"IDBI Bank Limited
Q3 FY2022 Earnings Conference Call"

January 21, 2022

ANALYST: **MR. RENISH – ICICI SECURITIES LIMITED**

MANAGEMENT: **MR. RAKESH SHARMA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – IDBI BANK LIMITED**
MR. SAMUEL JOSEPH – DEPUTY MANAGING DIRECTOR – IDBI BANK LIMITED
MR. SURESH KHATANHAR – DEPUTY MANAGING DIRECTOR – IDBI BANK LIMITED
MR. P. SITARAM – CHIEF FINANCIAL OFFICER – IDBI BANK LIMITED

Moderator: Ladies and gentlemen good day and welcome to the IDBI Bank Q3 FY2022 earnings conference call hosted by ICICI Securities Limited. 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. I now hand the conference over to Renish from ICICI Securities. Thank you and over to you Sir!

Renish: Thank you, Aman. Thank you. Hello and good evening everyone. Welcome to the IDBI Bank Q3 FY2022 earnings conference call. From the management team, we have with us today Mr. Rakesh Sharma, MD and CEO, Mr. Samuel Joseph, Deputy Managing Director, Mr. Suresh Khatanhar, Deputy Managing Director and Mr. P. Sitaram, ED and CFO. We will start with the opening remarks and then we will open the floor for Q&A. I would like to thank the management team for giving us the opportunity to host the Q3 FY2022 earnings call. I will now hand out the call to Mr. Rakesh Sharma for the opening remarks. Over to you Sir!

Rakesh Sharma: Thank you very much and good evening ladies and gentlemen and hearty welcome to this analyst Meet for the q3 results, yet one more quarter when we are having virtual meetings. It is my pleasure to present you the numbers for Q3.

The bank has shown consistency in growth and improvement in the financial despite challenging position created by COVID-19. The performance has been better than the guidance given at the beginning of the year and we are quite confident of improving the performance further. Just a few highlights I will mention to you and then after that I will hand it hand it over to Mr. Sitaram, our CFO for making the presentation.

The bank had earned a profit of 578 Crores which shows 53% increase YOY and there has been 31% increase in net interest income. Of course, there has been some extraordinary 353 Crores of income by way of income tax refund even if we exclude that there has been 11.6% YoY growth in income. The net interest margin also has increased to 3.88% and after excluding that income tax refund it will be 3.31%.

CASA is 54.71% and CASA growth has been 11%. The assets are quite stable. Net NPA was 1.70, marginally lower than the previous quarter, which was then when it was 1.71. The capital adequacy has been quite robust and the collection efficiency has been 96%. Despite this COVID situation we have been able to affect reasonably good recovery of 900 Crores and also we have been able to maintain our collection efficiency at 96% In fact, there is improvement and the SMA numbers have declined as compared to September quarter.

Now the area which little bit remains is the growth part. Of course, there has been growth in our structured retail asset by 4% YOY and retail portfolio when we include retail, agriculture and MSME there has been 5% growth and of course we are targeting 8% to 10% growth. Let us hope because this COVID has slightly affected the growth part and secondly whatever this some partly the growth has gone towards the NCD because some of our good clients they are availing the facilities of NCD which is parked in treasury and so that is why this growth appears to be muted here.

After four years of that PCA period and now after one year of that first time we have shown 12% growth in our mid corporate advances and the mid corporate advances was our focus area also. Now you know the way we have strengthened our this sanctioning teams we are quite confident that going forward we will be able to show reasonably good, very calibrated growth in advances which will ensure the good quality assets.

Just to mention two three things about the guidelines which we had given so I had indicated that our slippage ratio will be less than 3% I can mention that you know at the end of the nine months it is 2.80%. Similarly credit cost which we had promised up to 1.75% it is annualized basically it is 1.60% and cost to income ratio for the nine month period is 43.59%. So that way you know whatever we had promised at the beginning of year including ROE and ROA we have been able to surpass the numbers and show better improvement. So that is why going forward I am quite confident that next year also we will be able to show the better improvement. Of course the guidance for next year will be given to you at the presentation of Q4 results. Now with that I will request, Mr. Sitaram, CFO to make the presentation and after that we can take question and answers. Thank you very much. Thanks for being present here.

P. Sitaram: Good afternoon to all of you. Now that MD has covered most of the high spot, so I will not spend too much time on this. If we go to the presentation slide five, page five as out of the operating highlights most of it has already been covered by MD. We want to say to two more things that CASA ratio has maintained slightly improved to 54.69%, cost to income for the nine months is 43.59% and overall the retail corporate ratio is at 63:37 which is also almost the same as in the from September.

So we have been able to maintain all this and including a PCR of 97% including technical written off cases. If we go to the next slide just like briefly the PAT has grown 53% year-on-year and 2% quarter-on-quarter, overall operating profit has also gone up by 31% quarter-on-quarter and NII has grown by almost 30% quarter-on-quarter or year-on-year.

The overall the NIM therefore has improved. As MD mentioned even if we take out that interest on the refund of income tax still we are well above 3% as far as NIM is concerned. That cost to income ratio is below 43.59%. I will quickly go to the next slide here we are saying that the net NPA this quarter we had the slippages, one is from the divergence which we disclosed in the part of the stock exchange disclosure after receiving the report, plus we had one bigger corporate case and some retail cases. Despite these slippages we have maintained the net NPA at 1.7% as compared to the same ratio which was there in September.

GNPA has also slightly come down on the back of the technical write-off that we have done of about 1150. The capital is of course quite comfortable. I will now go to slide nine. This is the breakup of the P&L. As you can see the first feature is of course with the declining market rate both the interest income as well as the interest cost both has trended down but we have been able to maintain an improvement in the NII. In this improvement in NII again we repeat that though there is this 353 Crores of interest on refund of the income tax even we exclude that we are still at a good improvement over the corresponding period. I can give you the figures as we later go on.

Now the other income at the last quarter meeting I had said that the recovery from write off cases is now to be classified under provisions and contingencies and we have presented like that but after that RBI has again amended its circular. So now that line item has come back to other income. We have regrouped even the previous year figure also in that. So overall the other income has shown an improvement.

One feature was that in Q3 of last year we had a gain from sale of strategic investment that of course will not repeat here but we have certain amount of recovery from written off cases but if we exclude these one off also there is an improvement in the other income overall.

Then coming to the opex we have seen some amount of uptick in the opex. Broadly under the employee cost the increase is because we have enhanced the family pension rate in line with the industry what other banks have already done then also the subscription to NPS has been enhanced so we have taken not only the period cost also the from the effective date to now the accumulated cost also therefore there is an amount of one off there and in the employee cost the valuation of the retirement benefit some amount of provision has come for that plus in the other operating cost there is a small increase mainly because of the increasing level of operations as they come out of PCA and certain other marginal items. There is no major cause for this increase in other operating cost.

Then coming to the operating profit there is an increase of about 42% that is year-on-year and the operating profit if you remove that strategic gain side then we have shown an improvement of about 58%.

Provisions and contingencies I will come to it in a little more detail later. Overall the profit PBT as we already discussed that there is an improvement of 42% percent and PAT has improved by almost 100%. Interest income increases as I mentioned this is the breakup, advances income has gone up. We also have improvement in other interest income. That is where the interest on the fund of income tax is included and others all the income trends are in the same way that they have been trending in the previous part of the year and NIM has improved now to the 3.65%.

Of course this next slide page 11, it shows a build-up of how these percentage improvements have been contributed from various segments. It is quite self-evident here. So I will move on to the next slide. This is the provisions and contingencies. I will spend couple of minutes on this. First is on the depreciation of investment. Again, there is nothing unusual or big here. These are all normal movement in provisions. The provision for NPAs we have provided for the calendar provision and also we have provided for the divergence that has been identified in the report plus those slippages of course during the quarter. The provision for standard assets again there is a negative here the negative is because there is one case that we have provided earlier that has moved to NPA. Now that is part of divergence. Therefore if the provisions are restructured assets, we have made all the provisions as far as the COVID restructuring is combined and that is reflected in the quarter as well as the nine months.

Overall, therefore the income tax of course there is no current tax. It is all the deferred tax as we used to carry forward losses for setting of the current year profits. We have done a technical write-off about 1150 Crores. That is part of that bad debts written off besides the normal settlement and OTS that we do that is about 230 Crores, which is there. This is the breakup of the provisions for the year.

If you come to the next slide, these are the yield ratio. Overall, the yield on advances is in line with the market offers where the daily average but in line with the movement in interest rate overall the yield on advances has come down but we have been able to maintain the similar control on the cost of deposit so overall the NIM has improved to 3.65 and the costly income has been now remains steady at about 43%.

The next slide shows the cost of deposits, which I just now mentioned that along with the movement in the yield on advances, the cost of deposits and the cost of funds are also standard.

If we come to slide number 16, this is the balance sheet position, nothing special to mention here. So we will go on to the next slide. This is the slide 17. The overall deposit position has come down but this deposit has come down mainly because we have dropped the bulk deposit. We have increased the CASA both in numeric terms as well as in terms of percentage and within CASA also the share of savings has increased. So the deposit mix has moved to a more favorable composition over the quarter and as well as compared to the December of last year and this is also one of the factors why the NIM has improved and the cost of deposits and the cost of funds have come down.

The next slide it just shows the movement in the individual components of the deposit. I have already mentioned this in the highlight. I will not repeat that. Coming to the advances part on the composition of advances, there is a growth within the single digit both in the retail as well as with corporate. Overall, the composition of the advances and the structure of the advances book has more or less remain stable as compared to September.

Now coming to the next slide this is the PSL. PSL we are the comfortable. We are actually down. Moving on to the investment which is in slide 22, again there is nothing much to mention here. The movement in the SLR as compared to the December of last year as well as September is mainly because that in Q1 and Q2 we have divested some amount of the SLR. The non-SLR there is a slight increase because we have been lending to corporate now also through the NCD route and that corporate NCD book is reflecting in some increase in the non-SLR book.

Then we come to the slide on the COVID provisioning. This is the provisioning which we have been highlighting to you every time. So we have fully provided for all the restructuring terms up to December plus we also have those additional provisions made which we are not yet taken action, we will take a call at the end of the year.

On the next slide we are given the how the gross NPAs and the next NPAs stand. As we already mentioned and talked about the ratios just want to highlight that in tier one category, we are fully provided for more than 50% of the DA1 loans and as a DA2 is concerned we are more than 80% fully provided.

Next one is on the movement as I said the first time NPA for the quarter is the aggregate is about 1600 Crores out of which there is one corporate case and then the remaining are mostly retail. Now there are two corporate cases sorry. One it has been identified through the RBI divested report and another slipped in this quarter. Both of which we are fairly confident that we will be able to upgrade in the next couple of quarters.

Settlements and upgrades are about 520 Crores and that written off includes the technical write off which I mentioned of about 1150 Crores. Slippage ratio MD had already mentioned that it is below 3% and it will be even less than that but for that two cases which we are fairly confident that they are doing well now also but we have to make them NPAs and we are expecting them to upgrade in the near future.

The position of summary of NCLT has been given here. There is not much change in the position as compared to September sadly we are at the same position.

Coming to slide 28 the SMA position again this has been discussed by MD that is significant improvement in the SMA position both in the corporate as well as in retail as a combination of the measures taken under the government guidelines as well as RBI guidelines plus overall there is an improvement in the position of the borrowers so even though we have seen the second wave and the third but I think successfully with the experience gained and with the intensity of the COVID not being as much as it was in the first wave and the uncertainties having been handled quite well over a period of time, we are seeing the reduction in the stress and the improvement in the outlook.

Capital adequacy which we are given in the slide 30 we are comfortable. I already mentioned. This of course does not include the nine months profit.

In the next slide shareholding pattern there is not much change, it is the same. The book value is Rs.30 but if we deduct the revaluation results intangible under DTA the book value would be in the range of Rs.17.5.

Digital footprint, it is continuing to be quite healthy. As part of the customer induced transaction with almost 96% of the digital out of which the share of this UPI has gone up. This is also a trend that the small value operation, the usage of UPI has jumped. You can say one of the side effects of COVID over the past one to one and a half years.

I will not discuss too much about this financial inclusion part. This is more or less. These are what is status quo as of September. There are improvements in all this from September to December.

Now coming to subsidiaries again there is nothing much to tell. All are profit making. They have shown improvement, some little, some more but all have shown improvement in their performance this quarter.

On the guidance I think MD has already discussed. I will not repeat that guidance, which is given here. So I think without further ado, I leave the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Bunty Chawla from IDBI Capital. Please go ahead.

Bunty Chawla: Thank you for giving me the opportunity. A few questions from my side; firstly on the margin per se as you rightly said if we adjust with the one-off income tax refund the net interest margin comes to around 3.3% for the quarter, so if we try to compare with June against September there is a decline in the net interest margin on a sequential basis on a quarter-on-quarter basis also if we compare with the last year FY2021 which is 3.4% there is still a decline so what could be the margin expectation going forward as what we are seeing now cost of funds has completely declined and it is almost near to bottom out because the GSEC showing up move, few banks have shown increase in the deposit rates so it seems to be cost of funds are bottoming out. So how should we consider cost net interest margin falls during next quarter as well as FY2023?

Rakesh Sharma: If we compare with the previous quarter September 2021 without this interest on income tax, it was 3.02. So that has improved by about 29 basis points. In the third quarter of last year the comparable figure 2.88 so that improvement is about 53 basis points. So if you compare the nine months figure again without this interest on income tax, nine months ended December the figure was 2.8% and now it is 3.46% so the improvement is 66 basis points. So anyway you look at it, there has been an improvement in the NIM. Now coming to the second part of the question what will happen when the interest rates cycle starts reversing. So if we look at our uh right now as I mentioned the new advances that we are given some of them are through for the corporate through the NCD route, which is they are not long-term up it is more of a medium or a short term and on the retail side we are well placed to pass on this interest rates cycle if it reverses on to the advances side as and when because most of the advances are linked to our MLR or other floating rate. So we do not apprehend that the catch-up will be so delayed that it will impact the NIM. Yes but there will be a factor that as we grow the rate of growth is the question. We have been focusing on quality of growth rather than the volume of growth so therefore it will continue to be moderate so we should not be under a compulsion to these high cost deposits at a fast pace. So we will be able to keep a focus on the cost of funds as we have been doing now. Without doubt the composition will again change. We will take some resort to say bulk deposits or other as we need funds when we go forward but that is still quite some time away. Liquidity is very comfortable and it is sufficient to fund the growth story for at least the next few quarters. So we really do not envisage a situation where we will be facing an increasing trend in the cost of deposit but we are unable to pass it on to the loan side. What we are much, much more focused on is that we want growth which is a qualitative nature and that is where we will be focusing our energy now.

Bunty Chawla: So in that case what one should consider a net interest margin for next year as such?

Rakesh Sharma: In fact the net interest margin as last time at the beginning of the year, I had indicated that it will be more than 3% and consistently I think we have been able to maintain so next year keeping in view although there is like scenarios the rising interest rate scenario will be there but as Mr. Sitaram has explained we will be able to pass it on. So we are quite confident that we will be able to maintain NIM of 3.25% and more during the next year and accordingly next year at the time of declaration of our Q4 results we will indicate the exact number.

Bunty Chawla: Sir secondly that was very helpful. Thank you. Secondly on the asset quality front what we were observing as major impact of COVID 2.0 for the industry as such was visible in Q1 FY2022 so after that Q2 FY2022 there was a decline or improvement in the gross NPA or decline in the slippages, but in our case what we are observing first time NPA or fresh slippages are consistently Q1 to Q2, Q2 to Q3 there is an increase and in fact in Q3 if you observe the settled plus upgradation kind of a recovery part which we see is quite low as compared to first two quarters. So any specific reason if you can share? Also in this you have shared that two corporate accounts are there. So can you bifurcate the first time NPA what was the corporate amount, what was the retail and what was the other MSME or such like that?

Rakesh Sharma: Actually you are right this we had indicated that our slippage ratio will be less than 3% and we have been able to maintain it below 2.80%. Now coming to your question specifically now that 1639 the breakup is 1066 is corporate and 573 is retail. So retail is more or less in fact it is better than the estimates and we have been able to control them that you will see from the slides on SMAs that our SMAs have come down and the stress has come down, the collection efficiency as I have indicated earlier also it is 96%. Now total SMA when I am saying total SMA means including everything not only more than 5 Crores everything it was 3.86% as on September 30, which has come down to 3.53% as on December 31. Now this out of 1066 of corporate, 900 Crores is of two accounts which are one is of course as we had indicated one was because of divergence and the other one due to some commencement of commercial production. Both the accounts are that which are regular as far as repayment record is concerned, but on technical grounds we classified as NPA and we are quite hopeful that these two accounts will be upgraded either in this quarter or the next quarter so that for this I think our slippage ratio would have been less than 2% in fact it would have the 900 Crores if we exclude the corporate slippages are only 166 Crores. So it is one-off situation and we are not much strained about that because we know that these two accounts will be upgraded either during this quarter or next quarter and this is only due to technical reasons, but I can assure you the slippages are under control and our recovery position and the systems which we have established are quite robust now and we do not expect much slippages in near future.

Bunty Chawla: Thank you very much Sir for that. Sir lastly from my side, if you can share one single data point outstanding restructured standard advances as of December 31, 2021 be it one, two all-inclusive but as of December what will be that number and against that what will be the provisioning we have?

Rakesh Sharma: Actually I have this number immediately available Sitaram will find out in the meantime that this COVID which we have restructured, this other than COVID he will give you the number it during COVID season as per RBI instructions we had restructured the advances that amount is around 4436 Crores, which is 3.5% of our total standard advances. So it is like it is again as per which was our estimate that it will be in the range of 3% to 4% and these accounts are regular as such there is no problem other than this COVID Sitaram any other numbers are there with you.

P Sitaram: Yes in fact that S4A and Cyber25 aggregates to 3495 Cores.

Bunty Chawla: So 4436 plus 3495 can we say like that?

P. Sitaram: Yes.

Bunty Chawla: That was very helpful Sir. Lastly sir ECLGS scheme what is the outstanding amount the ECLGS disbursement what we have done the loan amount total towards ECLGS?

Rakesh Sharma: About 2000 Crores.

Bunty Chawla: How the collection efficiency in this is happening in ECLGS loan book if you can share?

Rakesh Sharma: That is at 96%.

Bunty Chawla: Okay similar on overall basis kind of thing that was very helpful, Sir. Thank you very much, Sir.

Moderator: Thank you. Next question is from the line of Pranav Tendulkar from Rare Enterprises. Please go ahead.

Pranav Tendulkar: Thanks a lot for the opportunity. Sir, the two corporate accounts that you mentioned they totally constitute for the total 1066 Crores of corporate security that you mentioned or is there anything else?

Rakesh Sharma: Out of the total corporate bit two accounts are about 970 Crores then there are another three accounts which are in aggregate less than about 100 Crores.

Pranav Tendulkar: So this 970 Crores will be you are saying that upgraded thing in the next quarter.

Rakesh Sharma: No the next quarter or the quarter thereafter. They are doing quite well and overall they are regular.

Pranav Tendulkar: Recovery and upgrades for the next quarter or for the year could be how much?

Rakesh Sharma: For the next quarter?

Pranav Tendulkar: Next quarter or next six months or anything that you can share?

Rakesh Sharma: Actually to be very frank this we have fixed up a target of 4000 Crores recovery for the full year as against that we have already achieved the target of the actual number is 4334 Crores. In fact the yearend target we have already achieved another around 700 Crores to 800 Crores I am expecting so we will be able to achieve total full 5000 Crores of recovery during the current financial year and apart from that there will be some upgradations also if these two big accounts are upgraded that will add by substantial amount but if not otherwise some 300, 400 Crores every quarter there are some upgradations up there.

Pranav Tendulkar: Sir, just a query so in your presentation where you present the business performance and advances so there are two values first is what the services business like loans to services sector is. So if you go to slide #19 on the bottom right hand chart there is a pie chart which shows the advances so 58574 is the industry advances then 24889 is service. So what are the services?

Rakesh Sharma: This is more of trading.

Pranav Tendulkar: It is still the SME, MSME traders?

Rakesh Sharma: Yes, we will get back to you. It will go up in the SME as well as also agriculture services units because services are rendered both in agriculture, MSME also and then there will be some amount of services in corporate side also so let me get back to you exact service because these are for that RBI definition.

Pranav Tendulkar: Right, Sir. Then there is one more doubt in the same slide in that pie chart you mentioned that personal loans is 52086 Crores but in the bar diagram above in structured detail assets you say that September 2021 total retail assets is 60093 so what is the difference?

Rakesh Sharma: Yes first of all our personal loan portfolio is not that definitely the portfolio is only 500 Crores is our personal loan portfolio. I think if you look at that the light blue color in the bar chart, the first top tier 540 is the personal loan compared to 514 Crores and 582 Crores in December 2020. That is the movement in the personal loan and aggregate is the grey figure is the right hand side 59 Crores gone to 60 Crores, 61 Crores then what is your question exactly in this?

Pranav Tendulkar: So even that 60093 does not match with the personal 52086 in the pie chart?

Rakesh Sharma: Yes, this personal loan is something else I think in the advances.

Pranav Tendulkar: So can you modify this slide because it confuses because the balance sheet advances are just I think 130000.

Rakesh Sharma: This is personal if you look at it that is 536.51 Crores so what has happened I think because of that decimal thing I think the pie chart has got distorted. Thanks for pointing it out we will correct that but the figure is right that 536.51 is the figure only that the graph is wrong because the decimal got missed out and therefore the overall sharing has got affected. It is definitely the share of the pie is not that, it is very small. Thanks for pointing it out.

Pranav Tendulkar: Sir also in the employee expenses of 859 Crores can you just explain what is the impact of that family pension adjustment that is one and what could be so this obviously this quarter contains the prior period adjustments and that is why what could be the normal quarter run rate going forward for employee expenses?

Rakesh Sharma: Employees we have provided for three quarters we have provided 50 Crores is what we have provided for three quarters so on an average per quarter you can take it at 17 Crores.

Pranav Tendulkar: In last quarter says 698 Crores plus 17 Crores could be the employee expense going forward is that right?

Rakesh Sharma: I mean 17 Crores is what would the total in the last quarter I mean that is per quarter. So we have provided for three quarters this time therefore two quarters will not be repeated.

Pranav Tendulkar: But even if we just exclude say 51 Crores from 859 still it is 808 Crores versus 698 Crores last quarter so is there anything else in this?

Rakesh Sharma: Yes, that there is the NPS the National Pension Scheme there also we have enhanced the contribution so that effect from the effective date to now has also been taken into account.

Pranav Tendulkar: What is that impact how much?

Rakesh Sharma: That is about 150 Crores and 4 Crores per month that is 4 Crores per month so this 1 year impact 50 Crores is what we have taken.

Pranav Tendulkar: Sir, so can you just tell what will be the quarterly expense going forward when these abnormal adjustments are not there, roughly.

P. Sitaram: So 4 Crores per NPS that is there plus upwards that we had 4 Crores is the enhancement then the normal run rate plus similarly for the family pension that together will be about 720 but this normal run rate would be about 720 overall and aggregate but you will have to keep in mind that the AS15 plays a role here. This time there has been a valuation rate of about 120 Crores, 67 Crores we are having.

Rakesh Sharma: Like as Sitaram Ji has clarified there this salary structure consists of two parts as you can see one is that salary and other benefits and second is that AS15 provision. Now this AS15 provision depends on that 30 year interest rate now that keeps on varying so if the rates are increasing then we may not be required to make any provision on that, if the rates are declining there will be provision. So that will keep on varying, but this salary part structure is that that because this time we have provided for one year I think more than one year for NPS arrears and then this three quarters family pension. So apart from that that normal expenditure will be there which will be in the range of around say same 720 or roughly 700, 725 like that so that AS15 provision we cannot predict at this juncture.

P. Sitaram: Only we cannot take that a provision so if there is a favorable movement there will be no provision there.

Pranav Tendulkar: Sir just last question from my side previous quarter you had provided details of 983 Crores of other income similarly can you provide this for this quarter December and last year same quarter December and if possible can you include this data from next time onwards in PPT itself so that we do not have to waste time?

Rakesh Sharma: Yes, I mean you want the breakup of the other income is it.

Pranav Tendulkar: Yes, so it will be core fee, treasury, revaluation, forex, recovery these were the items just last time?

Rakesh Sharma: I thought we had given that. As far as the commission part is concerned for the quarter it is 450 Crores and nine months it is 1290 Crores then on sale of investment it is 151 Crores and 1046 Crores and revaluation of investments is small that is 3 Crores and 63 Crores and on Forex it is 171 Crores and 505 Crores and other major recovery from write-off is 308 Crores and the 777 Crores and miscellaneous income is 65 Crores and 142 Crores.

Pranav Tendulkar: Perfect Sir, and same numbers for last year same quantum?

Rakesh Sharma: Yes, it will be same way. I will give the three months and nine months commission and brokerage 460 Crores and 1228 Crores and profit on sale of investment 641 Crores and 1631 Crores then the profit on revaluation of investment 72 Crores and 7 Crores and the forex is 84 Crores and 147 Crores recovery from written-off cases 105 Crores and 279 Crores, miscellaneous income 70 Crores and 145 Crores and we have taken the suggestion we will include this in the presentation.

P. Sitaram: Thanks a lot Sir. I will come back if I have further questions. Thank you.

Moderator: Thank you. The next question is from the line of Renish. Please go ahead.

Renish: Couple of clarifications on this profit accounts. Sir what would be the systemic exposure?

Rakesh Sharma: Sorry, can you repeat that?

Renish: Yes, Sir. So the corporate account which slipped in the Q3 what could be the systemic exposure of these two accounts?

P. Sitaram: See it is one issue that on the divergence part RBI does it selectively for each bank as part of that, there is a time gap between their reports. So what we have downgraded in Q3 because of a divergence and in terms of the consortium according to our knowledge nobody else has done so far.

Renish: Yes, so I am just trying to understand what could have triggered let us say a regulator asking us to downgrade while rest of the industry is still not downgrading I mean it is just a quarter away from where a system will also downgrade or it is a technical thing and hence you are saying the same account will upgrade in the next quarter?

Rakesh Sharma: We are not sure what will be the regulator stands, because everybody gives representations also including us we gave a representation and address also as part of their inspection and reports they will give a representation so RBI may have a ranging we do not know but as of now in Q3 I think we are the only banks who had downgraded that account based on RBI.

Renish: I mean it is fair to assume it is a 90 DPD plus account?

Rakesh Sharma: No. This was an old restructuring and according to the banks all the banks some nine or ten of them, all the conditions for restructuring they have met with and the account was upgraded by us in March so that RBI had a difference of opinion and they said you should not have upgraded and hence downgrade again but others are maintaining that upgraded status so otherwise there were no dues and they sell off.

P. Sitaram: Actually there are no overdues rather one year in advance they have paid so the DPD wise that why there is no problem no overdue that is why we are quite confident that it will be upgraded either of this quarter or next quarter.

Renish: Got it Sir, a pretty much clear. Yes, Sir, thanks a lot for the clarification just a last part on this new investment valuation paper which RBI has put out do you guys foresee any negative impact on P&L once it get implemented?

Rakesh Sharma: On the other hand I feel that there will be a positive effect but as of now the method is that you do not recognize any upside and for rest of all downside. This is moving more towards IFRS the Ind-AS version. So those were not completely in alignment within that but still it is moving towards that, which means that there could be a recognition of some of the upside which so far banks were not allowed to.

Renish: Got it yes Sir that is it from my side Sir. Thank you so much.

Moderator: Thank you. We have the follow-up question from the line of Pranav Tendulkar from Rare Enterprise. Please go ahead.

Pranav Tendulkar: Thanks a lot for the opportunity. Sir could you just give some detailed view on how loan growth is looking forward in both retail and corporate accounts? Thanks a lot.

Rakesh Sharma: Yes, Mr. Joseph can you take it for wholesale and retail I will request Mr. Suresh Khatanhar so kindly firstly you mentioned about that co-lending steps we have taken agriculture and all these things so kindly explain, Mr. Joseph.

Samuel Joseph: Overall as MD mentioned this time and also in the last time our target for this year asset growth target has been 8% to 10% and within that we are confident that by Q4 we will achieve though as of now Q3 it is at 5%. Now on the corporate side for Q3 year-on-year we have grown by about 12%, on the mid corporate side. On the large corporate there is a slight negative growth but if we were to take the NCDs because during the last two quarters there has been a heightened activity in the non-convertible debenture market and some of this as you are aware they are also eligible under the TLTRO scheme of RBI which ended on December 31 to be put under the HTM bracket also so we have also picked up some quality paper in the primary market for that that is of course showing in our investment book and not in the credit book. So overall NCD we have grown by about 12% the large corporate is stagnant but at the end of Q4 I think we will be able to grow the corporate book also by about 10%.

Suresh Khatanhar: As far as retail is concerned, see large portion of I mean when we say retail it is a RAM. So large portion consists of our home loan where the growth has been already 7% Y-on-Y basis and the disbursements over the last two months have started picked up I mean because of the activities also has picked up in these things so these are growing rapidly. On the SME front and the agriculture front also there is a pickup. On the SME front now we have entered with three partners in the co-lending so that push is additionally coming and a good quality of the microfinance lending is also happening on the agriculture front. There is a good momentum on the gold loan book also, so that is also a part of the agriculture loan so that is also growing. So I think we should be able to maintain the momentum there on the retail.

Pranav Tendulkar: Going forward how is it looking for say next 12 months?

Suresh Khatanhar: 12 months I think we will continue the strategy which we have adopted and our focus on granular business and the quality business will grow so we are looking at a minimum of 10% growth.

Pranav Tendulkar: Thank you.

Moderator: Thank you. The next question is from the line of Vishal Gupta from Bernetta International. Please go ahead.

Vishal Gupta: Sir good afternoon could you please elaborate on this co-lending arrangement that you have spoken about?

Rakesh Sharma: Co-lending arrangement we have entered with the three partners and one is already activated. What more details you would like to know Sir?

Vishal Gupta: What is the size of the lending that you have done so far through the co-lending partners and how do you expect it to track over the next year or so?

Rakesh Sharma: These are recent additions. We have already signed up for about 100 Crores to begin with, with the partners but this we will grow. There are some two, three other partners which we are talking too and we expect this book to be about 500 Crores in the next year.

Vishal Gupta: Thank you.

Moderator: Thank you. Ladies and gentlemen that would be our last question for today. I now hand the conference over to the management for their closing comments. Thank you and over to you!

Rakesh Sharma: Thank you very much. Ladies and gentlemen, thank all of you for the active participation. I hope we have been able to answer to your questions, but if you still have some questions, kindly feel free to send an email either to me or to Mr. Sitaram, CFO and we will be very happy to clarify on any issues. Thank you very much and happy weekend.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of ICICI Securities that concludes this conference. Thank you all for joining us. You may now disconnect your lines.