ANALYSTS' MEET Q3FY22

7th February 2022

Participating members from the Management Team of the Bank

- *Mr. Sanjiv Chadha, Managing Director & CEO*
- *Mr. Vikramaditya Singh Khichi, Executive Director*
- *Mr. A K Khurana, Executive Director*
- *Mr. Debadatta Chand, Executive Director*
- *Mr. Joydeep Dutta Roy, Executive Director*
- *Mr. Ian Desouza, Chief Financial Officer (CFO)*

Mr. Sanjiv Chadha: A very good morning to all my friends. Thank you very much for joining us a little early in the morning. We have our colleagues, let me begin by introducing them. So, we have Mr. Ajay Khurana, our Executive Director who is in-charge of digital, technology and stressed assets. We have Mr. Debadatta Chand, Executive Director who is looking after our wholesale business; that includes a large corporate, treasury and international. We have Mr. Joydeep Dutta Roy, Executive Director who looks after all the platform functions, including the finance function, HR, compliance, risk, everything. We also have Mr. Ian Desouza, our Chief Financial Officer on the call. So, thank you very much once again and I will just start with some opening remarks. You have seen the numbers, so we will not go through the numbers. I will just put some perspective to those in terms of something which I believe we need to understand, both in terms of the current context and also how things are likely to pan out in the future.

So, I think for us what has really been the key piece in terms of the last few quarters and years, has been how to manage the liability franchise at a time where liquidity was abundant. It was easy to get deposits, but more difficult to deploy them. So, we have tried to be very disciplined in terms of the liability gathering. So, if you were to see the composition of the growth in deposits, it has come almost entirely from CASA deposits; from current accounts and savings, and you would notice again, that bulk deposits have gone down significantly, and that has helped in terms of a very swift re-pricing to lower norms. Retail term deposit growth also has been contained because we have been offering rates, which have been almost the lowest in the industry and specifically, because we did not want deposit growth to run ahead of our loan growth. So, our Credit Deposit (CD) ratio actually has remained pretty much stable right through this period, despite the liquidity overhang.

Similarly, the story of the loans has been equally focused and disciplined. We are all aware that because of the abundance of liquidity, there was huge pressure in terms of margins on the corporate book, and it was possible again to lend to corporates, but at times it also meant that you are lending at negative margins. So, we are trying to make sure that we do not particularly tie ourselves into any position which might cost the bank in the future when the interest rates rise and therefore corporate growth has been a little tepid if you see it on a YoY basis.

On the other hand, we have seen retail grow well, at about 11% organically. Within that, home loans have been relatively slow because of the refinancing pressure which was there on our book. So, disbursements were happening, but there was a lot of refinance which was also happening and we have been lending based upon credit scores for a long time. So, the quality of portfolio is good and therefore bore the brunt of the refinancing pressure, which should dissipate now, now that the interest rates are starting to normalize. The auto loan story continues to be very good. I think for past very many quarters, we have reported growth upwards of 20% and this is despite the challenges we have seen in terms of supply when it comes to cars. Personal loans is something which is being driven more and more through BOB World, and this is something which I believe can be scalable and we should see very robust growth going ahead also. Education loans for us is again, a very important franchise. A major proportion of these loans again, are well collateralized, very good quality. So, that has been going well as has been gold loans. So, overall we have seen growth which has been reasonable at about 5%, but the composition of the growth again to my mind is what is important and that has contributed to margins as well.

For advances of course, the concern was for us and possibly for you also that we have grown slower than the industry so far. That was in large measure on account of the second wave where the first quarter was pretty challenging for us, partly because we were impacted a little more than other banks because of our particular geographical spread. But over the last two quarters, we have seen the pace gathering and even on the corporate side, you will notice that when we look at the QoQ figures, the story is very different as compared to the YoY figures. We have had handsome growth almost in every segment QoQ which on annualized basis would be anything between 15 to 20%. So therefore we believe that this is something that is likely to continue and by the end of the year, we believe we should deliver on our guidance at the beginning of the year, which was that we would want to grow pretty much in line with industry while keeping our margins intact, and we had guided growth between 7 to 10% for our loan book. I think that is the kind of range we should be in, going forward as far as this year is concerned.

So the impact of this disciplined approach has been there in almost every parameter in terms of the net interest income, operating profit, profit before tax and profit after tax. You would of course have noticed that the profit after tax has grown by 107.17% YoY this year. But I think what is equally important is what we will see in the next slide that we have been trying to become consistent in terms of our performance, make sure there is more predictability as we go forward.

So, this is what you see again in the 9 months figures that it is not that this quarter's performance is some kind of a one-off. You will see that it has been something which has been sustained over the last 9 months, and therefore the growth that we see in terms of the profit ratios over the 9 month period is even larger as compared to what we have seen in the last quarter. The cost to income ratio is something which actually has come under a little bit of pressure because of the fact that the treasury income which was the mainstay for the last few quarters has now started petering out. So that has in some way muted the improvement in the cost to income ratio. But as the NII starts picking up and replacing the mark-to-market gains we were seeing, we believe that there is scope for improvement in the cost to income ratio also.

So these are the margins again, which capture in so many ways the story that we have seen so far in terms of the impact of the discipline on both the deposit side as well as on the advances side and also again, the impact that I discussed in terms of the credit to deposit ratio. So our CD ratio, despite again abundant liquidity has remained where it was, and that has contributed to the margins along with the fact that the cost of deposits has come down and yield has during this period also where actually there was rates were coming down, has remained pretty much stable.

The second part apart from the margins on account of deposits-advances that we have seen is the secular improvement in asset quality. We have been guiding for some time that we believe that there is a long-term trend in terms of the improvement in the corporate credit cycle which is in place, and this trend was to some extent obscured by what we saw as a consequence of the first wave, the second wave and the third wave. But I think that is now more and more apparent and has been affected in the bottom line. And if you look at again the slippage ratio, it has been coming down and right through the COVID period, the gross NPAs and net NPAs have trended downward, which is again remarkable in what was at least temporary challenges that we saw.

This quarter you would see that the credit cost has gone up apparently, but that is more apparent than real. The reason is that this quarter we saw a significant recovery in a government guaranteed account. So, therefore we thought it was opportune to make some extra provisioning, advancing some provisioning which we believe might be coming in the next few quarters just to make sure that our balance sheet is strengthened, and as I mentioned, we have a little more predictable trajectory in terms of profitability as we go forward.

So, these are the figures of the gross slippages and the net slippages. I think in the past, some analysts have been talking over the net slippage figure although we still again, track the gross slippages figure more closely. The gross slippages, of course have come down. But what is really remarkable is that possibly for the first time, in a long-long time, the net slippages are actually almost zero in fact marginally negative. This effectively means that our recoveries for the quarter have been more than our slippages. So, I think this may be a little bit you might say again, a bit of a one-off in terms of it being a negative figure. But I think the trend in terms of slippages coming down is likely to sustain.

So as a consequence again, of the profits that we have been booking over the last year also, and we have seen that our capital adequacy remains very robust. We have been doing some issuance of AT1 bonds, which are replacing the maturing AT1 bonds. But the impact of the profits of this year is still not there in the figures that you see. So this 15½ capital adequacy ratio would actually be near a 16½ if he were to add back the profits that already have accrued. So to that extent, our profit position is robust, it contributes to our loan growth that we anticipate being almost self-funded. Therefore as we speak today, apart from what we are likely to see by way of replacement of maturing capital bonds, we don't expect to go to the market anytime soon. We believe our internal accruals should be adequate to support the kind of loan growth we are likely to see in the next year. Our stance on loan growth is that we would want to grow as per market or a little faster while making sure that our margins are sustained or improved, and therefore if we believe that next year's industry growth rate is going to be in the 10 to 12% range, and we grow by that or a little better, in that case the kind of profits that we are seeing should be adequate to fund our loan growth.

So those really where the opening remarks. Very happy now to take whatever questions might be there. Sorry, I think there was one more slide coming in.

So there is one more slide coming in, this is about BOB World. I think one of the remarkable pieces apart from the financial performance for us has been the rollout of BOB World. You may have come across some of the advertisements. So effectively, this has been a repositioning of our mobile banking to make it a much broader proposition, almost a self-contained digital bank. It has been an outstanding success. So our mobile banking customers who numbered under 10 million at the beginning of the year are likely to cross 20 million by the end of the year and cross it by a significant margin. In terms of ratings, the app has been very well rated among the top two or three banking apps, and our market share in terms of the incremental signings for this, for mobile banking has actually been 10% as compared to our 6% market share now, and this 10% is what we are talking of after the migration of existing customers to the new app. So, it is effectively new customers that we have been acquiring. The advantage of this to us is going to be very significant in terms of transaction costs.

As we speak, more than two times customers visit our mobile app as compared to coming to our 8,200 branches. It is also again, a very-very powerful channel for distribution of loan products as also for acquiring new deposit customers. We are even today, as we speak acquiring hundreds of new deposit customers for the BOB Benefit Bonanza account, the B3 account, which is acquired through video KYC and where we actually service the customer almost entirely digitally. It is designed to be an only digital account. They have some costs if you were to transact at a branch, but they have enormous benefits, like maybe a Netflix subscription or a Times Now subscription, which come depending on the minimum balance you keep in this account. So this has been very successful.

Similarly on the asset side, an increasing percentage of our retail loans customers in particular are now being acquired through BOB World. So, 28% of our home loan leads which get converted are coming through BOB World. Now, this has a tremendous impact in terms of both acquisition cost as also in terms of customer satisfaction. So this is going to be a very-very powerful instrument for us and a big focus. We expect that within the next year, a large proportion of the addressable client base of the bank in terms of customers who actually could be using mobile banking as the first port of call should get booked on to BOB World, and which would mean the opportunities of cross sell of saving transaction costs should expand tremendously as we go forward.

So that was all. Thank you very much.

Moderator: Thank you sir, for the opening remarks. I welcome all participants to the Q&A session. Please raise your hand or type your questions in the Q&A box to ask a question. I request you to restrict yourself to two questions per participant. First question is from Ashok Ajmera. You may please unmute yourself and ask your question.

Mr. Ashok Ajmera: Congratulations Chadha sahab. Congratulations mainly for this BOB World. You have really come out with a very-very powerful digital platform, which is I think among the public sector banks, maybe second to State Bank of India in the times to come. So having said that, I have certain observations, of course the results are reasonable, not something very outstanding. As you yourself said that you are very selective in asset quality and the loan book and the corporate book also has not grown the way it should have been, but the future is bright.

Sir, my major question is on when the pressure is there on the treasury operations, now the kind of profit which we used to have is no more seen in the near future with the interest rate hardening. So to offset that, you will have to go a little more aggressive on the loan book so as to get the profitability in the bank. So this is my first question. But since the moderator does not permit too many questions, I will just ask a series of other one or two questions.

In the budget, there is a major thrust on the CAPEX, almost about Rs. 1.95 lakh crore CAPEX investment is proposed bringing it to the level of Rs. 7.5 lakh crore. So, that is also a very big opportunity for the bank and how the bank is weighing it for the future, going forward a little beyond that 9 to 10%? Can we not expect a growth like 12 or 13% with this kind of push given by the government?

My third question is on the digital currency to be issued by the Reserve Bank of India. How disruptive it will be? Have you made any assessment in last few days or will it change the way we do the banking? So these are my couple of questions and observations because your CD ratio is almost at 78.5 or something 78.25. So, unless you grow both way, the profitability of the bank may come under pressure apart from the recoveries from the written-off accounts or the old recoveries which are coming in. And the last is how are we placed on these big provisions, which we have done for I think, Future or SREI and what is the status of National Asset Recovery Company?

Mr. Sanjiv Chadha: So, thank you Mr. Ajmera, always a pleasure again to meet you at the head of a meeting. So, you are absolutely right, I think the loan growth is very important, but if you were to look at the QoQ figures that we discussed, right, that is something which I believe we need to pay attention to. So QoQ our loans have grown, domestic has grown by 5% and international by 6%. So, as I mentioned in my opening remarks, we had a bit of a challenge in the first quarter because of the second wave of COVID. We were impacted a little more because of where we sit as a bank in terms of geography. But both in the second quarter and third quarter, we have seen very good quarter-on-quarter growth. So therefore I believe that if you were to look at those figures we have grown reasonably quickly, including on the corporate side, I think that seems to overwhelm in terms of loan growth.

The second part is that at the end of the day, the proof of the pudding is in the eating, right? Why is loan growth important? Loan growth is important because it helps you grow your net interest income. If you see our net interest income, it has grown by double digits. So this is despite the fact that the loan growth has been tepid again, there is no doubt about that. So you have two choices, right? That you could grow your loan faster. It could be at the cost of margins. The question is, which is the best balance for a bank? How do you make sure that your NII actually grows where it needs to grow, right? So I believe we have been able to get that balance right, which is why our NII growth actually is in double digits. It compares reasonably well with most of our peer banks, right? So that is number one.

Number two, in terms of the government expenditure, in terms of infrastructure I think it is very important. I have said before that even if we see the areas where we have seen loan growth, it is in large measure in areas which have been enabled by government intervention, government expenditure, and government having created an enabling environment. For instance, we have seen a large amount of loan growth as far as roads are concerned. Now that is because of what the NHAI has done, both in terms of making sure that comes up with a construct like HAM projects, where to a large extent the traffic risk is taken out again, as far as both the contract is concerned as well as the bank is concerned, right? And also the expenditure outlay, which has been there on account of roads.

Similarly, we have seen a large number of proposals of renewable energy. That again is on account of the fact that there has been an enabling environment created and PPAs are being signed by SECI which means that again the market risk gets taken out. So, I think going ahead also, the expenditure allocation that the budget has made on infrastructure should be enabling again growth of loans for the banks, and also hopefully triggering off the private investment cycle also. We have already seen the second order impacts even in the current year, which means that we are seeing large brownfield expansion projects being announced for steel, for cement. So, I believe that this improvement that we should see on the back of the government's commitment to infrastructure should start percolating in the broader economy and private capital expenditure.

Your third question was about digital currency. I think early days, we need to see what the contour of central bank digital currency is. So I think I will reserve my comments for when we know and understand the implications better.

The last question that you raised was about the fact that our CD ratio is 78% and therefore, how might the hardening of interest rates impact us, particularly since treasury gains are going to peter out. So, you are absolutely right. But this is again, you might say a part of the normalization of the interest rate cycle that we see every time. Whenever the economy improves, the interest rates will normalize and as a consequence, there should be an improvement in both loan growth and in net interest income, which should as a general proposition, compensate for the decline of treasury gains. If we were to again look at it, you might say in order of preference, I think for banks a rising interest rate, normalizing interest rate regime is better, for the simple reason that when interest comes down, assets get re-priced faster than liabilities and therefore you lose out in terms of margins. When interest rates rise, the opposite happens that the asset re-pricing takes place faster than liabilities that actually has a positive impact on margins and we believe that should be the case this time also.

Mr. Ashok Ajmera: And sir on this recovery and National Asset Recovery Company, how much amount is going in this current quarter? The provisioning on SREI and Future Group, I think if you can guide on that.

Mr. Sanjiv Chadha: So I think as far as the provisioning on the NBFC where initially the asset classification was put on hold by the regulator, we have utilized the recoveries that we got on a large government guaranteed account this quarter to fund that, and therefore again, we are fully provided there.

As far as again, the retail chain that we are talking about where again, there are some discussions in the Supreme Court. This is something where I believe that while there may be a one off impact again going ahead in this quarter, the broader improvement in the credit cycle that I alluded to, the fact that overall slippages are coming down, and therefore provisioning is coming down, credit costs are coming down, I think those improvements are large enough, broad enough for us, to take care of any additional provisioning requirements that might be there. I don't believe that is too much of an issue. Wherever you have in any quarter again, you will always have something by way of again a one-off extra or you might be getting a benefit also. We have been fortunate at times that they actually coincide that they did in this particular quarter. So I think I am reasonably sanguine and reassured as far as that is concerned.

When it comes to NARCL, I think for us the impact is not very large. I am not holding my breath in terms of when it happens. Whenever it happens it is going to be a positive, but I believe that the broader positive in terms of the improvement in credit quality, I think an improvement in corporate credit cycle is a much more powerful cycle which is happening, and that will have a much bigger impact as we go forward.

Moderator: The next question is from Nilanjan Karfa. You may unmute yourself and please ask the question.

Mr. Nilanjan Karfa: Hi, good morning sir. Thank you very much. Just a couple of questions. First is on the net interest margin, are there few one-offs and how do you see that pan out assuming ceteris paribus on the yields? So that is one. Second is, we are growing the personal loan book from a very low base, understandably. So the growth is looking large, but a couple of pointers will help. So what age profile are we doing this? For example, if you could talk about the split between salaried, government salaried, corporate salaried and self-employed. Any colour on metro versus non-metro. And a broad sense of what the average ticket size and as well as the yield. So a couple of points there. And finally, what kind of recovery from written of assets or gross NPAs are we looking at from the next year perspective.

Mr. Sanjiv Chadha: Yeah. So thank you very much. So, I think as far as net interest margins are concerned, there is a one off in this quarter, which is on account of the recovery that I mentioned in the government guaranteed account. The impact of that would be somewhere in the region of about 10 basis points. But I think what you see again is that there is a significant improvement which is happening broadly and that, as I mentioned earlier, is being driven both by the deposit costs coming down and also again yields picking up. So I think broadly, if we were to say that the 3% and north of 3% is the current net interest margin. And I think we had discussed in the previous quarter also that you may have one offs but this is where our net interest margins ought to be and that is what we have been trying to protect.

I believe there is scope for some improvement on this going forward. The reason again is, as I mentioned, we should be seeing a little bit of pricing power turning to banks because of the fact that the large liquidity overhang, which was there, which were impacting the corporate segment in particular that should start to dissipate. So we believe that the current level that we see even if we were to include the one-off right, I think that is sustainable, and we should be seeing some improvement going forward, because we do intend to be as disciplined in terms of our underwriting as we have been in the past.

The second thing which I think is important is, the composition change which has happened on the liability side is something which will give us a sustained benefit going forward. So when we entered COVID right, two years back, our CASA ratio was 37%. Today it is 44%. So that means that even when deposit rate start getting re-priced and they will at some point in time, there is a larger proportion of our deposit base which is largely protected against that rise because that is going to impact the term deposits a little more; that is number one.

Number two, I think there is still, I think there are significant banks where the credit deposit ratios are relatively low. Therefore, again I think the pricing pressure on deposits should not manifest immediately. I think there will be some time before that is likely to happen and therefore there should be a broad coordination between the liquidity overhang dissipating, credit growth picking up and possibly then deposit re-pricing happening. So I think that to our mind again, we should be able to sustain margins. So that is number one.

In terms of personal loans, you are absolutely right. I think the fact is that we have started from a very low base, but what is happening is as an answer to another part of your question that this personal loan is now being delivered largely through BOB World in increasing proportion, and that is something which means that it is being almost entirely given to our existing bank customers. So these are again seasoned customers where you have a track record and based upon that track record, you decide how much loan to give to which person. Therefore in terms of quality, the quality is very good. I think not only for us, you would have seen in some other banks also that almost counterintuitively the unsecured personal loans, the default rates are lower as compared to some of the secured loans, right? That is again because of the kind of clientele you targeted again. So I remain fairly positive, in terms of the credit quality as we go forward. Of course with the added advantage that these are short-term loans and you can recalibrate your stance if you believe that needs to be recalibrated. So, in terms of the composition of our clientele, that is almost exactly in line with the composition of our existing customer base.

In terms of urban versus rural semi-urban, I think this is anecdotal. I believe it would be since again in terms of the off-take of BOB World in particular, it has been more first of course in the urban areas. To my mind, it would be more in urban areas, but I think we can come back with those set of figures for you going forward.

Was there another question?

Mr. Nilanjan Karfa: Average ticket size.

Mr. Sanjiv Chadha: Yeah. So, average ticket size we started off with very small loans, right, which were only up to Rs. 50 thousand. So, as of now most of our book is up to that. But now we actually have transited to a larger ticket size up to Rs. 5 lakh. But I will just request Khuranaji again, who is heading our digital and technologies piece to possibly confirm that.

Mr. Ajay K Khurana: Yes, you are right sir. Actually initially we started with microloan and it was Rs. 50 thousand and then we started extending to Rs. 5 lakh. So, the average ticket size is now increasing and it will be somewhere around 2.5 to 3 lakhs. But exact number, of course we can provide you separately. Since, 96% of our PL is coming from our digital channel that is BOB World, so they are normally pre-approved to existing customers. So we have taken their track record as well as their CIBIL in consideration, everything we have verified and then only we have given them in this category. So our personal loan portfolio is likely to be very good as compared to other products.

Mr. Sanjiv Chadha: Yeah. So I think we also have Mr. Khichi our Executive Director who is in-charge of retail, has joined us and his insight into the earlier part of your question in terms of what is the distribution between rural and urban, the demographic profile and also again, how do we in terms of the unit size, I think will be very-very instructive. So I will request Khichi sahab again to answer this question.

Mr. Vikramaditya Singh Khichi: Thank you sir. In fact, that average ticket size as Mr. Khurana have said, we have just started it off with those mini PLs that is above Rs. 50 thousand to 5 lakh. But still we got to cover a lot of ground there. But majority of the pre-approved loans are extended to the existing customer where we do know the entire profile, and that has been in the range of 50,000 microloans. So the average ticket size still would be in the range of Rs. 50 to 60 thousand. We are yet to build up on the mini PL side. As far as demographic is concerned, I think almost 90% of the loans comes from the urban areas at the moment. Since it is through BOB world, I think the adoption in the urban areas is almost 90%, I mean of the total composition, 90% would be coming from the urban areas. This is yet to pick up in the semi-urban and rural segment. The quality is very good in the sense the delinquencies in this personal loan has been lower than what is actually experienced in the auto loans.

Mr. Nilanjan Karfa: Right. Khichi sir, just wanted to reconfirm. You said 50 thousand number of loans, is it?

Mr. Vikramaditya Singh Khichi: No, no. 50 thousand amount. We started off with the micro personal loans with the limit of Rs.50 thousand and this was pre-approved. Now, after having consolidated on that position, we have now graduated and built up on the mini personal loans, started off with that.

Mr. Nilanjan Karfa: That is very helpful. And the final question that I asked sir, the kind of recoveries we might see from the pool of assets.

Mr. Sanjiv Chadha: Yeah. So, I think there is no doubt about it that the first, you might say phase of recoveries which was largely again, powered by the NCLT accounts that is largely behind us, right? So I think in terms of large chunky recoveries that we used to see in particular quarters, I think that is unlikely to happen going forward.

In terms of recoveries for this year, we had budgeted about Rs.14 thousand crore for the year. We have already crossed that in the first three quarters. So, I think recovery climate is good. But again, as you generally see, when the economic cycle improves businesses benefit, recoveries do pick up. So I think we should see an improvement, but I don't believe that we will see the big recoveries that we saw on a quarter-to-quarter basis. Having said that, I think it is important to juxtapose slippages against recoveries. So, as I mentioned in my opening remarks, this is the first time that we have seen net slippages as a negative figure, which means recoveries were more than the gross slippages. So I think both these trends should be happening in tandem. Recoveries will start levelling off, there will be smaller recoveries. Overall quantum maybe lower but that will be more than offset by the improvement in credit quality which is likely to be there, slippages are likely to be lower going ahead. But I would again request Mr. Khurana who looks after stressed assets portfolio also apart from digital and technology, to give his own understanding and his prognosis for the future.

Mr. Ajay K Khurana: As MD sir told, there are one offs of course, a few were there in our NCLT and big accounts which are unlikely to be there next year. But there are accounts which are likely to be upgraded from those accounts that were restructured. So, we are going to get some accounts there, as well as our recovery in smaller accounts in MSME and retail which slipped in Q4 of last year and Q1 of this year, we are getting very good recovery. So our recovery is likely to remain there and even in our written off accounts, almost same recovery we are expecting next year also.

Moderator: The next question is from Manish Aggarwal. Please share some update on the standard restructured loan, COVID and MSME put together. And the second question is, what is the outstanding standard asset provision including contingent provision, if any? Thank you.

Mr. Sanjiv Chadha: So pass it on again to Khuranaji.

Mr. Ajay K Khurana: All total put together, corporate, MSME restructured which were there even in the previous year as well as the last year due to COVID is Rs. 20, 648 crore which is 2.65%, and the majority of the accounts are standard. They are running well. Regarding this restructure provisioning, we have got around Rs. 3,000 crore restructure provisioning in our book as of now.

Moderator: The next question is from Mahrukh Adjania. Please unmute yourself and ask the questions.

Ms. Mahrukh Adjania: Yeah. Hello sir. Congratulations. Sir, my first question is how much of provisioning reversal on the government guaranteed account has happened, total?

Mr. Sanjiv Chadha: So, we reversed a total provision of about Rs. 1, 300 crore. I will again request Joydeep to confirm that figure. But as I mentioned, we took the opportunity to make some advanced provisions which was almost equal to the amount. So in terms of the net impact as far as this quarter's results are concerned, that would have been marginal.

Ms. Mahrukh Adjania: Sure sir. And would there be any pending provisions to be reversed in Q4 on the same account?

Mr. Sanjiv Chadha: Yes. There are likely to be some provisions which are likely to be reversed in the current quarter.

Ms. Mahrukh Adjania: Okay. But would that be of a similar quantum?

Mr. Sanjiv Chadha: Broadly, yes, and this is again what I would want to emphasize that, and this was to an earlier question in terms of some possible slippages of some large accounts. As I mentioned again, we believe that it has been providential that we have had almost a counterbalance as far as the two items of entry are concerned. We believe that it is quite possible that should there be any mishap in the next quarter, this should be adequate to take care of that.

Ms. Mahrukh Adjania: Sure sir. And just to clarify on restructuring, would this figure that you gave include restructuring in prior schemes? That is other than OTR1 and OTR2. So, what is OTR1 plus OTR2 plus any other restructuring standard?

Mr. Sanjiv Chadha: Yeah. So yeah, yes please. This is a bit complicated for me. So Khuranaji again.

Mr. Ajay K Khurana: Yes Mahrukh, this is all-inclusive. It includes everything.

Ms. Mahrukh Adjania: Got it sir. Thank you so much. And just one last question, what would be the yield on 10 year G-Sec up to which your AFS portfolio is safe and will not make any MTM loss?

Mr. Sanjiv Chadha: So tricky questions are for our CFO. I will hand it over to him.

Mr. Ian Desouza: I request Chand sahab who looks after treasury to just reply to that query.

Mr. Debadatta Chand: Yeah. Just to give you an answer to your query. As on December the 10 year G-Sec yield was at 6.47, right. So currently, whatever we have provided has already cushioned 6.47 and again a fairly large component of the provision in December is out of the international on the aging provision, not on the real depreciation in the investment side. So, the portfolio is fairly cushioned in terms of handling higher interest rate. But exactly I mean, that's there with bank that's the structural strength of the bank.

Ms. Mahrukh Adjania: Okay sir. Thank you and all the best.

Moderator: The next question is from Mona Khetan. Please unmute yourself.

Ms. Mona Khetan: Yeah. Hi sir, good morning. So my first question is on the EBLR linked loans. What share of your total advances would be EBLR linked and what would be the benchmark here?

Mr. Sanjiv Chadha: Okay. Khichi sahab, might you want to take that?

Mr. Vikramaditya Singh Khichi: All the retail loans are now BRLLR linked and MSME also. So as far as EBLR linked loans are concerned sir, Rs. 1, 30,000 crore and another Rs.80, 000 crore. So, it should be around 2, 00,000 crore should be in the EBLR linked.

Mr. Sanjiv Chadha: So that is about 30-35%. So nearly a third of our advances as a general proposition, right, that would be what we would look at. Perfect.

Ms. Mona Khetan: Okay. And the external benchmark here would be REPO?

Mr. Vikramaditya Singh Khichi: REPO.

Ms. Mona Khetan: Okay. And how much would be MCLR and fixed rate as well, if you could just share that?

Mr. Sanjiv Chadha: I think fixed rate would be a very small proportion. But I will request Ian to possibly again give you the figures offline.

Ms. Mona Khetan: Okay, sure. And just finally, if you could share the ECLGS outstanding and how much were the disbursements this quarter?

Mr. Sanjiv Chadha: Khichi sahab?

Mr. Vikramaditya Singh Khichi: Bank as a whole we had actually sanctioned around Rs. 12, 500 crore of ECLGS and Rs. 11, 500 crore approximately was disbursed. Out of which around Rs. 10, 000 crore would be actually outstanding at the moment, and out of which around Rs. 8, 000 crore would be coming from MSME and the remaining from the large companies.

Moderator: The next question is from Jay Mundra. Please unmute yourself and ask the question.

Mr. Jay Mundra: Yeah, hi sir. Thanks for the opportunity. Last quarter in our notes to account, we had said that there were two accounts which was stressed, but standard, and we had a reasonable large amount of provisions there. So that was like we had mentioned that Rs. 1,150 crore comprising two accounts, and which has now come down to very minuscule, like 50 odd crore only in this notes to account. But at the same time, the corporate slippages are only Rs. 600 crore. So I am just not able to reconcile this. So what actually happened with respect to these two accounts?

Mr. Sanjiv Chadha: Khurana sahab?

Mr. Ajay K Khurana: No, actually these two accounts are included in that, Rs. 648 crores only. There the provision was more because of their non-fund based that is not, presently showing as outstanding. Provision was higher in that. So that has been shifted now. These are, both the accounts have been shifted.

Mr. Jay Mundra: Okay, understood. And now sir, on this what is the provision that you are carrying against the retail, large retail stressed account which sir mentioned of course, there is a possibility that it might slip in fourth quarter.

Mr. Ajay K Khurana: We have already provided 20% percent in that.

Mr. Jay Mundra: And the exposure would be sir, roughly, I mean is the same account which is mentioned in the notes to account which is still standard and we have decent provisions also.

Mr. Ajay K Khurana: It is around Rs. 1, 600 crore.

Mr. Jay Mundra: Understood, okay. Great, sir. The second question set is on capital. So if I see your CET1 in absolute amount, YTD it has gone up by around Rs. 100 or Rs. 110 crore and we of course have a much higher PAT than that. So, what is the movement there? Are we netting off the outstanding family pension there or how does it work? I mean, the CET number calculations.

Mr. Sanjiv Chadha: Yeah, Ian please.

Mr. Ian Desouza: So, basically the CET number has had a reversal and regulatory deduction and we are netting off the unamortized balance of family pension. So, you would see these two impacts there.

Mr. Jay Mundra: Sure. And the CET number that is there, does this include 9 months PAT or…?

Mr. Ian Desouza: No, it doesn't. We said in our opening remarks. It doesn't include the Rs. 5,494 crore of PAT. If we had to include it, overall capital adequacy would be around 16.4%. It will be included with the full year profit at the end of the year in March.

Mr. Jay Mundra: Right, sure. Thank you, sir. Just a clarification sir on this government sovereign guaranteed exposure, how much of that has gone into NII and is there any other impact which is there in the NII or rest of the entire thing is mostly organic or sustainable?

Mr. Sanjiv Chadha: Yeah. So I think I mentioned in my opening remarks that this one-off has an impact about 10 basis points on NIM for the quarter. So, the impact on NII is about Rs. 300 crore. The rest is pretty much organic as you said.

Mr. Jay Mundra: Sure. Thank you sir and all the best.

Mr. Sanjiv Chadha: Thank you.

Moderator: Ladies and gentlemen, that was the last question. I request Ian Desouza sir to give the vote of thanks.

Mr. Ian Desouza: Thank you. Thank you Sneha for that. Thank you everyone for attending this call. It was an early morning call and we are very heartened to have reported such good performance this quarter. If there are any questions that remain unanswered due to paucity of time, please feel free to reach out to me and my team, and we will take them offline or do a separate one-on-one if merited. So thank you very much, and look forward to seeing you again next quarter.

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