



# “Central Bank of India Q2 FY2024 Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to Central Bank of India Q2 FY2024 Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "\*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Raju Barnawal from Antique Stock Broking Limited. Thank you and over to you, Sir!

**Raju Barnawal:** Good morning everyone. On behalf of Antique Stock Broking, I welcome you all to the Central Bank of India Q2 FY2024 earnings conference call. From the management side, we have with us today Mr. M. V. Rao, MD and CEO, Mr. Vivek Wahi, Executive Director, Mr. M. V. Murali Krishna, Executive Director, Mr. Mahendra Dohare, Executive Director, and Mr. Mukul N. Dandige, Chief Financial Officer. Now I will hand over the call to the MD Sir for his opening remarks post which we will have question and answer session. Thank you and over to you Sir.

**M. V. Rao:** Thank you. A very good morning to all of you. First of all let me thank for sparing your time during this festive days. Coming to the Central Bank's performance, let me highlight the two milestones which are very important for us. One is bank has crossed the total business of Rs.6 lakh Crores during this September quarter and then we have recorded highest ever net profit in a quarter that is Rs.605 Crores that is the two milestones what we have achieved and coming to the overall results, I will give you a brief highlights about the results and nitty gritty will be shared by our CFO, Mr. Mukul Dandige. Coming to the highlights, bank's business has grown by 11.51% that is we have reached a level of Rs.6.02 lakh Crores and total deposits grew by 8.21% now stands at Rs.3.71 Lakh Crores and gross advances has increased by 17.26%. It stands at Rs.2.31 Lakh Crores. Cost deposit ratio now it has inched up to 62.43% of Y-o-Y if you see that was 57.64% in September 2022. Gross NPA there is a noticeable decrease from 9.67% to 4.62% and then net NPA has come down from 2.95% to 1.64%. Provision coverage ratio also improved, now it stands at 92.54% and as I told you the important milestone, the net profit has recorded Rs.605 Crores if you compare with the earliest Q2 of FY2023 that is Rs.318 Crores and then net interest income has increased by 10.23% that is Rs.3028 Crores. Net interest margin it is 3.43% as against 3.41% of Q2 of FY2023 and return on assets has increased to 0.62% and then return on equity is 2.31% and our CRAR has improved to 14.82% when you compared with the previous of 12.14% and net profit that is Rs.605 Crores. That has increased by 90%. Operating profit is reduced by 12.47% on Y-o-Y basis. Net interest income grew by 10.23%. Total income has improved by 19.07%. Return on assets improved by 0.62%. These are all the broad highlights which I have shared with you and now for the details our CFO will make a presentation.

**Mukul N. Dandige:** Thank you sir and good morning everyone. MD Sir has given you a brief overview of the major financials. I will give you the other details of the financials. The total interest income of the bank has improved by 19.43% on a Y-o-Y basis and 1.74% on Q-o-Q basis. The net interest income has also grown by 10.23% on Y-o-Y basis and it stands at Rs.3028 Crores as on September 23 quarter. The total income has grown by 19.07% and stands at Rs.8,412 Crores. On a Q-o-Q basis also there is an increase of 2.79%. The total expenses have increased by 29.43% on Y-o-Y basis

and 8.45% on Q-o-Q basis and stand at Rs.6882 Crores. The operating profit was at Rs.1530 Crores for September 2023 and the provisions and contingencies were at Rs.925 Crores. They were lesser by 35.31% on Y-o-Y basis and around 34.86% on Q-o-Q basis and that is why the net profit has improved by 90.25% on Y-o-Y basis and 44.74% on a Q-o-Q basis. The fee based income has shown an improvement on Y-o-Y and Q-o-Q basis at 11.45% and 26.8% in all and the total non-interest income also has shown an increase of 16.59% on a Y-o-Y basis and 10.64% on a Q-o-Q basis and it stood at Rs.1,061 Crores for September 2023. The interest expenses as I told have grown by 26.85% on Y-o-Y basis and 6.77% on Q-o-Q basis. The staff cost has increased by 30.05% on a Y-o-Y basis and it has come down by slightly by 3.56% on a Q-o-Q basis. The other operating expenses have increased by 39.55% on a Y-o-Y basis and 39.03% on Q-o-Q basis and stand at Rs.1122 Crores as on September 2023. The provisions for NPA were at Rs.1929 Crores in September 2023 an increase of 80.28% on Y-o-Y basis and substantial increase from Rs.244 Crores in June 2023. However, with the write back of provision from standard assets and the depreciation on investments also a slight write back of Rs.42 Crores on income tax, we could manage the overall provisions at Rs.925 Crores and the net profit was at Rs.605 Crores. The asset quality trend already MD Sir has touched upon. It has come down. The gross NPA has come down from 9.67% in September 2022 to 4.62% and the net NPA has come down from 2.95% to 1.64%. Noticeably, the net NPA in absolute numbers has also come down from Rs.5407 Crores in September 2022 to Rs.3664 Crores in September 2023. The other important thing is the major ratios, provision coverage ratio has improved to 92.54%. The slippage ratio was at 1.22%. However if we discount the one large corporate account then the slippage ratio was only at 0.30%. The sector wise NPA classification if we go through, the retail net NPA was only at 0.73%. Agriculture also there was a substantial improvement and the ratio was at 4.35%, MSME at 2.76% and the corporate and others were at only 0.31%. Within retail also the net NPA of housing loan was at 0.72%, vehicle loan was at 0.33%, education loan was at 0.76% and the personal loans was at 0.82%. The business performance already MD Sir has touched upon. However I will give you a breakup. Total business improved by 11.51% on Y-o-Y basis and the deposits improved at 8.21%, CASA at 4.90% and the advances grew at a very robust rate of 17.26% out of which the RAM was at 14.24%. Noticeably, the CASA percentage still remains one of the best in the industry at 49.40% and remains our core strength through which we can choose the good rated corporate accounts and maintain our NIM also. The corporate advances grew at 23.54% and CD ratio improved to 62.43% which is an improvement of 479 bps. Within deposits our savings grew at 5.53% and time deposits grew at 11.77%. If we see the credit performance, the retail grew at 15.19%, the agriculture at 7.47%, MSME at 20.25% and total RAM grew at 14.24% crossing the milestone of Rs.150000 Crores. The total credit risk weighted assets were at 61.8% and there was a substantial reduction of 324 bps on a Y-o-Y basis that was all about the overall business parameters that I had to share with you. Now we are open for any question and answers.

**Moderator:**

Thank you very much Sir. We will now begin the question and answer session. The first question is from the line of Mahrukh Adajania from Nuvama Wealth. Please go ahead.

**Mahrukh Adajania:** Sir Congratulations. Sir my first question is on deposit mobilization? Obviously you have a very high CASA so it may affect you less, but for everyone cost of deposits is rising for known reasons and given that the incremental deposit mix is deteriorating as in less of CASA the cost of funds continues to rise so when do you think cost of deposits peak because everyone is giving festive offers that will continue? The festive offers are for 300 to 400 day deposit so they will continue for one year so how does it all pan out?

**M. V. Rao:** Good morning and thank you. As far as this deposit front is concerned, as far as our bank is concerned, we have enough liquidity because of the CD ratio what we have at 62% and we continue to maintain our CASA ratio also whatever the increase that is happening on the deposit front. Yes whatever the observations that are there and what the market condition right now where deposit rates are growing and then many of the market participants are also bringing lot of variants but all are in the short term. Now given the RBI Governor's address recently, what we feel that this peaking of deposit rates may get stabilized in the December quarter. I do not say it will get reduced, but the peak may get stabilized in December quarter and accordingly our ALCO also estimates what is the run off what we have in the CASA deposits, term deposits and then vis-à-vis what is the rate we have to maintain so that our deposit should not flow to other competitors that is how we are maintaining our game here.

**Mahrukh Adajania:** Sir what is your benchmark deposit bucket because for most banks it is anywhere between 400 to 499 days so what is your benchmark bucket and what is your festive rate offer there?

**M. V. Rao:** Maximum for me is 444.

**Mahrukh Adajania:** Okay and what is the rate there?

**M. V. Rao:** 7.10% and one more thing madam wherever my presence is there 69% of my branches are rural and semi urban and typically it is in the interior of Maharashtra, interior of Bihar especially in Eastern Bihar and also Eastern Bengal and Madhya Pradesh since we hold the leadership position there so this rate of interest little bit agnostic to the customers there because of the presence of single branch and then these types of things are there. That is why we always incentivize our saving bank customers. If you see the PSB scenario it is a 2.90% we offer saving bank. Consciously we know that our customer segment who are in the rural should not suffer because of this. We are not maintaining the lowest SB rate also so we are maintaining that equilibrium there.

**Mahrukh Adajania:** Got it. It makes sense. Sir just one last question from my side? Basically you said that there was one corporate slippage, which sector was that?

**M. V. Rao:** That is aviation madam. I do not want to put a name, but everyone knows that is the airlines.

**Mahrukh Adajania:** Okay Sir that was very helpful. Thank you so much.

**Moderator:** Thank you. We will take the next question from the line of Prabal from Ambit Capital. Please go ahead.

**Prabal:** Thank you for the opportunity sir and congratulations on achieving 17% loan growth. Sir my first question is corporate credit is growing by 24% for us so what is driving this and I see in the presentation that the share of AA and AAA rated customers have gone up at a faster pace so how is pricing in the market with respect to corporate accounts?

**M. V. Rao:** In corporate accounts that is what we are saying earlier our philosophy of maintaining the credit book balance of 65:35 will continue to be there. That is 65% RAM and 35% corporate and coming to the corporate also, we are very much conscious of the risk weight what we will be acquiring. That is why our overall trade risk weight of our gross advances which was there at 65.04% in September 2022 have come down to 61.80% in September 2023 so mainly whatever the assets we are acquiring from the corporate book almost they are AAA or max AA rated. We are conscious of the risk weight and as far as the pricing is concerned that is what we told you earlier because of our strong CASA position, we have that pricing power and we are leveraging all that.

**Prabal:** Okay and the growth is driven in any particular segment? Is it term loan and working capital how is that?

**M. V. Rao:** It is all evenly distributed. It is not that only maximum is only one year term we are extending and in some of the things where we have some term loan. It may be from five to seven years.

**Prabal:** Okay and Sir these corporate loans these are mostly on MCLR pricing?

**M. V. Rao:** Maximum is MCLR pricing. I think in four or five accounts it is only external benchmarking we have done keeping in view of the market condition.

**Prabal:** Sir just curious to know that our cost of funds from March to September has risen by 65 basis points but then MCLR one year benchmark has just risen by 15 basis points so why is that the case?

**M. V. Rao:** See that is what I was saying though we have ample liquidity my CD ratio is only 62.50%. I have to increase my rate of interest on term deposits to protect my own deposit base and also to provide something to my own customers that is number one. Number two having said this we are conscious that cost of deposits have gone up by 71 basis points. If you see the yield on advances which has gone up by 125 basis points so there is a tradeoff here. What is that we are increasing and what is the increase you are making in your incremental advances so every transaction if it proves to be profitable, that we are entering into.

**Prabal:** No actually my question was my understanding was that if cost of funds go up then MCLR benchmarking will also go up but cost of funds has gone up but a proportionate MCLR hike has not been taken care of so will that come in future or why is that the case?

**M. V. Rao:** MCLR increase is totally a factor of our pricing which is happening in different buckets of my liabilities portfolio. If my liabilities portfolio increases any much on triple four bucket then I will also be increasing certain amount comparing with the market and where strategic premium or business risk premium that is credit risk premium we are factoring depending upon the rating of the account so in the MCLR though it appears to be lowest in the market if you compare with all the banks but at the end of the day final pricing is happening with the mark up.

**Prabal:** Okay understood and Sir what will be your growth guidance for this year and next year maybe?

**M. V. Rao:** This year we have given total business growth our achievement that we will continue to hold that 10% to 12% and deposit growth will be 8% to 10%, advances growth this we have given 15%. This this time we have touched 17%. Probably it will get moderated the way we are balancing our credit book. This is how the main topline numbers guidance is concerned and NIM we continue to hold above three and we are maintaining that and gross NPA we have given for this year below 4.5% and net NPA below 1.5%. Definitely we will be touching that figure what we have given and PCR also we have given 93% to 95% that we are going to achieve. This is overall and returns on assets guidance we have given 0.70% that we will be easily achieving that part. That may be taken as a floor.

**Prabal:** Okay got it. Thank you. All the best.

**Moderator:** Thank you. We will take the next question from the line of Ashok Ajmera from Ajcon Global Services Limited. Please go ahead.

**Ashok Ajmera:** Thank you for giving this opportunity and congratulations Rao sir and team for the quarterly profit of Rs.605 Crores. With this profit there are some couple of questions and some clarifications. This profit has come on the back of reversal of the provision like the provision is only Rs.967 Crores whereas NPA provision has gone up to Rs.1928 Crores and the tax is also I think as compared to Rs.606 Crores of last quarter. It is only Rs.42 Crores write back so because of this the profit is Rs.605 Crores if I am right, so some clarification on this that how did we number one arrive at this provision reversal, which are the components of it and tax credit in this quarter, the half year net to net is only about Rs.560 Crores so for the going forward for the whole year whether the scenario is going to be the same in the light of deferred tax assets of Rs.5235 Crores this is my first question?

**Vivek Wahi:** Yes one is see we had done a provision in standard asset on one big corporate account which we were expecting that it may have some issues going forward so now that corporate account has slipped to NPA.

**Ashok Ajmera:** What is the aggregate amount there Rs.2000 Crores?

**Vivek Wahi:** Roughly yes so what we have done sir that because it has gone into NPA so provision made for standard has had a write back and we have made 100% provision on that account so that is why

because the NPA provision I get a tax write back so last quarter are breaking here so because we had made provision on standard so we have had to pay tax at Rs.609 Crores. Now that the NPA provision has gone up to Rs.1929 Crores we have got a write back of Rs.43 Crores however next quarters onwards the standard provision may not be that high. The normal NPA provisions would be there and based on that whatever the tax outgo will be there, we will have to make the provision.

**Ashok Ajmera:** Nice clarification sir so on that another question arises Sir that when we were discussing about this airline account we were saying that we are secured by separate secured assets of about 60% to 65% of the total outstanding loan so is that stands now also I mean our recovery prospects are 65% to 70% on this account going forward?

**M. V. Rao:** See I do not want to put any percentage of recovery but yes it is sufficiently collateralized account and we have very bright chances if we proceed to recover from that asset.

**Ashok Ajmera:** Okay I mean it is a long drawn process or we can look at in this current financial year only?

**M. V. Rao:** Let us see because we have provided 100% in this account though it is substandard as for the books we have provided full so whatever it comes it will be added to my bottom line.

**Ashok Ajmera:** Okay Sir. Sir coming to the second one is that fresh slippages are Rs.2544 Crores versus in the last quarter of Rs.1062 Crores is it our total slippage target which has been given under that or it is because of that account it has gone up?

**M. V. Rao:** Yes because of single account it has gone up otherwise my slippage ratio is only 0.30%.

**Ashok Ajmera:** Okay Sir point well taken on this? Sir some color on our digital journey? We have been talking in last two quarters very highly on bank within bank and where have we reached because in the note to the accounts we said that our digital banking units DBU have also not started commencing business but of course this is different but what is the status today? I mean how much spend already done on this? What is our budget for the total overall digital journey and when will it start generating fruits in the form of business?

**M. V. Rao:** You understand that in technology implementation first is your procurement and technology starting you have your own processes to be completed. All these things are completed. Now separate workforce is assigned to that particular project. Probably from December onwards low hanging fruits we will be reaping. That is the first benefit we will be getting in terms of end to end digital lending platform is concerned and connected with that in December itself our collection management system which is totally on the technology platform with outsourcing activities of feet on street people for monitoring and also for recovery purposes that will also be placed in December. This is the first two things and it is 18 months. Now it is 24 months. I think we have completed 13 months in that journey and another 11 months are there. A lot of things now lined up which will be coming for the implementation part where we can reap the benefits.



Number two is regarding the budget we have a IT budget of Rs.1400 Crores for the entire activities what we are taking up in the technology front so sufficiently provided resources are not the scarcity or resources are not at all limiting factor and it is only the process which is going on and we will be reaping the benefits now.

**Ashok Ajmera:** Sir at this stage we welcome Mahindra Dohare, Executive Director of the Bank and we congratulate you for having achieved this post and position. Sir some color on the recovery going forward Sir? I believe you will be handling the recovery portfolio.

**M. V. Rao:** Mahindra Dohare Ji has just joined seven to eight days back and after settling down just two days back he is back in the office and already he has gone through this NCLT cases and DRT cases and then how best we can use the collection management system that will be placed in one to one and a half months period so these are all road map he has already prepared and that we will be sharing, I think in the next interaction we will be having some more positive news on that front.

**Ashok Ajmera:** Sir you can give some color on that recovery? This quarter was Rs.513 Crores including ARC and some color on the NARCL and going forward how aggressive we are on the ARC sale and recovery through other mechanism Sir?

**M. V. Rao:** As far as NARCL is concerned whatever the assets we are taking we have only less than Rs.100 Crores and then we will be accelerating more on the ARC sale now. Whatever the assets that are suitable to the ARC to pick up that we will be showcasing them and then we will be aggressively going for recovery in the next five months.

**Ashok Ajmera:** So means NARCL the way we had originally thought has not become so effective in getting our books cleared is it Sir?

**M. V. Rao:** No originally thought it will be effective. I do not say in that way. We know that any organization which comes new in the market will have its own hiccups and I think our wish is there now it will get stabilized and then they will ramp up their operations.

**Ashok Ajmera:** So my last question is on note number 14? I mean fund based and non-fund outstanding secured by book debt Rs.25,735 Crores versus Rs.17,229 Crores last year? What is the significance of this note Sir? I believe that I have not seen it earlier? Maybe I might have missed but why auditor has to give the advances secured by book debt?

**M. V. Rao:** It is required whereas last time also I think we have given this since last one year.

**Ashok Ajmera:** Okay I might have missed it so wherever it a combined limit of book debt and the stocks?

**M. V. Rao:** There also how much is the book debt portion.

**Ashok Ajmera:** Okay in fact I have missed this very important point in maybe in other banks also so our advances against book debt outstanding is Rs.25735 Crores?



- M. V. Rao:** It is right.
- Ashok Ajmera:** Okay Sir if time permits I will come back again on some questions on treasury.
- Moderator:** Thank you. We will take the next question from the line of Sushil Choksey from Indus Equity Advisors. Please go ahead.
- Sushil Choksey:** So congratulation to team Central Bank for an excellent performance and stable numbers? Sir it is very clearly it is not that our consolidation and corrective phase is over and now we looking for credit growth which you have already done well on the corporate side. Sir any emerging picture on the retail segment?
- M. V. Rao:** Retail segment we continue to hold our baseline approach of 65:35 with plus or minus 5%. That will be our total credit book balance will be there so whatever the growth that is required accordingly that will be present for the retail side, agriculture side and MSME side.
- Sushil Choksey:** Sir I understand that proportion of 65:35 or 60:40 you have stated in previous calls also what I meant is what kind of new initiative strategy we are doing because we have such a brilliant CASA number of 49.50% on a constant basis if I look at last five to seven years numbers so we have a ability to muster much better numbers than where we stand because of the strength Central Bank and the loyalty which the customers have on the deposit franchise? The same needs to be capitalized so I am asking what kind of strategies have we drawn because of the technology initiatives we have taken?
- M. V. Rao:** See one thing as far as the retail part is concerned on the technology front what I was explaining earlier that digital lending platform through that this lending through digital means end to end that will get operationalized once this platform is in place and already maximum work is done and some of the products will be rolled out in the month of December. That is for the digital natives and also people who adapt on the technology front. Coming to my core which is catering to the segments of my rural, semiurban and urban there we will continue to focus on our traditional modes of marketing and also tapping the loyal customer base. The way we are increasing our portfolios in the retail that will continue to be there and aggressively we will be eyeing between 20% to 22% growth on the retail front. That is number one. Number two is on the co-lending portfolio where again maximum chunk is on the retail side only whether it is the housing or with the MSME backed by the LAP so in these two segments also we will continue to maintain our leadership position as far as the PSV environment is concerned and there also now we have touched almost Rs.8600 Crores for the portfolio. By March we are eyeing to touch minimum of Rs.15000 Crores so this is broadly I am giving you the retail growth strategy.
- Sushil Choksey:** Sir our CASA and our MCLR and the current offer on housing should be attracting a much faster number because we are almost the best in the market where our housing loan product is concerned? How are you seeing response specifically in the festive season and the scheme which we have offered?

**M. V. Rao:** Yes that is a very good traction we are having and it is only now what is the bandwidth we have to make it fast that is the question. It is not that availability in the market and people approaching us. That basket is too huge for me. Only managing at my end that is the limiting factor and we have put enough resources now and the way we are envisaging 20% to 22% growth that easily we will be achieving.

**Sushil Choksey:** Are you factoring bigger picture from the housing loan market?

**M. V. Rao:** Yes that is also there this. I think for the past one year if you see the housing loan portfolio of above Rs.1 Crores I think we will give you the details separately because right now I do not have. There is a larger increase above Rs.1 Crore of housing loans.

**Sushil Choksey:** Sir one of yours concerns you flagged that the resources? I see that Central Bank is making lot of initiative or lot of institutes in hiring new talent to map our digital journey? Can you update something fresh about it Sir?

**M. V. Rao:** Yes on the technology front that is what I told you almost 65 people already joined in that separate unit which is totally dedicated to the digital channels and with that only I am saying with confidence by December we will be rolling out certain products. It is going fine, yes.

**Sushil Choksey:** My last question is one is to Mr. Wahi on the treasury outlook because we have defended ourselves well and second thing how do you see our position on the marketplace where treasury is concerned by March 2024?

**Vivek Wahi:** Sushil you are aware that as far as US is concerned there are still the chances of increasing FED rate is still increasing day by day so maybe if not in December we are hoping that there will be a hike of around 15 basis point to 25 basis point, but all said and done that is more or less discounted and thereafter we are hoping that there will be a pause. In Indian context because of various political reasons also we do not foresee any further repo hike so maybe yields capping at around 750 level and there after reversal is bound to happen and maybe March we are hoping that it would be again in the range of 7 to 725. That is what our inner research says and it is time to build duration actually so we are also on the same path and little bit we are adding at our AFS as well as our other portfolio.

**M. V. Rao:** If I understand well we are well placed in the comfort with the volatility which is there?

**Vivek Wahi:** For modified duration our AFS portfolio our modified duration is still the same what it was in the month of June. March it was little bit less but that makes sense also. It is in the range of 1.60 so we do not foresee any major hit there even if the yields are moving down to 750 number. That is all.

**Sushil Choksey:** Thank you for answering all my questions and best wishes for the year to come.

- Moderator:** Thank you. The next question is from the line of Ashok Ajmera from Ajcon Global Services Limited. Please go ahead.
- Ashok Ajmera:** Thanks for giving the opportunity again. Anyway my question on the treasury has already been answered but I have just couple of questions and some explanation and clarification? Our operating income profit this time has gone down as compared to the last quarter about Rs.300 Crores and that is mainly because of the other operating expenses have gone up by Rs.315 Crores from Rs.807 Crores to Rs.1122 Crores so what is the reason I mean which are the components of the other operating expenses going up?
- Vivek Wahi:** The major is normal salary rise that is somewhere around Rs.46 Crores to Rs.50 Crores. Then some rentals and other things, the major in this is we have increased the rent free accommodation ceiling for the officers so that is major component of this Rs.46 Crores of rental increase. Then one is the depreciation with the various IT projects and other things going on. The depreciation increase is somewhere around Rs.75 Crores and the other professional fees and all other expenses paid is around Rs.47 Crores so these are the major components.
- Ashok Ajmera:** So why I am asking this that is it going to be a regular feature now I mean taking the other expenses more than Rs.1,100 Crores or Rs.1000 Crores every quarter hereafter?
- Vivek Wahi:** I think this Rs.2558 Crores of other operating expenses for this quarter may not happen. In the next quarters we may see somewhere figure somewhere around 2400 types.
- Ashok Ajmera:** No you mean that is including of the employee cost is it not?
- Vivek Wahi:** Yes including employee cost.
- Ashok Ajmera:** I am just asking only for other employee cost is under control 1490?
- Vivek Wahi:** Right.
- Ashok Ajmera:** So in other that increase of Rs.300 Crores you explained about Rs.150 Crores of regular which is going to be there now in future quarter but remaining Rs.150 Crores is also going to be I mean you feel that it is more than Rs.1000 Crores to Rs.1100 Crores every quarter going forward?
- M. V. Rao:** Yes roughly around Rs.1000 Crores get stabilized around.
- Vivek Wahi:** Because staff cost is around Rs.1450 Crores is the staff cost out of Rs.2558 Crores so roughly around Rs.1000 Crores to Rs.1050 Crores.
- Ashok Ajmera:** All right Sir? Sir just a point of information this note number 16 on the fraud accounting, we have said that we have amended the FRM policy to give the opportunity to borrower so is it because that RBI instruction that before declaring an account as a fraud account you must give the opportunity that is what has been amended in this FRM policy?

- M. V. Rao:** Yes as far as Supreme Court judgment that part is amended in the policy.
- Ashok Ajmera:** All right so sir if time permits now resolution plan the seven borrowers account Rs.3501 Crores is the exposure and outstanding is Rs.1,875 Crores can you give some color on that on the recovery schedule or is it a recent resolution or whether the resolution conditions have been abided by the borrower on these accounts?
- M. V. Rao:** Just a minute. Which account Sir? What is the note number?
- Ashok Ajmera:** It must be 16 or 17 something resolution plan where seven borrowers with a total sanction of Rs.3501 Crores and outstanding of Rs.1875 Crores? Note number 19 sir , I said? What is the, I mean present status on that and how do we see the conditions of the resolution being abided the borrowers?
- M. V. Rao:** Whatever the recovery plan we have for the December and March we have not taken anything from this resolution accounts for recovery except whatever the little that may come from the ILFS and then another stray account already which is there. They have distributed something in the previous month and we expect something other than that in the resolution plans for our recovery estimations we have not taken anything.
- Ashok Ajmera:** Okay Sir. Sir just one question to the CFO Sir for this segment wise result? There is a major variation in the segment wise, is there any change in the method of calculating like the retail treasury of course from Rs.1072 Crores to Rs.624 Crores in this quarter but in retail from Rs.56 Crores to Rs.1636 Crores and wholesale from the loss of Rs.96 Crores to loss of Rs.1533 Crores so why so much of variation in segment wise breakup Sir?
- Mukul N. Dandige:** Sir wholesale major is because of the provision that we have made for that one big account so that is the entire wholesale has gone into loss.
- Ashok Ajmera:** That is okay Sir. In retail from Rs.56 Crores to Rs.1636 Crores profit?
- Mukul N. Dandige:** One second that will have a contra for your expenses booked for the treasury.
- Ashok Ajmera:** So it is separate segment where the income has come down from Rs.1072 Crores to Rs.600 Crores? Anyway I think it is taking?
- Mukul N. Dandige:** I will get back to you. Wholesale it is because of that provision that we have made for the one account.
- Ashok Ajmera:** But how would it affect retail? Like retail profit?
- Mukul N. Dandige:** Yes we will go into that. I will give it to you Sir.

- Ashok Ajmera:** Okay thank you very much Sir and all the best. Now you have three executive directors Rao. It is on full throttle.
- Moderator:** Thank you. The next question is from the line of Sarvesh Mutha from Antique Stock Broking Limited. Please go ahead.
- Sarvesh Mutha:** Sir congratulations on a good set of numbers. Sir I just wanted to ask on the credit quality cycle going ahead for the next four to six months how do you see that panning out?
- M. V. Rao:** As far as the slippages are concerned it is almost what we have given the guidance it will be below 1 and this time because of the corporate that was spike is there and then if you remove that it is 0.30% so going forward our slippage ratio continue to be below 1 only most probably we will be averaging it out around 0.85% to 1% in between. That is that so having given this slippage figure see you can very well back calculate about the quality what we will be maintaining on the asset side.
- Sarvesh Mutha:** Okay and on the ROA front so 0.70% you are saying it to be the base right?
- M. V. Rao:** Yes.
- Sarvesh Mutha:** That should be the floor and going ahead the credit quality cycle should be a big lever for expansion in ROA right?
- M. V. Rao:** Yes exactly.
- Sarvesh Mutha:** Okay sir thank you.
- Moderator:** Thank you. The next question is from the line of Mohit from BOB Capital. Please go ahead.
- Mohit:** Thanks for the opportunity. Just one question on credit cards so many banks are focusing on credit cards and I feel I think Central Bank is also doing the same? I wanted to understand a little more on the strategies that the bank has adopted?
- M. V. Rao:** See as far as credit cards are concerned you may be aware that this is the first bank in the Indian industry itself which brought the credit card in the market, but ultimately because of certain issues the entire division was closed in 2017 and then now we are having the fresh thinking on this cards business and we have already zeroed in on two lines to proceed further and it will be I think fructifying by December.
- Mohit:** Okay so basically you are saying that two cards would be launched by December?
- M. V. Rao:** Yes we will be having the tie up. Definitely they are not the bank backed companies.
- Mohit:** All right. Thanks and wish you all the best.

- Moderator:** Thank you. We will take the next question from the line of Sushil Choksey from Indus Equity Advisors. Please go ahead.
- Sushil Choksey:** Sir if I recall correctly in one of the analyst meets which we had, we had indicated that we hold substantial higher provisions where pension is concern or any other future contingency concerns? Can you broadly speak about it Sir?
- M. V. Rao:** Sir as far as this pension funds are concerned we had a very detailed presentations from the two independent actuaries and both have given almost similar number with a plus or minus of Rs.100 Crores so what they have given is almost our fund is short of Rs.4,800 Crores in the kitty so what we did for the past seven to eight months on monthly basis we are providing Rs.100 Crores only to the terminal benefits so that is adding up to the corpus and the way we have planned out in the next two and a half to three years that shortfall will be met so that is how the road map is there to make that fund a self-sufficient and self-yielding.
- Sushil Choksey:** This basically you are saying by FY2026?
- M. V. Rao:** Yes 2025 to 2026 that will be totally self-servicing fund.
- Sushil Choksey:** Sir other than that we also have some buffer provisions our future outlook on credit cost is also concerned?
- M. V. Rao:** Yes that is separate. That is entirely separate. We would like to see that once we have moved out of the PCA at no point of time we are not interested to look back as far as the profitability part is concerned. For that we have our own buffer. Otherwise the Rs.2000 Crores corporate account moving into NPA in one quarter our all gross NPA, profitability should have affected adversely but if you see the figures it is well maintained so we are not having much worries on this front and we are maintaining the buffer.
- Sushil Choksey:** It looks like Central Bank is heading towards very positive outlook for years to come?
- M. V. Rao:** Yes definitely yes.
- Sushil Choksey:** Thank you Sir. Thank you for answering my question.
- Moderator:** Thank you. Ladies and gentlemen as that was the last question for today, I would now like to hand the conference over to Mr. Raju Barnawal from Antique Stock Broking Limited for closing comments. Over to you Sir.
- Raju Barnawal:** Thank you Sir for giving us opportunity to host this call. I will hand it over to you for your closing remarks. Thank you and over to you Sir.
- M. V. Rao:** Yes nothing much to say except thank you for all the participants for their time and then wish each one of you and your families a Happy Navratri. Thank you.



*Central Bank of India Limited*  
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**Moderator:** Thank you members of the management. Ladies and gentlemen on behalf of Antique Stock Broking Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.