because of the creation of the hub first time in the history of the bank total MSME sanctions crossed 12,000 crores which was earlier 7,000 to 8,000 crores, so, last year 12,000. This quarter in the first quarter itself it is more than around 3,000 crores - MSME sanctions. So, it will continue to grow in next quarter and next quarter. So, these MSME focused hubs along with the tight monitoring because MSME journeys are all digitalized that is in the loan processing system. As and when anybody enters their proposal in the loan processing system it is being monitored and the pendency is being watched at Head Office level. Wherever the proposal goes beyond TAT, our team from MSME immediately gets into action to ask questions why it is getting delayed. So, that is the only mantra if you see our MSME growth for the last 4-5 quarters or 8 quarters, only for last 2-3 quarters our growth has picked up, earlier our growth used to be 5%, 8%, 7% now this quarter it is 20%, previous quarter 18%, prior to that 13% and

otherwise it was around 7% - 8% overall growth. So, focus is purely on the MSME core business growth.

– **Mr. Sushil Choksey – Participant:**

– Sir, this business of MSME - average ticket would be 10-20 crores or lower?

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

– No, it is lower also, it is not that we are getting every proposal 10-20 crores, it is 5 crores also, 4 crores also, 2 crores and 1 crore also. So, every type of proposal is coming.

– **Mr. Sushil Choksey – Participant:**

– These are what regional sanction or zonal managers' power or it will come to HO?

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

– These are the see up to up to 2 crores or 3 crores depending upon the delegated powers of the hub, they are getting sanctioned there only. And the zones are mostly headed by DGMs now there they get around 20 crores and above 20 crores that comes to head office. So, we have only three - one at hub, second is at zone and third is at head office. So, head office gets into action only above 20 crores, zone up to 3 crores to 20 crores and 3 crores is sanctioned at the hub level.

– **Mr. Sushil Choksey – Participant:**

– So, what would be the TAT on this product?

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

– See TAT if you ask me at head office, our head office TAT we try to see that 15 to 21 days is a maximum TAT...

– **Mr. Sushil Choksey – Participant:**

– As a bank average you may say it because I don't want to dismerit the retail or a regional level. On average, can I consider three weeks or two weeks as a good time?

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

– See 2 to 3 weeks will be reasonable for all levels, 2 to 3 weeks.

– **Mr. Sushil Choksey – Participant:**

– Sir, my next question is to Mr. Kamble what is the unavailed credit today where corporate sector is concerned which you have sanctioned or what is visible in pipeline?

- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- See it should be around 6000 to 7000 crores which was availed earlier and because of the rate to sensitivity the amount we got back, and another 5000 to 6000 crores is sanctioned which are yet to be disbursed. So, overall if you ask me 10,000 crore to 12,000 crore is the unavailed limit for limits which were already availed paid back and which limits which are yet to be availed.
- **Mr. Sushil Choksey – Participant:**
- And what is the sanctioned pipeline looking like?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- Sanctioned pipeline will be again 5000 crore to 7000 crores currently.
- **Mr. Sushil Choksey – Participant:**
- Sir, most of the large PSU banks or peer banks have, I am not mincing words, but I've shed assets where NABARD, SIDBI, NAFID or equivalent agency where the PFCIC where the yield is below 6.5, 6.2, 5.8, 6.3. What is the strategy at UCO? Are we still having advances with these few selected PSUs and locking in or we have given it up?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- See you talked about 2-3 names where we don't have exposure currently. We have taken that long back. So, we are not there, I think for last 3-4 quarters in this maybe in one or two NBFC we are still there but our rates are slightly better than the rate which you told. So, it's not that it is still there for NBFC but other than NBFC it is already back on. So, that is already I'll say that unavailed.
- **Mr. Sushil Choksey – Participant:**
- Sir, I understood you are not willing to lend to them. It's good for us. Third is what is your outlook on treasury? Will you have a bumper profit in coming quarters or it's just a sustainable trajectory as RBI has already done all the prediction. Maybe one more repo cut may come in one quarter or two quarters later, one doesn't know. Will the batting for India be done by the top end or the tailender?
- **Rajendra Kumar Saboo, Executive Director:**
- So, yes, Sushil ji, we all know that RBI cut repo rate in the last quarter it was 0.75 basis point 25th April and 15th June again. So, the June quarter has seen a bumper profit from treasury. You can see from the numbers also. We have around four times more profit from treasury in the June quarter. So, we have taken the opportunity. Now going forward I think in the current quarter so far the yields are stable and we don't think that any cut

would be there in the current quarter, if at all it will be maybe in the next quarter. So, the current quarter will be stable quarter. Maybe still we have some opportunities of trading and booking some profits from the treasury also that will continue as and when we see the opportunity.

- So, reasonable number of profitability might be there.
- **Mr. Sushil Choksey – Participant:**
- Sir, how open are we to buy corporate bonds which are yielding better than government bonds?
- **Rajendra Kumar Saboo, Executive Director:**
- That also we are continuously seeking the opportunity in the market. In the last quarter also we can see that we have increased our non-SLR portfolio particularly in the corporate bonds. So, that we are continuously seeking for opportunity in the market wherever the yield is okay and it meets our requirement we are going into that also. So, we will continue to invest.
- **Mr. Sushil Choksey – Participant:**
- Are we investing in REIT and InvITS also?
- **Rajendra Kumar Saboo, Executive Director:**
- No, not yet. We have not yet invested in any REIT or InvITS.
- **Mr. Sushil Choksey – Participant:**
- Sir, please have a look at it.
- **Rajendra Kumar Saboo, Executive Director:**
- We are particularly in the corporate. We are seeking all other opportunities also. We are exploring that also. We will take a reasonable call as and when it comes to us.
- **Mr. Sushil Choksey – Participant:**
- Sir, good luck to the bank and may you have the best year coming.
- Sir, last question I forgot. There is chatter from the ministry that you may have to do a QIP again. Is it soon or it is in the year?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**

- See, we have already taken the approval of the shareholders, after the board recommendation shareholders have already given approval and the bank is having it in the government holding of 90%. So, we will be reaching out to the government also for giving their approval and once approval is received we will seize the opportune time. If required we may go for the best way to raise capital. So, whatever is the mode available maybe OFS or QIP or whatever. So, we don't know but let us see, watch and wait.
- **Mr. Sushil Choksey – Participant:**
- Sir, thank you very much and all the best for the year to come.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- Thank you, Sushil ji.
- **Moderator:**
- We have two more questions from the chat box. The first one is for FY25 and 1Q FY26 in terms of retail disbursements especially in housing what is the contribution of origination from DSA, branches, co-lending, assignment or others?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- See, if you ask me in the housing loan, in the pool segment there is a contribution of I will say that is I will not say co-lending or the co-origination but that is in the pool the growth is in the home loan. If you look at our home loan portfolio particularly there is no co-origination -nothing - that is purely a branch-initiated housing loan. Yes, there will be a contribution of DSAs in that housing loan segment but exact number that how much origination was done by DSA that I'm not having but that number is clearly branch and originated of DSA initiated housing loan.
- Co-lending and pool we have a separate number that is already there around I think around maybe 5600 or 5700 crores is from housing loan pool out of 6500 crores.
- **Moderator:**
- Okay, the next question is how can NIM decline by 4 basis points when yields decline by 30 bps QoQ while cost of fund declined by 5 bps QoQ?
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- See, if you look at our income total --- 30 bps, , in the income I explained that last quarter we had Rs.283 crores of additional income in one of the accounts and which was a TWO account which was booked so yield was slightly higher during that quarter. Now, with this rate cut I think the yield was expected around 22 bps with this rate cut, so yield the expected yield was 22 bps but actual yield is around 30 bps.

- **Rajendra Kumar Saboo, Executive Director:**
- Weighted average yield decline due to the repo cut was around 22 bps.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- 22 bps weighted average so that is basically because of some additional recovery, one time recovery - one of interest income in March'25.

- **Rajendra Kumar Saboo, Executive Director**
- So, one more thing is there that this yield is only on the advances but if we see the investment yield that has declined only marginally so we have around 25 or 23% portfolio in investment also so the overall means NIM is protected through that also.
- **Moderator:**
- Thank you. We take that as the last question. I request MD sir for any closing remarks.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- Thank you. I thank you all our analysts for taking out time and attending our call and supporting the bank. And we will continue to strive for the better performance in quarter after quarter as we have been doing for the last two years. So, wishing all of you also and to the bank also very best and look forward for your continued support in the times to come.
- **Mr. Ashok Ajmera – Participant:**
- Thank you very much from our side sir. We generally don't get the opportunity but in your case I got it. So, thank you for sparing your time for the analyst community. Thank you very much sir and all the best.
- **Mr. Ashwani Kumar - MD & CEO, UCO Bank**
- Thank you.
- **Moderator:**
- Thank you everyone for joining the UCO Bank earnings conference call. You may disconnect the lines now.
- **END OF TRANSCRIPT**