



## **TRANSCRIPT**

### **FINANCIAL RESULTS – Q3 FY26**

#### **Post Earnings Call with Analysts**

<b>Date</b>	<b>20.01.2026</b>
<b>Time</b>	<b>03:30 pm</b>
<b>Mode</b>	<b>Virtual (Webex)</b>

**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 afternoon everyone and welcome to the UCO Bank Q3 FY'26 earnings conference call. Today from the management side, we have with us Mr. Ashwani Kumar - MD and CEO, Mr. Rajendra Kumar Saboo - Executive Director and Mr. Vijay N. Kamble - Executive Director. With this, I hand over the call to MD sir for his opening remarks, post which we'll have a Q&A session.

- Thank you and over to you sir.

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- Thank you. First of all, let me welcome all our analysts and investors to this post-December results concall. With me, I have our EDs Shri Saboo ji, Shri Kamble ji, our Corporate General Managers, CFO, CRO, CGM IT, CGM HR. First of all, let me wish you all happy new year and now I'll just give you a small brief of the financial performance of the bank. Though we have already uploaded the presentation, I believe that every one of you have gone through but brief about the results of the bank I would like to share with you all.

- So far as business growth is concerned bank's business grew by 13.25 % on y-o-y basis which was backed by deposit growth of 10.64 % and advances growth of 16.74 %. Deposit growth was backed by growth in CASA deposit by 11.49 %. Within CASA, savings grew by around 10 % and current grew by around 23 %. Our CASA ratio improved by 44 bps to 38.41 % and we have been able to maintain our CASA in the range of 37 to 38% consistently for last 7, 8 quarters. In advances, the growth of 16.74 % was backed by growth in the RAM segment which increased by 25.86 % and that was backed by growth in retail advances by 28.18 %, agriculture by 24.69 % and MSME by 23.56 %. In MSME we have seen that last 3, 4 quarters, we are growing more than 20 % consistently. Within retail, housing grew by 19 %, vehicle grew by 73 % and RAM share in the overall credit mix works out to be around 66 %. So far as capital position of the bank is concerned, capital adequacy ratio of the bank stood at around 17.43 %, with Tier 1 capital 15.41 % and CET1 at 15.18 %. If we include these 9 months profit also, then our capital adequacy ratio stood at 18.67 %. CD ratio of the bank has been improving on a quarter-on-quarter basis. In March'23 it stood at around 65 %, now in December'25 it has reached to 78.56 %. So, every quarter there is an improvement in our CD ratio.

- Coming to profitability, operating profit of the bank for this quarter stood at around ₹1,680 crores registering a growth of 6 % on a Y-O-Y basis and net profit was ₹739 crores registering a growth of 15.65 %. During this period, net interest income grew by 11.27 % on a Y-O-Y basis and on 9-month basis it grew by 9.38 %. Net interest margin improved to 3.08 % on the global and domestic NIM stood at 3.27 % as against 3.03 % global and 3.23 % in domestic last quarter. Our cost of fund also improved by 27 bps, came down to 4.48 %. Yield on advances stood at 8.06 %. Cost to income ratio that is an important

parameter, it has come down to 52.20 %. It is a 330-bps reduction on a year-on-year basis. Return on asset, which is again an important parameter, it has improved to 0.83 %, last quarter it was 0.71 %. Fee based income also grew by around 30 % on a Y-O-Y basis and on 9-month basis it grew by 22.46 %.

- Then coming to asset quality, gross NPA has improved to 2.41 % as against 2.91 %, that is a 50-bps reduction on a Y-O-Y basis. Net NPA also improved to 0.36 % as against 0.63 %, that is 27 bps reduction on a Y-O-Y basis. PCR improved to 97.32 % and tangible PCR also now stand at 85.47 %. Slippage ratio for the quarter improved to 0.85 %. Slippages were mainly from the MSME, retail and Agri and not from the corporate segment. So, the total slippages ₹419 crore were from the RAM segment itself and that too majority of the slippages were less than ₹10 lakh accounts. If I have to look at SMA, more than ₹1 crore, we always in every quarter declare more than ₹1 crore SMA book. ₹1 crore SMA book of the bank, SMA-0, 1, 2, all three segments put together is only ₹1,605 crore, that works out to 0.66 % of the total book. And if I look at SMA-1 and 2, that is only ₹858 crore and that works out to less than 0.5 % of the advance book. And within the SMA book, if I have to look at the corporate SMA, SMA-1 and 2 in the corporate segment, it is only ₹316 crore.
- Coming to recovery, recovery during this 9- months period, total recovery is ₹2,215 crores and against a guidance we have given of ₹2,200 to ₹2,700 crore. During these 3 months, the recovery was ₹383 crore and last quarter it was ₹366 crores. So, on the recovery front, our recovery and upgradation is always in excess of the slippages during the quarter. If I have to look at the efficiency of the bank, business per employee improved to ₹26.12 crore in December'25 as against ₹23 crore in December'24. Similarly, business per branch also improved to ₹166.32 crore as against ₹149.74 crore in the last financial year. As far as some provisions which bank has been carrying, there is a buffer or floating provision or you can say that forward looking provision towards ECL. We have already started making the provision. This quarter we have made additional provision in the standard book. So now the overall provision which we carry, forward looking provision is ₹1,252 crores, which includes ₹530 crore of COVID looking provision which we have made earlier. So, total provision towards ECL today stands at ₹1,252 crore. As far as LCR is concerned, 112 % LCR is maintained by the bank. These were all about the performance of the bank.
- Now few of the initiatives which bank started this year and previous year, we have already completed those initiatives. Few of the initiatives bank is now planning in this year also. I'll just highlight few of them. Previous year we started the digital transformation, Project Parivartan. Bank has already implemented, more than 30 journeys have been made live in retail, Agri, MSME and liability segment as well. So, total around ₹15,900 crore of digital business book has been built by the bank and of that more than 2 lakh customers have been given credit through digital means. So, through STP journey 2 lakh customers have been given loans by the bank. Today when I speak more than 50 % of our FDs are made digitally, loan against FDs more than 50 % is

happening digitally, more than 61 % accounts are opened through Tab banking digitally and mobile banking users have also increased four times over last 2 years. Now it stands at more than 64 lakhs. Banks mobile app rating continues to be at 4.8, which is one of the best mobile app rating of the bank. WhatsApp banking, we started last year. Now we are giving 47 services through WhatsApp banking, 8 regional languages plus Hindi and English. So total 10 languages are there in WhatsApp banking. In almost less than one year, 17 lakh customers are now using WhatsApp banking.

- In addition to this, CBDC has also been implemented, PMS has been implemented, learning and development center of excellence has been made, then new treasury solution which we were talking last year, that has gone live this quarter. Then data center consolidation also we talked last year, so the last quarter that has also gone live now. Data center consolidation at Kolkata has happened. Then API gateway also have been implemented. We have already completed our automation of ALM TPM solution. Application performance monitoring system has been implemented. And in order to improve and to gauge the level of customer service and customer resolution, grievance resolution mechanism, we have started a feedback mechanism also where customers are giving feedback about our current services by our staff members. That is also now happening. Now Mule Hunter and I4C integration is also completed. So, these were the initiatives which we had started and they are already completed now. What we are planning is omni-channel experience, that omni-channel project is already on way. Next year it will be completed. Cash management services, then supply chain finance, robotic process automation, Forex travel card, CASA back office, DMS. Then 10 more digital journeys are in pipeline in the Project Parivartan. Then last year, we revamped our call center. Now we are planning to make call center as a profitable center by using call center for the digital services like digital cross-selling of the products and digital journeys also. As far as IT expenditure is concerned, we have kept a budget of more than ₹1000 crore. Around ₹700 odd crore has already been now spent. So, next quarter hopefully we will be completing the digital budget, IT budget also.
- So, thank you very much and now we are available for your question answers. Thank you
- **Moderator:**
- Thank you, sir. We'll start with question and answer session. Those who have any question please raise your hand. The first question is from the line of Ashok Ajmera. You have been unmuted, please go ahead with your question.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes, Ajmera ji.
- **Mr. Ashok Ajmera – Analyst:**

- Can you hear me?
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes, yes, Ajmera ji now we can hear you.
- **Mr. Ashok Ajmera – Analyst:**
- Sir, compliments to you Ashwani sir, Saboo ji, Kamble Saab and the entire top management and the entire management of UCO Bank for a fantastic result, even continuously, I mean maintaining good results quarter after quarter. And this quarter is no exception. So, my compliments to you for the same. In fact, generally, there is a concern on the you know credit growth in most of these banks barring some 2, 3 banks, but in your case, you have excelled very well on the credit also. 10.73 % only in 9-months against your whole target of the whole year of 13 % to 14 %. So, of course on the deposit side, in 9-months we are only 5.63 %. So, my first question is sir on the credit growth. When you already achieved a handsome growth of almost about 11 % in 9-months, why don't you just revise the overall year's credit target because your CD ratio is still comfortable. Good LCR and deposit also, I am sure, you will meet the target of 10, 11 % which has been given. So, this is my first question and sir I need your comments and feedback on this please.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yeah, thank you Ajmera ji. Thank you for your compliments and you see the bank has been consistently showing stable growth in each of the parameters quarter after quarter. So far as credit growth is concerned, if you look at on a quarterly basis, Y-O-Y basis, we are growing more than 15 %. But on a conservative basis, we always keep our guidance 12 to 14 % because in this current market though we are growing well in RAM but if you look at our corporate credit growth there is slight muted growth in the corporate segment. That is basically because of some pricing issues. If you go deeper into the details you will find that our PSU exposure has come down by around ₹6,000 crore. So, if you look at our corporate book, so 6000 means around 8 to 9 % of exposure. So, had that been our corporate credit growth would have been better and our overall credit growth would have been much better. So, looking into all those things we always keep our guidance within the trend, slightly higher than the trend rather I will say, because when we look at the economy and the credit growth in the overall system, we don't want to outgrow beyond a reasonable margin. So, that is the reason we are keeping our growth targets within. But every quarter if you see, we have been surpassing our target. So, we expect that we will be achieving and surpassing that credit growth target also, but we will continue to keep our credit growth target of 12 to 14 %.
- **Mr. Ashok Ajmera – Analyst:**
- Yeah, why I said sir that because our base is still comparatively small, you know.

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes, yes.
- **Mr. Ashok Ajmera – Analyst:**
- In the size of near to the, say bank of Maharashtra and some of the other banks like. So, here there is a lot of scope and you have got a strong team, strong management.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes.
- **Mr. Ashok Ajmera – Analyst:**
- Strong balance sheet also. Your provisioning is almost about 97 %, 98 % already there. And I think the current underwriting book is also very good, as I see. So, anyway sir, now coming to this, you have already talked about ECL provisioning of ₹1,252 crores of this. But sir what will be the total quantum of the ECL, if you have done some calculation and whether you are going to complete it in one or two, '27 and '28 only or you are going to also take the benefit of that 5 years sir, in that.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- See, if you look at our calculations which we have done, it should be in the range of ₹2,500 to ₹3,000 crore currently, as per our estimates. So, around 50 % of that, if I take a lower band of 2500, so 50 % of that we have already built in, right. And I expect, now we have still 5...6 quarters rather, because in June'27 we have to go live, right?
- **Mr. Ashok Ajmera – Analyst:**
- Yeah.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- So, we have 6 quarter. This quarter we have also again built around ₹200 odd crore towards ECL. So, going by this trend, if profitability supports, everything supports, I believe, we should be near to our requirement by the time it is implemented. We should be near to it. And if at all not, then probably within one year, I think we should be in a position to achieve what is required to be achieved. So, I don't think that bank will need longer period of 5 years' time which is required, which is permitted because we have already started building and I expect that by June we should be near to the numbers required.

- **Mr. Ashok Ajmera – Analyst:**

- Sir, my second question is on the impact of this new labour code. Have you calculated, like because I don't find in this quarter any hit has been taken, rather I think, if you look at the employee cost, which is lesser than the last quarter? So, how much impact do you see? Is it significant or it's a small impact which you are in the normal course going to pass on it?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- It's very insignificant because we have a very small number of contractual employees. We don't have a large number of contractual employees. It is very insignificant. May not be even ₹25 lakh.

- **Mr. Ashok Ajmera – Analyst:**

- Sir, my next question is on the capital raise. You had done the QIP, ₹2000 crores, I think in the March'25 quarter and still the government holding is very high, 90.95 %. So, is there any plan in the immediate future, you must have got already the approval, I suppose. But are you planning to raise any, I mean doing any further QIP or government is going to planning for any OFS to reduce the government holding?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- See, there are two ways, one is QIP, one is OFS. I think, OFS is already government is planning. 2 banks it is already done, I think, 2-3 banks are there in the pipeline. We may see that anytime there will be OFS also. So, by that it will come a little bit lower. As far as, requirement of capital is concerned, I have already shared that we are adequately capitalized. Otherwise, if we add our 9-months profit even, with these profits itself we are more than 18 % CRAR. But nevertheless, we have to achieve the requirement of SEBI also by bringing down the shareholding of the government to 75 %. So, we have already taken board approval, AGM approval, all approvals are in place. At the right and opportune time, we will come to the market for QIP also. We have taken approval of ₹2,700 crore from the board.

- **Mr. Ashok Ajmera – Analyst:**

- Sir my last question in this round is on the treasury book. Some colour on that because our treasury income though in this quarter is little better than the last quarter but overall if you see, the treasury income contribution is coming a little down in the overall banking profitability. So, going forward how do we see our treasury behaving?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- See, if you look at our treasury book, we have been maintaining this book almost at the constant level. We are not outgrowing and if we look at March, from March little bit we have increased, from September rather, after June. March to June we have not grown our treasury book, that was in the range itself because that time the yield was low. After June the yields have again spiked. So, we have started building up in some SDLs and all that. So, wherever we are getting little opportunity, through OMO we are exiting also and we are buying OMO also. So, if you see our yield also is improving and our, I think, modified duration is around in the range of 3.6....?
- **Mr. Rajendra Kumar Saboo – Executive Director, UCO Bank:**
- 3.6.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- So, 3.6. So, we are well placed. As far as treasury book is concerned, we don't foresee any challenge, as far as income from the treasury book is concerned because very cautiously we are investing and liquidating the treasury portfolio.
- **Mr. Ashok Ajmera – Analyst:**
- Sir, very good, sir. Thank you very much for having replied to all my queries in this round because I suppose, many other people also must be waiting. Though I can discuss for another 10 minutes on some of the other points but I will give opportunity to others sir. Thank you very much and all the very best.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Thank you.
- **Mr. Ashok Ajmera – Analyst:**
- And let us see that you grow much, much higher than what the targets which you have given.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Thank you, sir.
- **Moderator:**
- Thank you. Participants please raise your hand for the question. We have the next question from the line of Sushil Choksey. Sir please go ahead.

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes, Choksey ji, I think you need to unmute.
- **Moderator:**
- Sushil sir, please go ahead with your question.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- I think there may be some network issue or something.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes, I think that is why there is a problem. Yeah, Sushil ji.
- **Mr. Ashok Ajmera – Analyst:**
- You can take somebody else also, otherwise, then if Sushil is taking some time.
- **Moderator:**
- Yes, sir please go ahead with your question, if you have any further question.
- **Mr. Ashok Ajmera – Analyst:**
- Yeah, yeah. In this quarter you have performed very well on the NIM front also. The NIM is 3.08 as against, I think your guidance of 2.9 or 3.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes.
- **Mr. Ashok Ajmera – Analyst:**
- So, going forward, I mean going back even in the last quarter it was 2.9 and now 3.08. So, going forward with all the kind of impact of the earlier liability mismatch and other thing and the deposit getting into in the picture because now, I think, the burden will get reduced. So, do you think that the NIM will further keep improving or improve in the coming quarter to finish a good FY'26?
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- I think NIM will continue to be in this trajectory only because if you look at the pace of reduction in the deposit rate, that is not in line with the reduction in the Repo rate. Still

deposit is at a very reasonably high rate, not at lower rate. So, I believe that the NIM should be in the range of this trajectory only going forward, in the next quarter.

- **Mr. Ashok Ajmera – Analyst:**

- Okay, sir. Sir, in the case of this SMA, though the SMA numbers are very much under control and where rarely you see this kind of only 0.68 or 0.5 for the corporate book, the entire SMA, including, I think, in your case even SMA-0 also. But you said that corporate SMA was something around ₹300 crore or something isn't it, in the SMA- 2, ₹316 crores?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- Yes.

- **Mr. Ashok Ajmera – Analyst:**

- So, is it one or two chunky, I mean, bigger accounts which have slipped to SMA-2 or it is a, I mean variety of the corporate accounts?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- This is not SMA-2 this is all SMA. SMA-0, 1, 2 put together is ₹316 crores. So, this is not only 2. 0, 1, 2 put together.

- **Mr. Ashok Ajmera – Analyst:**

- Okay. 0, 1, 2 put together and there are various corporates, not some.....

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- Sorry, 316 is corporate only, corporate SMA-2.

- **Mr. Ashok Ajmera – Analyst:**

- Yeah, SMA 2. That is why I raised that question that whether.....?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- Yeah. The total is 511, SMA-2 is 316. See, it is not one or two account, there are few accounts which are in SMA-2. But if you look at the SMA-1 is 0. So, there are certain accounts which were there in SMA-0 they will come back to SMA-0. Because of some reason they have come to SMA-2. So, as per.....

- **Mr. Ashok Ajmera – Analyst:**
- No, no, by the time, like we are already one month, you know, like we are in January. So, whether this SMA-2 was under control, I mean regularized or.....
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes.
- **Mr. Ashok Ajmera – Analyst:**
- Okay. So, no chance of slipping into.....?
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- No, no, not.
- **Mr. Ashok Ajmera – Analyst:**
- Into the NPA?
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes, yes.
- **Mr. Ashok Ajmera – Analyst:**
- Can we discuss something more?
- **Moderator:**
- So, we will take the next question from the line of Sushil Choksey.
- **Mr. Ashok Ajmera – Analyst:**
- Okay. Sushil ji please come.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Welcome. Sushil ji will have to be unmuted.
- **Mr. Vijaykumar Kamble – Executive Director, UCO Bank:**
- There is some issue with his connection.

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

- He is not getting unmuted.

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- I think he is not able to unmute.

- **Moderator:**

- We have already unmuted him.

- **Mr. Sushil Choksey – Analyst:**

- Sir good evening. Congratulations to UCO management for very stable number.

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- Good evening. Good evening. Thank you.

- **Mr. Sushil Choksey – Analyst:**

Thank you and sorry for all the hiccups which we are having with our technology platforms. Sir, seeing our result, if I have to look at growth, which is the core understanding which we need to have in the current economy, PSU banks is the flavor of the season in Stock Market as well as on credit performance, what we should look forward from UCO in the quarter to come by and for the year of '26?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- See, if you look at our growth, more particularly credit growth, and you look at the composition of credit growth, the proportion of each segment in the credit growth and not only in December quarter but previous quarter as well, so every quarter...like I will take example of retail. So, retail is growing more than 20% for last 4-5 quarters and within retail housing is in the range of 18%-19%-20%. Car loan growth is 40%-50%-60%-70%, in this range car loan growth is there. So, retail is growing, each segment is growing and both the segments major components of retail, housing and car, are growing in proportion. So, there is no challenge on the credit growth concern and the subsequent quarters also will continue to grow in the same way because there is a set pattern and stability is there. It's not that one off quarter we have grown and one off quarter we have not grown.

- Similarly, Agri also. Agri also quarter-on-quarter consistently we are growing. This quarter growth was around 23%-24% and previous quarter it was in the range of 17%-20%.
- Similarly, MSME for last three quarters is more than 20%. Prior to that, there was some slowness in the MSME but last four quarters it is 18%, 20%, 23%+. And similar growth we can see in next quarter also.
- And how and why this growth is coming? Because last year we revamped our underwriting standards. We started Retail hubs and MSME and Agri hub. Now, the decision making is happening centrally, our TAT has improved. As a result, the quality of underwriting has improved and service delivery time has also improved. So, that is leading to the credit growth in various segments. So, next quarter, 4<sup>th</sup> quarter, similar trends we will see and we will achieve our guidance which we have already given at the start of the financial year.
- **Mr. Sushil Choksey – Analyst:**
  - Sir, if we sustain our RAM growth with Retail growth as a part of the story, our margins in Home loans, our margins on Auto loans and our margins on the other products where we are likely to be, whether it is education or any other loans, where we think we will grow well. I understand that Home loan in India is not a, I mean, there is a big market yet to happen looking at the urbanization and development. Education within India itself can become big with all the noise which is coming from Mr. Trump. So, keeping in mind, what product is very profitable? I understand second hand car market you are far ahead of many banks and I think leading PSU banks also have opened their eyes that, 'Mr. Ashwani Kumar is doing well at UCO Bank on this product. Let's look at it'.
  - So, can you highlight all this product? What will lead to a betterment compared to competition where we can grow faster?
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
  - Yeah. First, you talked about margins. Our growth has come mainly from RAM segment and even then our margins have improved. If you go back to the history, our margin used to be 2.8% NIM. So, now, we have already crossed 3 and we are consistently above 3. In the last quarter, I think, 3.03 and this quarter 3.08. We have improved our margin. So, we are growing each segment and we are growing in profitable segments.
  - If you look at the segment where we are growing, Car loan growth, our growth is around 70%. We have revamped our entire product profile of Car loans, Education loans and Home loans, Agriculture loan. MSME; more than 30 products we have launched in last 2-year time for various schemes to cater to the requirements of our MSME

customers. So, better NIM is coming from MSME segment, even Education loan, on second hand Car loan, even Car loan also because when we take car loan, we have the opportunity of taking his CASA account also. So, salary account, current account, in case he is a businessman, or family accounts. So, we don't look at purely a transaction of Housing loan and Car loan. We look at the whole bouquet of products which we are able to offer him and generate some revenue by way of cost reduction through CASA or by cross selling of the product.

- So, many of the banks you can see there is a CASA reduction over a period of time, right. but if you look at our bank for last, I think March'23 onwards, we are continuously maintaining our CASA ratio in the range of 37%-38%. So, we have not seen decline in our CASA ratio except in one quarter, it was 36.91. But, again, in next quarter it was 38. So, overall, the strength from where the margins are coming is through cross sell also, through generating their CASA accounts and we'll continue to explore and deepen the relationship with our customers.
- And another important thing which is adding to our margins is our digital journeys. In last one year itself we have digitized 330 journeys and we have built a book of around ₹15,000 crore in digital journey. More than what 50% FDs are opening online through mobile banking and loan against FD. So, all this is adding to reduction in my cost also. So, that is the way on a progressive basis we are trying to improve our cost also and income also by combination of various products and services.
- **Mr. Sushil Choksey – Analyst:**
- Sir, reply to my question. I accept that you are able to master CASA also along with selling retail products. On a hypothetical or reality, on an average basis if I am generating 100 loans, how many accounts are converting to other products?
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- See, our endeavor is to get at least 1 more product from each customer; our endeavor is that. But definitely not every customer, maybe 40%-50% of the customers we are able to onboard on some other product.
- **Mr. Sushil Choksey – Analyst:**
- Okay. Now, looking at geographies where we are stronger compared to pan India basis, how is the behavior on acceptance of our new products, existing products and saving products? Are we able to penetrate better compared to where we stand today or the outlook is getting better or we need to enter with new geographies and new branches for expansion?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- See, if you look at our strength currently, more than 30%+ branches are in East and Northeast and similar is the trend in North. So, far as expansion is concerned, we are more focused for expansion towards western and southern part because there our presence is slightly less and they are the more contributing states in the GDP of the economy. So, that is one strategy we are working that we are planning to open branches in those geographies where the GDP contribution is higher. And we also look at the pin code wise deposit and credit profile of the area while we open the branches, number one.
- Number two, as far as the penetration of products in the areas where we have strength or not, that itself speaks about the quality of our CASA which we have maintained. Had we not penetrated in those areas, we would not have been able to maintain our CASA in the range of 37%-38%. We have revamped our entire saving, current account products, entire saving, and we are more focused towards the salary. Recently, the Ministry of Finance has announced a comprehensive salary package for the central government employees where our bank is also participating and we will be opening now more and more salary account of various central government employees as well and the benefits will continue to come to the bank.
- So, that is the way we are working and where we have strength we are giving better products also to those areas. Apart from product the differentiator, I think will be more important is the customer service and the ambience of the branches. In these two fronts also bank is continuously working to see that our customers get better quality of service and quality of resolution of their grievance also improves. So, on these fronts also we are working.
- **Mr. Sushil Choksey – Analyst:**
- Sir, answering to my question you already elaborated that service and digital both are key towards whether to sell product or attract customer for deposit or any other services.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes.
- **Mr. Sushil Choksey – Analyst:**
- How much spend are we likely to do on digitization over a period other than what we have spent over next 12-24 months? I know it is a repeat question from every Analyst.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- No-no, no issues. We are more than happy to answer.

- **Mr. Sushil Choksey – Analyst:**

- And second is...

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- Yeah, please, go ahead.

- **Mr. Sushil Choksey – Analyst:**

- ...customer service, human resource, empowerment and decentralizing lot of processes, centralizing the TAT would be important but decentralizing sourcing when you are looking at expansion, what kind of unique measures and what kind of spend are we doing so that we garner more customers and our performance get better than where we stand today?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- Okay. Going by the first question I think about the IT spend, IT and digital spend, this year we had kept a budget of around ₹1,100 crore and around ₹700 crores + is already spent. Next year; teams are already working for the plan for the next year. I believe the next year because now majority of the projects which we thought of in last 3 years almost are nearing completion but still there is a lot of scope for further improvement and enhancement in our existing IT infrastructure also and I believe that next year also it should be in the range of ₹800-₹1,000 crore because many projects are still in pipeline like I talked about the various projects which we are thinking - omni-channel, Forex PC, Forex card, we are planning and then supply chain we are planning, CMS we are planning, CASA back office, DMS and on cybersecurity also enhance tools we are planning. And we are planning to convert our call center into a profitable center through use of digital journey through call centers. And robotic process automation is also in the plan. So, number of initiatives are there, I think it should be in the range of ₹800-₹1,000 crore in the next year also.

- **Mr. Sushil Choksey – Analyst:**

- Sir, East is well known for resources whether it is some of the Agri related specifically or even in minerals. The world is chasing minerals which is very visible; the country which has. Now, India also becoming a big manufacturing hub we will need our captive resources and there is lot of demand likely to emerge in the part where you have good focus. Can you indicate if people are approaching you for some kind of working capital or term loan facilities where resources companies are concerned?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- See, we have not seen much traction in this part; we have not seen as yet. Maybe in the next quarter or so we will get some good proposals in that. But till date we have not got any bigger big-ticket proposal in this area.

- **Mr. Sushil Choksey – Analyst:**

- Sir, how the international book shaping up?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- International book is steadily increasing. I think deposit if you look, at our deposit growth in the international is around 18% growth as far as overseas deposit is concerned and overseas advances around 12% growth is there.

- **Mr. Sushil Choksey – Analyst:**

- No, Sir, published numbers I have seen it, I am saying from a future point of view when the fight is for lowering interest rates and at the same time there are very many challenges on each geography wise, based in Singapore and South East Asia predominantly or GIFT City. How is demand coming for those kind of loans on a fully hedged basis for international market? Can we have a good growth because Indian management are also looking at opportunities of acquisition?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- See, proposals are coming and the only challenge is in the pricing. So, we are taking a very calculated call where we have a good pricing and some margins are there so that we are able to generate revenue for the bank. So, only those proposals we are taking. That is the reason, I think, you can see that growth is around 12% only in the advances. So, as far as the overseas market is concerned, we are raising resources in the overseas market. That is not a challenge but lending at a profitable margin is a challenge. But we evaluate each and every opportunity and also the repayment, if it is coming, at what rate the earlier loan repayment is coming, at what rate the new loan is giving, whether it is giving some better margin from the previous loan. So, all those avenues we consider before taking a call to go ahead to say no to any proposal.

- So, opportunities are there, there is no challenge about the opportunities. And with this, I think, opening up of the M&A also, new opportunities will be there and I expect the margins may be better in the times to come.

- **Mr. Sushil Choksey – Analyst:**

- Sir, my next question to Saboo ji. What is the outlook on G-Sec based on current yield?

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

- So, Sushil ji, you know the markets, nobody can say anything about the markets as to how they will behave in the future. But, yes, we have seen that G-Sec yields have

strengthened in the last quarter also and currently in this cycle we are at the upper end of the yield. We may see further, little bit maybe, but I think this will remain in this range only because RBI has been taking good initiatives, many new things they have done means OMO has been brought and then again they are coming with VRR and all those things to manage the liquidity. So, the liquidity RBI is watching for and we get good support from them.

- So, I think the yields on G-Sec will remain in this range only where it is moving for the last one quarter, at least in the last one month. So, we do not see much means movement into these yields for the time being because we know that RBI is having neutral stance and inflation has at least means been in the range of the RBI and any action further going forward will be only on the data basis. So, which type of data comes on the growth front and on the inflation front that will decide the future course of action. So, we are also in the neutral position as of now as far as the yields are concerned.

- **Mr. Sushil Choksey – Analyst:**

- Next question to Kamble Sir, how much is unavailed credit from sanction today and what is the pipeline for the quarter, specifically for corporate credit?

- **Mr. Vijaykumar Kamble – Executive Director, UCO Bank:**

- Yeah-yeah. Sushil ji, in case of corporate credit, almost ₹4,000-₹5,000 crores are unavailed, in pipeline almost ₹8,000-₹9,000 crores in the pipeline. Total ₹10,000-₹12,000 crores available in the corporates.

- **Mr. Sushil Choksey – Analyst:**

- And this is credit which you have sanctioned allowing the low yielding advances to be shredded and then new replacement or existing customers borrowing new I suppose.

- **Mr. Vijaykumar Kamble – Executive Director, UCO Bank:**

- Yeah, it will be case to case basis, Sir.

- **Mr. Sushil Choksey – Analyst:**

- Sir, what is the exposure between, I may be getting little into specific, but SIDBI, NAFID, NABARD.

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- Nothing. Zero.

- **Mr. Vijaykumar Kamble – Executive Director, UCO Bank:**
- Zero.
- **Mr. Sushil Choksey – Analyst:**
- Congratulations, Sir. I am happy that you are, I mean, one side you are not lending to them.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- All exited. IBPC also exited. Total zero.
- **Mr. Vijaykumar Kamble – Executive Director, UCO Bank:**
- Yes.
- **Mr. Sushil Choksey – Analyst:**
- Sir, I would take it as a good news that whatever your result are, if there is no IBPC, there is no SIDBI, there is no NAFID. Government may not like that you are lending at 6.15% and 6.25% but if you are yielding any assets at 8.5% and 9%, it is a very good news and congratulations to team UCO and best wishes for FY26.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Thank you.
- **Mr. Vijaykumar Kamble – Executive Director, UCO Bank:**
- Thank you.
- **Moderator:**
- Thank you. We will take the next question from the line of Pashmi Chheda. You have been unmuted, please go ahead.
- **Ms. Pashmi Chheda – Analyst:**
- Hi, Sir.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Hello, yes.

- **Ms. Pashmi Chheda – Analyst:**

- Just I have one question. What is the quantum of MCLR cuts that you have taken so far in the year? And how much do you expect to cut in the next 4-5 quarters?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- MCLR, I think, 30 basis points cut is already in place and expected cut I cannot tell you because it is to be decided by ALCO on a monthly basis. Next month we will have, on 10<sup>th</sup> again, ALCO; 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> because 10<sup>th</sup> is our date. So, if you look at every month, there is some reduction in MCLR because it is based on the formula given by Reserve Bank of India. So, I can't give you the number that how much will be the reduction in next quarter or next 6 months but definitely basis the formula if reduction is there, it will definitely happen. But till now 30 bps is already done.

- **Moderator:**

- Thank you. We have a follow-up question from the line of Ashok Ajmera.

- **Mr. Ashok Ajmera – Analyst:**

- Yes, Sir, thanks. Of course, Sushil has covered most of the remaining questions which I could not either take it earlier but, Sir, I would like to know the color of the NBFC book, Kamble Sahab and Ashwani Sir. How do we stand there on the NBFC front and what are our policy ways? I understand that we are little choosy and rigid on the NBFCs but, having said that, what is our experience is that some of these NBFCs, even though they are small, but they are lending to the low cost housing and low amount of loan, average ₹7-₹7.5 lakhs for the housing and other thing, even though they are not rated A, maybe BBB - or so, but they give you the better opportunity to earn good money. The interest rate can be 9.5%-10.5%, anything between that. So, what is the present situation and are we thinking on those lines to little bit liberalize the small loans to the smaller NBFCs?

- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**

- See, Ajmera ji, so far as NBFC or any other corporate is concerned, MSME, retail, bank looks at every proposal from bankable angle. If the proposal is bankable, we don't say no even if it is a BBB or BB but if they have an established track record, everything is there and it fits into our norms. So, we don't say no to every proposal. So, every proposal is examined on a case to case basis and accordingly decision is taken. So, there is no go to anyone like we will not go with this NBFC or this corporate or this MSME segment. So, there is no such no go type of thing. Every proposal is examined from the credit angle and the bankability of the proposal.

- **Mr. Ashok Ajmera – Analyst:**
- And what is the total exposure to the NBFC as on date?
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- See, NBFC, if you look at our exposure is around ₹27,000 crore to NBFCs. It works out to around 12% of our total book, that is ₹27,000 crore.
- **Mr. Ashok Ajmera – Analyst:**
- And what is our experience on those accounts?
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- There is no slippage in those accounts except in MFI there was one slippage earlier but our overall MFI exposure is now only, I think, less than ₹500 crore. So, not even ₹440 crore. So, that is also under control. If you look at one year back, it was around ₹1,300 crore, now it is ₹440 crore.
- **Mr. Ashok Ajmera – Analyst:**
- Oh! Yeah, that is good to know, Sir. And some color on the gold loan, Sir? Gold loan, Agri and non-Agri, because now the categorization has been little bit changed. I think the liberalization is there that you can take some collateral also up to the, I think, ₹2 lakh loan also. So, what is the position of the Gold loan? And are we bullish on that? And what is the LTV? Yeah.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yeah. If you look, our Gold loan portfolio is around ₹15,000 crore only. We don't have very big exposure in the Gold loan; ₹15,000 crores. And of that, around ₹4,000 crores should be in the retail, ₹4,000+ should be in the retail, and around ₹10,500 crores odd should be in the agriculture sector. So, this is the overall composition of our retail and Agri.
- In retail, LTV should be in the range of 25%-30% . In Agri, we will be around 15%-20% in LTV. But, again, what is the current price of the gold, the base price taken is an average of some period. So, the base price and in the current price itself the margin is there and over and above that we keep another margin. So, no, we do not expect any issue in as far as LTV is concerned.
- **Mr. Ashok Ajmera – Analyst:**

- So, we have a robust system of auctioning and other thing as per the...
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- Yes, yes, , SOP is there and everything is in place. The sale happens according to that only, in case an auction is to be done.
- **Mr. Ashok Ajmera – Analyst:**
- Now, Sir, just your views on whatever is happening around, the current geopolitical situation, of course, duty things are there, then the sanctions are there, more sanctions are coming, Iran and Russia and all that. And, I mean, some unimaginable things are happening around. So, do you see as per your banking portfolio, I mean, if you look at that, that there can be any major concern on that if something like this keeps happening? I mean, do you have that particular segment which is exposed to this kind of businesses or are subject to this high duties and exports and other things? Have you evaluated whether some work has been done on that to understand and to evaluate the situation if it arises? What is the quantum which can be affected, Sir?
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- See, if you look at our total...let me talk about the scenario first. I think the geopolitical scenario, it is impacting not only UCO Bank but all the banks, even the customers also. So far as overall impact, if you ask, I believe we have a strong consumption economy. And if there is an impact on the export front, I think domestic is able to support the surplus quantity available of the products.
- If I have to look at our banks' exposure, we have around ₹2,000 crore of export credit exposure and of which only 5% is in respect of countries where some tariff and all these things have happened. So, it is not a major one; around ₹100 crore of only exposure for the bank in those countries. So, not much of worry for the UCO Bank because our exposure to those countries is very limited.
- **Moderator:**
- Thank you. There is a question in the chat box. What percentage of your deposit book has been repriced so far? And what is the direction for the Net Interest Margin for FY27?
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- See, around 75% of my deposit book has been repriced. I think remaining some portion will get repriced in this quarter and maybe one-tenth of the book will be repriced in the first quarter. So, I think by first quarter entire book will be repriced, number one.

- And second, on margin front, I think it again depends upon the Repo rate cut in the times to come, how it happens. Still, we do not know. In February, there is an MPC, in April there is MPC. But given the scenario that there is no rate cut and the liquidity conditions remain same or rather improved, I think the NIM should be in the range of 3% in the next year also.
- **Moderator:**
- Thank you. We will take that as a last question. I hand over the call to MD Sir for his closing remarks.
- **Mr. Ashwani Kumar - Managing Director & CEO, UCO Bank:**
- So, thank you very much to all the analysts and investors for joining the conference, taking of the time and thank you for your trust and confidence in the bank. And we will continue to deliver our performance, stable and consistent performance, in the quarters to come. And it will be our endeavor to come to your expectations. Thank you very much. Thank you.
- **Moderator:**
- Thank you.

*END OF TRANSCRIPT*