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National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. SCRIP CODE: SOUTHBANK	BSE Ltd. Department of Corporate Services (Listing), First Floor, New Trading Wing, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai – 400 001. SCRIP CODE: 532218

Dear Sirs,

Sub: Conference call for Investors/Analysts –Transcript of the Conference Call

Pursuant to Regulation 30,46 and all other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and in continuation of our letters numbered as **(1)** SEC/ST EX.STT/123/2021-22 dated January 15, 2022 and **(2)** SEC/ST EX.STT/124/2020-21 dated January 17, 2022 and **(3)** SEC/ST EX.STT/130/2021-22 dated January 21, 2022, we wish to inform you that, the transcript of the conference call for Investors and Analysts held on Friday, January 21, 2022 at 11:00 AM (IST) has been made available on the Bank's website at www.southindianbank.com under Investors Desk >Quarterly Earnings Call. The same is attached as annexure to this letter.

Kindly take the same in your records.

Yours faithfully,

(JIMMY MATHEW)
COMPANY SECRETARY
Encl: as above

"South Indian Bank Q3 FY2022 Earning Conference Call"

January 21, 2022

ANALYST: **MR. SOHAIL HALAI – ANTIQUE STOCK BROKING**

MANAGEMENT: **MR. MURALI RAMAKRISHNAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
MR. THOMAS JOSEPH - EXECUTIVE VICE PRESIDENT AND GROUP BUSINESS HEAD, SALES
MR. ANTO GEORGE T - HEAD, HR AND ADMIN
MR. SANCHAY SINHA – HEAD - RETAIL LIABILITIES
MR. LEELANAND KODAGANTI– HEAD (TREASURY)
MS. CHITHRA – CHIEF FINANCIAL OFFICER
MS. MINU MOONJELY – GENERAL MANAGER (CREDIT)

Moderator: Good morning ladies and gentlemen. Welcome to the South Indian Bank Limited Q3 FY2022 earnings conference call, hosted by Antique Stock Broking. 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. Sohail Halai from Antique Stock Broking. Thank you, and over to you, Sir!

Sohail Halai: Good morning everyone and thank you for joining the call. Today we have with us senior management from South Indian Bank represented by Mr. Murli Ramakrishnan, MD and CEO and other senior management members. The call is to discuss 3Q FY2022 earnings and also to look at the future outlook of the bank. I would request Mr. Ramakrishnan Sir to give his opening remarks post which we can open the floor for Q&A. Over to you Sir!

Murali Ramakrishnan: Thank you. Good morning to all of you and thank you for joining us for the South Indian Bank Q3 FY2022 earnings conference call. We are joined by my colleagues, Mr. Thomas Joseph, EVP and Group Business Head Sales, Mr. Anto George, Head HR and Admin, Mr. Sanchay Sinha, Head Retail Liability and Branch Banking, Mr. Leelanand Kodaganti, Head Treasury, Ms. Chitra H, CFO and Ms. Minu Moonjely, GM Credit.

We hope that you and your family are safe and healthy. We continue to appreciate the efforts of our employees who have shown strong resilience and the ability to adapt the changing circumstances.

Let me start with a brief update on consolidation of our loan portfolio. As per our stated strategy the bank intends to build granular loan portfolio. Over the past five quarters the bank churned about 30% of its loan book with better underwriting mechanism. The new book based on the accounts opened since October 1, 2020 is Rs. 18,000 Crores. The overall average ticket size has decreased from Rs.17 lakhs as of September 30, 2020 to less than Rs.14 lakhs as at December 31, 2021.

We are seeing consistent growth in our disbursement across the products, quarter on quarter in this financial year. The bank achieved an overall disbursement of Rs. 16,800 Crores during nine months ended December 2021.

Further we saw a record disbursement of Rs. 7,901 Crores during the current quarter end of December 2021, which was 81% higher than the same quarter of previous year.

Coming to the corporate lending, we have disbursed about Rs. 7,600 Crores during nine months ended December 2021, predominantly to A & above rated corporates. The share of A & above rated large corporates has improved from 63% as at March 31, 2021 to 82% as at December 31,

2021. It is worth highlighting that we have zero delinquency on new Corporate book i.e. disbursements starting October 1, 2020.

Gold portfolio is the segment which has been consistently growing throughout the pandemic. We saw a disbursement of about Rs. 5,200 crores during nine months ended December 2021, with an average ticket size of about Rs. 1,40,000/- and LTV of 74%.

Personal loan is another segment where we are seeing good traction since the launch of pre-approved PL in September of this year. We are seeing steady monthly disbursement run rate of Rs. 85 crores.

As far as SME is concerned, given limited quality credit opportunity at desired pricing, we are cautiously growing this segment with monthly disbursements averaging at Rs. 250 Crores in comparison the average of 175 Cr in the first two quarter. We continue to support our existing borrowers with good credit history.

The most important part of this new book is that we have seen very low delinquency. NPA from the overall new book of Rs. 18,000 crores have been less than 0.1% and SMA 2 book is 0.6% as we see it now, though we do understand that it is too early to conclude with certainty.

Another focus area, where the Bank has put in lot of efforts over past few quarters is on recoveries and collections. The Bank has taken multiple initiatives to strengthen recovery process like beefing up collection team, on-boarding collection agencies across the country, alignment of recovery team with asset verticals and implementation of new collection systems. These initiatives have helped the Bank to do a record recovery and upgrade (including recovery from technical written off accounts) of Rs. 928 crores non-performing accounts in nine months ended December 2021 compared to last full year performance Rs. 600 crores. Further, the recovery during this quarter was without any major consortium account resolution. We are targeting to achieve full year recovery of around Rs. 1,200 crores, which if it happens will be 100% more than the last year.

Further, following the robust collection drive within the bank, our SMA2 portfolio has consistently improved quarter on quarter from Rs. 2,139 crores in Q1-2022 to Rs. 1,330 crores in Q3-2022. This has in turn led to an improvement in collection efficiency quarter on quarter from 87.7% in Q1-2022, 95.1% in Q2-2022 to 100.6% in Q3-2022.

Coming to the Indian economy, lately, we are seeing sudden spurt in Covid cases and there is a threat of new Omicron virus variant looming over the economy. Many states have begun to put restrictions on economic activity, which may impact businesses to some extent. However, compared to second wave more people are vaccinated and hospitalisation rates in third wave are less across the states. We are hopeful that the Indian economy will be back on the path of economic growth once the intermittent phase of covid third wave stabilise. The Bank is closely assessing impact of third wave on our borrowers and will provide suitable assistance and support if needed.

Let me take you through the key highlights of the operational and financial performance for this quarter.

The total business for the bank stands at Rs. 1,45,757 crores as at December 31, 2021,

Advances grew on a sequential basis to Rs. 59,229 crores. We continue to see good traction in our Gold Loan with consistent growth of 12% YoY to reach Rs. 9,862 crores as at December 31, 2021.

The Bank continues to calibrate and churn corporate portfolio with better rated corporates. The share of A & above rated corporates in large corporate book (Rs. 100 Crores & above) improved from 75% at September 2021 to 82% at December 2021. During the quarter, we have also seen good traction in recently launched pre-approved personal loans. We continue to selectively grow our SME portfolio and disbursed about Rs. 800 crores of SME/MSME loans in the quarter ended December 31, 2021.

Retail Deposits, rose by 10% YoY to Rs. 84,151 crores. CASA deposits increased by 21% YoY to Rs. 28,229 crores, predominantly due to continued improvement in our SA business which grew by 21% YoY to Rs. 23,569 crores. CASA ratio continued to improve and increased by 113 bps QoQ to reach 32.0% of the total deposits as at December 31, 2021. Bulk Deposits declined by 40% YoY to Rs. 4,197 crores in line with our strategy.

NRI Deposits, which has been growing steadily, rose by 5% YoY to Rs. 27,144 crores and contributes about 31% of total deposits. Low cost NRI Deposits grew by 7% YoY to Rs. 8,424 crores. The Bank saw a robust growth of 35% YoY in our NRI Remittance business during the quarter.

Our investment book was at Rs. 21,066 crores of which HTM category contributed Rs. 18,585 crores, while AFS contributed Rs. 2,455 crores.

The Bank witnessed slippages of Rs. 387 crores during Q2-2022, which were in line with the guidance given for FY2022. Personal and business segments continued to feel the impact of the covid. The Bank has restructured Rs. 1,970 crores worth of loans under Covid OTR frameworks, of which, Business segment is Rs. 1,024 crores, personal segment is Rs.306 crores and Corporate is Rs. 640 crores.

The Bank's collection efficiency improved from 95% in Q2-2022 to 101% in Q3-2022. The overall collection efficiency for the months of October, November and December 2021 were 100%, 99% and 102% respectively.

Gross NPA ratio improved by 9 bps from 6.65% as at September 30, 2021 to 6.56% as at December 31, 2021. During the quarter, the Bank was able to recover / upgrade Rs. 291 crores worth of NPAs. The Net NPA ratio improved by 33 bps from 3.85% as at September 30, 2021 to 3.52% as at December 31, 2021.

Net Interest income for the quarter increased by 9% QoQ to Rs. 573 crores. Net interest margin improved by 15 bps QoQ to 2.64% in Q3-2022. Sequential growth in CASA has led to improvement in cost of deposits by 17 bps QoQ to reach 4.67%.

Non-interest income was flat at Rs. 222 crores. Our core fee income increased by 23% YoY to Rs. 127 crores.

Overall provisions were Rs. 346 crores in Q3 FY22. These provisions include Rs. 279 crores towards NPA and NPI and standard assets provisions of Rs.40 crores. Our PCR improved from 65.02% as at September 30, 2021 to 68.08% as at December 31, 2021. PCR excluding write off improved by 410 bps to 48.0% as at December 31, 2021 compared to 43.9% as at September 30, 2021.

Our overall capital adequacy ratio continues to be robust with 15.68% as at December 31, 2021, the Tier I ratio stands at 12.72% as at December 31, 2021.

We are hopeful that the momentum and disbursements in collection will continue in the coming quarters with the headwinds in the economy tapering.

With this we open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Gautami Desai from Chanakya Capital Services Private Limited. Please go ahead.

Gautami Desai: We are very patient investors and we really appreciate that that the bank is trying to grow without a capital raise and we request you to continue doing this, so congratulations for that. Sir you have been and even the presentation and just now also you spoke clearly about your growth in the gold loan and the corporate, so similarly can you take us to your growth across verticals and there are you seeing more where is your focus on right now like where are you more hopeful about like I could see some of your vehicle loans going up and things like that so can you throw some light on that?

Murali Ramakrishnan: In fact, I have covered partly in my initial talk. We are actually focusing on doing good quality business segments. So as explained in the past, we are focusing on growing retail and SME business because traditionally this bank had a lumpiness in the corporate book so as a conscious strategy the bank was continuously trying to reduce the dependence on bulky corporate loans. So in tune with that the corporate loan portfolio which was contributing in excess of 45% to the total loan book has now come down to 24% to 25%; however, to granulate the risk etc., the focus was turned towards SME and retail, but in the last one and a half years since the COVID pandemic has started you know that this is the segment which is also most vulnerable because they have seen the biggest shocks. Therefore, we are continuously tweaking our strategy to ensure that we do find opportunities in good well rated cooperate and the composition of that book has gone up substantially. Further, we have seen zero delinquency in the new book.

Apart from this we are definitely growing our gold book which have negligible credit risk and we are growing quite well without compromising on LTV. We are also growing SME very cautiously by ensuring that we increase our underwriting standards. We have improved our underwriting standards and we are ensuring that the new book which created does not slip and we have seen good traction happening over there. In this quarter, we have done close to 800 Crores in three months and if you look at other retail business which are growing quite well. For pre-approved personal loan, we are churning our existing liability customer base of 6.8 million and are using analytics to get insights about the customers who can be given pre-approved offers and that is started giving us good traction and we are also seeing very negligible slippages. So that is something which is now getting traction and we are now averaging about 75 Crores to 85 Crores a month and it is coming at a good yield of 14% plus.

Recently the Bank tied-up with FPL Technologies, a Fintech which is into credit card business, and we have started issuing credit cards, co-branded card with SIB emblem and that is something which has taken off quite well. Already we have issued more than 20,000 cards and we are hoping to ramp it up in the in the coming quarters too. We have started now getting a good traction in terms of the book getting built over there. As I am talking to we are seeing it crossing Rs. 50 Crores of credit card book, though it is a brand new business for us but this business comes with a good ROA. So net-net, ee are focused on building good quality business.

As far as home loan and mortgages are concerned we are tweaking the policies, process flows and strengthening the infrastructure needed for good quality underwriting. We are seeing good traction happening now in the sourcing of new home loans with the new DSA / DSTs coming up. We have formed the vertical with the cluster heads and branches focusing on existing and walking customers and with the DSA / DSTs sourcing new cases from the market. Further, with the churning of the existing customer base, we can offer good quality home loans and mortgages. We have started seeing sourcing improving, obviously for it to really reflect in the book, though we are disbursing but then there is run down happening due to the aggressive pricing but we are hoping to see good traction happening once we get this fully streamlined. By and large, I think we are growing in every possible opportunity of getting good quality customers with improved underwriting standards. I am hoping to build a good quality book which is the only remedy for control on the slippages which is happening due to the legacy book.

Gautami Desai: So how about vehicle loans what is your experience there.

Murali Ramakrishnan: Yes, very good. All the new vehicle loans disbursements has been pretty good and here again we are using the existing customer base to pre-approve vehicle loans.

Gautami Desai: Within vehicle, which segment you are seeing attraction.

Murali Ramakrishnan: Auto loans, I mean, we are doing it very selectively and our volume is not that large and you know that vehicle loans generally come at very aggressive pricing so we are also very conscious that we do only where the credit quality is good and where we do not see any possibility of slippages even though margin-wise it might be little less.

Gautami Desai: Okay, thank you sir. Thank you very much.

Moderator: Thank you. The next question this is the line of Mahesh MB from Kodak Securities. Please go ahead.

Mahesh MB: Good morning Sir. Just a couple of questions, one is that when you are now recovering these loans which have defaulted out there, what has been the kind of experience that you have seen in terms of imposing the collateral as compared to the borrowers coming back and reaping the underlying dues and how long is it taking for you to now recover the asset as compared to probably about a couple of quarters back?

Murali Ramakrishnan: Yes, as far as collection and recovery is concerned, we have first of all created a good infrastructure for doing a very focused collection and recovery. We have formed a separate collection team and particularly for handling retail collections. We have tied up with agencies across the country and now the agencies have completely taken charge of doing collections which was earlier done by the branch resources. Given the number of cases which they needed to collect dues and the same team was also focusing on SME and other collections clearly the focus on retail was becoming less on the branch side, so for now we are using agencies to do a very focused collection on the retail side. Now with the bandwidth released of retail collection from the branches now branches are focusing on SME, Agri and other collections which are basically branch led businesses. As far as the big corporates are concerned, clearly wherever we are sole bankers etc., we are engaging on one-on-one and are using all the possible rules under the country to ensure that we negotiate hard and we get a good value for money. I would say that we are looking at the opportunity of trying to close it at the earliest rather than waiting for few more years where the ultimate net present value for whatever you realize in future may not really be worth it. Therefore, we try and enter into one time settlement wherever there is a possibility of doing and wherever we are seeing that legally we can take a quick recourse by enforcing SARFAESI and taking charge of the assets. So we are we are progressing on all directions to ensure that we clean up the book and you must have heard me talk about how SMA 2 book is now getting cleaned up and we have brought it down substantially. In fact as we continue to do similar traction, we are trying to bring it down below Rs. 1,000 Crores in a shortest possible time. This is clearly happening due to focus collection so that we do not let them slip into NPA. In fact the case in a point is that I have been giving a guidance of Rs. 400 to 450 Crores for Q3 and we ended with the pleasant 387 Crores clearly much lower than what I had anticipated and we hope to speed up our recovery in Q4 also. Further, the Q3 recovery has happened without any bulk settlement which has come in Q2 where we had the advantage of DHFL helping us with a good recovery. In Q3, it was all granular and smaller and medium-sized deals without any big deal which got resolved. In q4 hopefully one or two of them kicks in then we will probably be achieving more than what we are targeting to do overall. If you look at the overall collection for this year till Q3 we have done close to 928 Crores of recovery and upgrade compared to what we did Rs. 600 Crores for the full year last year. I am hoping that we will surpass Rs. 1,200 Crores by March which means we would have done more than 100% of recovery compared to previous year. So this is as far as the collection and record is concerned so with regard to your question on how we are planning to handle the legacy book which continues to give slippages. I mean you would have seen the way we have been managing it in the last few quarters by doing aggressive collection, by doing aggressive recovery, by also providing proactively and also selling off assets where we feel that it makes a lot of sense to put it to a specialist like ARC to handle and we work very closely with them to ensure that resolution happens and wherever we are provided for fully we are also writing them off so as to manage the overall percentage of GNPA. So if you look at my GNPA the fact that it has improved from 8.02% in Q1 to 6.56% in Q3, there is a very clear continuous action happening in bringing down the overall NPA levels and it is a very difficult to say by then we will completely clean it up because of two reasons one is a market is still continuing to suffer with the COVID pandemic and therefore there is always this issue of movement getting restricted and courts not functioning, there are delays in having judges etc. So all these actually comes in the way of faster resolution, but we are hoping that COVID 3 impact may not be as bad as the COVID 2 if that supports us, definitely we will do a very aggressive collection and recovery. With the new head having taken over as recovery and collections and with the re-structured team under the new head we are seeing a good traction happening across all segments.

Mahesh MB: Sir just one clarification, what will be your outstanding ECLGS exposure today.

Murali Ramakrishnan: Sorry I did not get it, come again.

Mahesh MB: The ECLGS exposure and while you are looking at the data just qualitatively have you started seeing slippages in this book and have you seen the reimbursements coming in from the credit guarantee corporation.

Murali Ramakrishnan: We have ECLGS one, two, three and four and then there is an ECLGS one extension, two extensions, three extensions, four extensions all these have happened with various guidelines which have come in. The total number of accounts which we have done restructuring as per this is about 10,859 accounts with sanctions amounting to Rs. 3,339 Crores. Gross advances as of December is about Rs. 2,434 Crores and NPA of Rs. 166 Crores and this is predominantly happened in the ECLGS one when the banks had actually offered unilaterally to all the customers and only those who wanted to opt out came and opted out. So we are seeing NPAs happening only in that but as far as ECLGS 2 and onwards are concerned we have done a very careful analysis of the viability of the cases which we are restructuring we hope that we will not have see that much of slippages happening from ECLGS 2 onwards but however as you know it all depends on how the market supports recovery and collection and various other resolutions.

Mahesh MB: Sir just one clarification Rs. 3,339 Crores represents the loans under that ECLGS product or is it the disbursements made under the ECLGS product.

Murali Ramakrishnan: Rs. 3,339 Crores is the sanction limit of which the gross advances outstanding as on December 31, 2021 is Rs. 2,434 crores.

Mahesh MB: And this 166 Crores which has become NPLs you got the repayment from the credit bureau, from the credit guarantee corporation.

Murali Ramakrishnan: Yes, that is the continuous process and yes that is happening.

Mahesh MB: You have had no negative experiences so far with the credit guarantee corporation on the ECLGS disbursement.

Murali Ramakrishnan: No, not at all.

Mahesh MB: Okay thank you.

Moderator: Thank you. We will move on to the next question that is from the line of Anirvan Sarkar from Max Life Insurance. Please go ahead.

Anirvan Sarkar: Hi! Sir, thanks for the opportunity. One question, so what is your view on your SME portfolio and your restructured loans we are seeing reports saying that banks are now demanding an extension of ECLGS and moratorium on that. So if things are all good then it leads to the question that why is this demand being raised.

Murali Ramakrishnan: As far as the ECLGS is concerned wherever we felt that the viability of the case is clearly established we are going ahead and restructuring and wherever we believe that the moratorium extension which we were to provide as per the revised guideline when we see cash flows are showing attraction where they will be able to survive and repay we are doing that. So we are fully adhering to the guidelines which being brought out and we are applying our underwriting mechanism to ensure that we do for the right cases so as we experience the recovery I mean once the moratorium period gets over and as we see repayments start happening because it is not that unilaterally we have given moratorium of 12 months and 24 months wherever customers have opted for much lesser moratorium also we have given lesser moratorium and we are seeing that the customers are repaying once the moratorium period gets over. So as of now it is really not a great cause of concern for me but having said that since COVID has impacted SMEs and retained to a large extent we continuously closely monitor as what is happening in this event.

Anirvan Sarkar: Sure and sir on core profitability now our core profit of total assets is on the lower side, it is we are at about 60 to 80 basis points of P and plus our margin minus of it. So it would come to less than 1% basically and so what is the trajectory you can expect here should we expect any kind of improvement going here ahead Sir because otherwise ROAs are going to remain low and even with some improvement in credit costs in the future if our core fee of business improves then ROA is likely to remain low so what is our view on that?

Murali Ramakrishnan: Yes, see ROA, ROE obviously will start becoming positive only when we start actually giving positive profit. So right now in the last 15 months after the stated strategy, we are churning the existing book which had the quality issues. We are churning them with a better and better quality assets and at the same time resolving the earlier book in the best possible way and while doing that, we are focusing on the products which can probably give us much better yield. So that is the reason why we started focusing on a personal loan and credit card. We are also now looking at a few other opportunities where we can probably get much better rates so like for example commercial banking activity something which we are now looking at it seriously because many of the corporate customers or single customers where we can look at a fee based income where we can look at a 100% invoice discounting etc. We are already there but we will probably start doing more of them and we are also looking at the products like gold loan etc. where the credit raisk could be negligible. So it is a journey, today our NIM is definitely improving and you can see the NIM has improved even despite the market rates are moving southwards. Further, our yield on advances continues to be almost the same level over the last six - seven quarters and our cost of deposits has continuously been coming down because of CASA contribution going up. We are continuing to raise more money at a lower deposit cost and this journey will continue and as we see the differences between the yield on advances and the cost of deposit will only keep going up because we will continue to ensure that our cost keeps coming down and our advances are equipped with the high yielding products.

On the other side we have a treasury which is also contributing to the overall NIM. If you see due to the adoptive strategy of the bank to reduce the duration, our yield on investments is clearly coming down and given the fact that there is limited opportunity for good quality assets in the market, we are deploying surplus liquidity in alternate opportunities and we have also diversified income from treasury by going for arbitrage opportunities, currency trades and even taking part in IPOs. These teams have started giving us a good stream of income. Now with the new treasury system coming into place we will obviously be doing more in those activities also so it is a journey which we are going through and definitely the milestone for me is to reach 3% NIM as soon as possible because that is the only way we can ensure profitability with provisions coming down, but the journey will go on for a while. In my view conducive market condition will lead to lower slippages, doing better collection, helping us to manage the existing book at the same time sourcing more and more of good quality new assets.

Anirvan Sarkar: All right Sir. Thank you, I will come back in the queue, if I have any more questions.

Moderator: Thank you. The next question is the line of Jai Mundhra from B&K Securities. Please go ahead.

Jai Mundhra: Hi good afternoon Sir and thanks for the opportunity. I have a couple of questions. So one is I think there is you have restated the numbers and we have taken the recovery from write-off accounts in usual other income versus what we were netting off from provisions till last quarter but at the same time it looks like that the MTM depreciation you have kept as negative item in the other income. Why is that because I remember, I mean, my understanding is that RBI, I mean, in the revised circular there was no such thing right so could you have retained MTM in provisions or MTM depreciation is now mandated to come as a negative line item in NIL in other income.

Murali Ramakrishnan: Vinod you can answer that.

Vinod: Sir regarding the depreciation on investment it has to be netted off with the other income that is the RBI circular as of now. As per the latest amendment, the amount recovered from written off accounts is included in "Other Income" which was earlier adjusted in the provisions. However, we have done recovery from the fully written off accounts of Rs. 5 Crores for this quarter which has been shown under other income which was earlier classified under provisions. If you have any specific question probably you can, we will get in touch with you to clarify.

Jai Mundhra: Sir no worry sir, and second thing sir is on your growth strategy. So what you are doing is you are churning the book in favor of better rated corporates but at the same time I wanted to understand this more because are you landing on MCLR or external repo or fixed rate because it is slightly difficult to assume that your MCLR rates are at least let us say 80 to 100 basis point higher than some of the larger banks and even they are having some challenges on growing their better rated corporate because the pricing seems very, very fine at marketplace so when you are seeing a higher growth in better rated corporates how are you doing I mean is it what is the strategy here and would it continue or you want to build a bank with slightly better focus on commercial/SME book.

Murali Ramakrishnan: Yes, good question. See let me answer it in two ways one is as you said rightly we have obviously benchmarked these lending which we do to better rated corporate with either MCLR or with repo rates depending on whichever is making us competitive and second we are looking at this as an opportunity in comparison to the alternate opportunities which we have because it is clearly due to lack of good quality long-term assets. We definitely have a surplus and this surplus we are deploying for exploiting the opportunities which are there and I am doing it with a very conscious effort because once I get an entry to A, AA & AAA rated corporates today I am able to deepen my relationship with them by offering products like dealer financing, vendor financing even retail loans to the employees of those corporate experts so overall this is very much in tune with the ecosystem concept which anyway has been popular now where a relationship ROE is being looked at even though you might have a very fine rate as far as the corporate is concerned but overall yield from the corporate will be much better due to the various other opportunities which are there. Secondly we are not looking at really to tie it up for a long-term because we know that long term the rates are going to go up so we do not want to tie ourselves up with a very low rate in the long run so wherever it is three months, six months, nine months within let us say nine months to twelve months we definitely believe that we can get a decent yield in comparison to alternatives which we are deploying we are making it as an opportunity to acquire customers who otherwise we would not have had an opportunity to get it. So this is the strategy as far as corporate banking is concerned but having said that will it continue for the years to come clearly it is today we are using it because we have surplus and once the economy revised and if we see more and more good quality assets in the market obviously we would want to grow a regular advantageous book where we will be offering tenors of let us say three - four years for a retail or working capital and term loan for SMEs and agri products, that obviously and even for corporate term loans and other project loans etc. where you can probably tie it up for a little longer period. Today due to lack of opportunities in any new big projects coming up we are effectively using it instead of actually putting this money into very low yielding alternate options or giving to poor rated individuals or SMEs.

Jai Mundhra: Understood. So, on the SME side sir if I see that you are seeing a Q-o-Q decline for the last five quarters and of course the environment is not very certain because of this COVID and everything then this segment clearly is more impacted but at the same time other large private banks are seeing a very phenomenal growth in business banking or commercial space. So if I were to understand how much of your de-growth in MSME is coming because of competition and how much is because you are getting cautious so how should one look at it.

Murali Ramakrishnan: So it is very difficult to quantify with numbers but let me tell you what as a strategy we are doing today. In SME there are two, three issues which I think one should be very clear about is one as you said rightly the COVID has impact the SMEs and retail to a very large extent which is clearly evident from SME slippages clearly evident in SME and retail slippages is clearly evident from many of the banks which have come up with results. Having said that so you have a choice of wanting to lend just for the growth of this segment you can continue to lend and you can continue to suffer from slippages happening because nobody is too clear about how the market will pan out for particularly the SMEs whose resourcefulness is obviously very limited and many of the business models have become questionable as the COVID pandemic continues. So if you look at the other side is a rate at which these deals are done in the market today obviously there is no pricing to the risk which is happening in the market so clearly large banks and I would not say that is a blame but it is up probably an adoptive strategy they are actually going and offering rates which are clearly inconsistent with the riskiness of those cases but they are riding on to maybe the good behavior of those customers with existing bankers and even though they could be compromising on security which is going to be offered by this borrower or the rate which is going to be far lower or the enhancement which they might be seeking you have a choice of later wanting to retain customers by going down on your pricing and retaining your customer or somewhere you need to say that this is not something which is going to help me in my overall schema. I would want to drive SME business as it comes and we are obviously playing conservatively and definitely retaining some worth keeping it in our books, we fight and we ensure that they stay and we also try and work with the customer to ensure the overall deepening of the customer relationship happens and we improve the overall ROA coming from the customer. Wherever we feel that the rates which are offered by the competition is far lower which has no relevance to the riskiness and we believe that even the existing limits are far higher and it is over and above that if somebody is seeking enhancement clearly to fund these losses, we believe it is only going to add problems so we let this account go. So I would say it is a combination of these and having said that there are segments in SMEs where we know that we with a good collateral and with a cash flow assessment happening where we have a GST data etc. where we believe that it is a good company to deal with we definitely keep lending and that is the reason why we are saying that SME new disbursement is clearly showing us a good growth in new disbursement. SME book de-growth is happening for two reasons book de-growing is happening due to a slippages of SME booked into NPA and SME being lured by big banks clearly with the rates which are priced to risk and therefore we need to take a call whether it is worth retaining there or we like it good. So I am not unduly worried about the lack of growth happening in the SME book I know that I am churning the book for the better rated SME with better quality SME and this will help us in our strategy of churning the book for better quality so that my slippages curtailed so and as my SMA 1, SMA 2 and restructured book. We are extremely cautious to the fact that SME cycle over the last several years of my banking carrer, this is the segment which one needs to really handle it correctly otherwise we can easily get distracted into building a very poor quality book.

Jai Mundhra: Great Sir. Thank you so much. I have a few more questions. I will come back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Lalit Deo from Equirus Securities. Please go ahead.

Lalit Deo: Good morning sir. Thanks for the opportunity. Sir could you highlight the trends on the restructured book like how has been the NPA experience from the restructured book and how much provisions do we carry on the restructured book.

Murali Ramakrishnan: Thank you. The question which you asked about the slippages from restructured book, I just want to give you a detailed picture of that we have in all about I mean I am talking about Kerala flood restructuring which we had then restructuring happening due to DCCO extension and then MSME restructuring which is based on GST one and then COVID one which we have done for personal loans MSME and other exposures similarly COVID 2 for personal loan, including consumer segment and MSME and other exposures. Now we have total standard restructured book of Rs. 3,737 Crores out of which Rs. 878 Crores have slipped into NPA and these slippages have predominantly happened in the flood segment and MSME restructuring in the past, Rs. 180

Crores were upgraded or closed and reduction in the balance of Rs. 112 Crores which adds up to current restructured book of Rs. 2,567 Crores and we have seen very negligible slippages obviously moratorium is also there we need to see how this will behave after the monitoring gets lifted but by and large we see that the slippages are predominantly in the flood restructuring and in the MSME restructuring in the past.

Lalit Deo: Thank you sir and sir like what will be the provisions on the current standard restructured book.

Murali Ramakrishnan: That is as per the regulations which are about 5%.

Lalit Deo: And sir could you give us like the broad composition of the new loan book which has been generated post the September 2020 which is about 18000 Crores.

Murali Ramakrishnan: Yes. The retail is about Rs. 4,400 Crores, corporate is about Rs. 4,600 Crores, business segment is about Rs. 1,680 Crores and Agri is about Rs. 7,290 Crores which includes gold also.

Lalit Deo: And sir like as you mentioned that like we have churned about 20% of the legacy book so now with the churning going on so what could be our loan growth target for FY2023 and FY2024 so any specific number you are looking at.

Murali Ramakrishnan: As you know we came out with the mission document in September 2020 that was much before COVID one impact and we never knew about COVID 2 and COVID 3 where I talked about to reach Rs. 1 lakh Crore of Advances by 2024 March but clearly that was those projections were made with the assumption that the market will get over this COVID and we will not have any problems of it will be like any regular normal growth in the economy clearly that is not to be so because last two years I think the country as well as the world has never before seen the economic impact on the various segments so suffice to say that we would definitely look for good quality assets and we are not letting down our need to grow as a book with which are good high yielding asset book and with a good quality asset book because this is in tune with what I have been stating as my strategy of profitable growth through quality credit but between growth and credit quality definitely I would, till such time I have a full hold on legacy book completely getting handled I will continue to build a book with high quality therefore if it happens with a little lesser growth I am fine with that because I know for sure that today even with the NIM which I am earning even with operating profit which if I have a clean book, my profits will definitely be far will be much better than the loss which I am showing today. So I need to improve my matrices in terms of PCR, GNPA, net NPA and therefore I need to continue to have a grip on them but having said that clearly for each product, Q3 is the first quarter where we have had a three months of fairly normal economy and we have shown that the bank is capable of doing disbursements in the three months if only the economy continues the way it was in Q3 definitely we can catch up with the numbers which we were targeted but having said that yes I am once again delayed getting that it is not maybe for the growth that I am looking at I would want to have a growth with quality so long as it is coming with good quality I will continue to lay emphasis on growth. My biggest focus will be on recovery collection handling restructured book handling SMA book etc., so that overall matrices in terms of GNPA and NPA PCR etc., this is covered and at the same time, our NIM continues to become healthy and we continue to grow our CASA base which is going to make us more and more competitive. We will definitely grow our government channel, TASC and Non Resident India which are really firing very well now with all that we hope to work on improving our cost of funds because market rate is something which we cannot determine. Market rates are going to be decided by how much competition if they create to get an asset. Therefore, what we can do is continue to focus on building better liability sourcing so that with better NIM coming in and with a very less impact on provisioning due to better quality assets we believe that we can turn around the bank for profitability.

Lalit Deo: Sure Sir, thank you.

Moderator: Thank you. We will move on to the next question that is from the line of Nilanjan Karfa from Nomura. Please go ahead.

Nilanjan Karfa: Thanks for the opportunity. Two or three broad questions. So first one is the data when you talked about that ECLGS account and you mentioned 166 Crores that is what I noted as slippages is this 166 Crores the total stock of loans or just a portion of ECLGS business led.

Murali Ramakrishnan: It is from that stock only whatever we talked about as the exposure under ECLGS as of December 31, 2021 was Rs. 3,339 Crores of which this was the sanctioned limit of which the gross advances as of December 31, 2021 is Rs. 2,434 out of that the NPA is 166.10 Crores,

Nilanjan Karfa: No, I am sorry, I am still confused. The sanction was 2434 which is basically up to 20% of the total outstanding.

Murali Ramakrishnan: Sanction was 3339, of which outstanding as of December 31, 2021 is Rs. 2,434 crores

Nilanjan Karfa: So sir just a clarification so that 2434 Crores is the ECLGS amount plus your own prior exercise that is what you are saying.

Murali Ramakrishnan: No the only ECLGS.

Nilanjan Karfa: Okay and that 166 is it comparable to 2434 or the entire loan book.

Murali Ramakrishnan: one equal 2434 one it is out of the 3339 this only pertinent with this book if your question is whether it is the answer is yes.

Nilanjan Karfa: So the actual stock of loan that has slipped is from ECLGS is much higher maybe five times this amount or three times this amount.

Murali Ramakrishnan: I did not understand what are you saying I did not understand that stock of what.

Nilanjan Karfa: So 166 Crores is it only the sanctioned ECLGS portion or this is the total stock of loans to those borrowers which have slipped and had taken ECLGS.

Murali Ramakrishnan: The total exposure of the bank is such NPAs if you ask me.

Nilanjan Karfa: Yes.

Murali Ramakrishnan: That is about 1169 Crores correct.

Nilanjan Karfa: Great okay yes that was my question.

Nilanjan Karfa: Thanks for the clarification okay. Second on that SME we have been giving out this average advances for quite some time and it does look like the net number of clients that we have lost is probably running at 8%, 10% the question is you basically highlighted that the clients who have gone to competition there is probably they are not understanding the underlying players. My question is if SMEs that have moved and has survived two COVID waves have perhaps much better credit rating optionality why do you then feel that the underlying credit risk for these guys is at least getting discussed.

Murali Ramakrishnan: I am not saying that they do not know what they are doing so first of all I want to get that each one obviously does what he or she thinks is right so certainly that is not the commentary which I was making i was only making comment that there is a pricing to SME risk, pricing to cooperate risk and pricing to retail risk so additionally we have seen that especially in Indian market if you see the history of SME book of various banks including public sector banks and private sector banks we have seen many of them having a good cycle as well as very bad cycles and many of them really have to rehash the entire SME strategy also. So the limited point which I am trying to make is today when an SME customer who otherwise would be in a conventional rating he would be probably BB or even lower than that today if he is getting rates of which is 7% or 7.25% in my view over a period this is not pricing with the risk but having said that do they dissolve 7%, 7.2% even we are retaining customers by paying 7.25%, 7.5% in some of the very few SME cases but we are also going down returning many customers where as you said rightly people have surveyed COVID 1 COVID 2 where they have been able to perform that basic viability etc. and we are clearly seeing that it is worth retaining them we are going down on rates in order to retain such customers so while losing I would not say that the entire base is getting lost to the competition it is only one portion of that probably which we are not able to match the pricing or where we believe that the pricing is not justified but otherwise the degrowth in the book is happening due to them slipping into NPA, those are the other things which we need to look at so I am not saying that they do not know what they are doing I am only saying that…

Nilanjan Karfa: No that was not the intention I was just trying to double check exactly what you mentioned.

Murali Ramakrishnan: The pricing of SME risk is something which one needs to be cautious that is all I am saying.

Nilanjan Karfa: Sure and sir I had actually two related questions so could you share I am sure as for any client that you lose you take it very seriously have you broadly analyzed why are they leaving is it because of just the rate or is it something about let us say them having to put lower collaterals for example could it be service related and anytime you lose this client do you also lose related accounts it could be promoter or family deposits, investment if you can share some thoughts around these levels, I mean, to the extent that you want to disclose.

Murali Ramakrishnan: First of all I want to tell you that any customer who we are losing if we are clearly seeing traction of other deeper relationship with them in terms of promoters accounts with us and wealth with us or any of the other relationships we have with them we do not definitely let them go to the competition. Clearly we are retaining such customers because we just do not look at only credit related income we look at the relationship value and every account which we eventually take a decision to lose has been taken with the application of mind to ensure that is it at all indeed worth it. If you are seeing a deterioration in the performance of the customer clearly we are seeing that he is struggling with the COVID hitting him very badly and now with the GST data you know that how much of sales are they doing every month when you find that many of the months are having subdued turnover etc. and then when it comes and ask for very fine rates today when a competition is trying to lower them by offering 7.25% where the current rate which you might be servicing could be let us say 10.5% or 11% suddenly when you are wanting to go down on 4%, 4.5% of our spread where we are seeing that there is a clear deterioration in the performance. Further, if there is no other relationship with the bank we do not want to retain such customers so those customers are the ones who we let go wherever the points which you made about service related. Just to give you an insight is that customers who have been lived by the lower rates some of them are coming back and say why do not they come and take over us again because we are not getting the service which we are getting from you so it is clearly service there is no question. It is a well-known fact that the regional banks have a much better relationship value with the customer in terms of being an integral part of whatever happens in their family. So therefore there is no question of the losing because of service issue. We apply these yardsticks to figure out where it is worth retaining them that it is not worth retaining them and where it is not worth returning them is not necessarily that a good account even if it is earning it is 7.5% or 7.75% for SME which I believe is something which we can leave it today because our cost of funds anyway is coming down and we are constantly working on improving our cost of funds. Still we at least 2.5% to 3% split which we have if there is no delinquency we will still continue to earn for the bank. So we take a very conscious call whenever we let it go.

Nilanjan Karfa: Great Sir that is very heartening and Sir final question and again focused on SME what do you think is the greatest hindrance for growth at least at this point in time is it would you want to classify it as intern because we are obviously changing the risk matrix changing the processes changing how they are on-boarded would you want to say that teaching or the frontline stuff is something that is not yet complete or is it more external in terms of is it the weak environment overall or competition so broadly three things.

Murali Ramakrishnan: Yes, I think it is a combination of things first of all let me tell you that the entire restructuring of the brand structure as well as the vertical asset structure that got completed somewhere around June, July 2021 so and the team started actually working in their new assigned role let us say after one month of settling down in the new job they have been designed for and we have also formed the L&D division through which we are continuously upgrading their skill by making them go through e-learning on functional skill as well as on soft skills etc. So today the team which is focused on a specific business vertical, they are obviously learning at a much faster pace of exactly how to go and stick to customer and what to talk and how to do negotiation and what kind of risk which are there so we are working on multiple areas to ensure that these resources who are probably doing this business as a sole purpose. Till now they have been sitting in branches probably they might be doing one SME deal and one retail deal therefore the expertise and nuances which you expect from each of these businesses wherein something which were they were familiar with now with the way the team is now settling down and they have started doing like you can see the rate at which we are now growing the SME in terms of monthly disbursement and the rate at which you have grown our corporate book and even the PL book where we are using existing customers base and where we make our teams go and talk to the customer for availing pre-approved personal loan. They are learning it very fast and we have a very young workforce with an average workforce of 32 years so these are young people groups who are wanting to learn and wanting to really build their expertise in learning these areas. So this is a process which is now happening at a good pace. Having said that maybe the economy is a normal economy with this skill set which is getting added probably the traction would be far more than what we are experiencing because of the economy being not so conducive there are two things which are happening today a) the opportunity for good quality assets are clearly much lesser than what you would expect in the normal economy b) because of lesser demand for good quality loans and there is excess supply of liquidity available in the banking system. Rates offered are clearly not something which probably a bank would want to keep it on the long-term basis so therefore the bank which is at the state of revolution will have to do what is best for them and especially for a balance like coverage when we are trying to churn the existing legacy issues and then we are trying to build a new quality portfolio you must remember that I have very less leeway to keep adding any more delinquent book to my existing book because I already have very high GNPA and net NPA therefore I need to manage it very cautiously at the same time you cannot not grow therefore you need to ensure that you grow in the right areas by focusing on improving your underwriting standards and for improving your underwriting standards we need not necessarily depend on employees to learn this thing we are also using the credit models developed by consultants who we know have done a great job in this so we are using in retail and in SME great models which have been built by back testing them in the good and bad portfolio which were built in the past and using statistical tools to ensure that we do better quality underrating and we are also making use of the publicly available information like CIBIL score and CIBIL CMR rating and individual CIBIL rating of those customers, GST data and many other data available to do a better quality underwriting so we are making use of all of them to ensure that incremental portfolio gets added or of good quality.

Nilanjan Karfa: Perfect Sir that is a very wholesome answer good to hear all of this. Thank you so much Sir and all the best.

Moderator: Thank you. The next question is from the line of Akhil Hazari from Robo Capital. Please go ahead.

Akhil Hazari: Hello good afternoon. I just wanted to know, could you give us any guidance on credit cost for FY 2023 - 2024.

Murali Ramakrishnan: Yes, I would like to give a firm answer for this but you know the situation which the economy is in I will probably say that we continue to work with the 2% to 2.5% kind of credit cost that is what we are looking at.

Akhil Hazari: Okay fine. Thank you so much.

Moderator: Thank you. The next question is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: Sir just one question can you share the exact loan book which is currently enjoying moratorium either in terms of interest or in terms of principal the total across different categories. Apart from ECLGS I think you have given that number is close to 2500 Crores I am just rounding it off. So any other book which is also enjoying moratorium either interest moratorium or principal moratorium under recorded advances or some other category.

Murali Ramakrishnan: There is nothing big which we need to really inform typically these are the ones which are restricted then we at least clearly giving moratorium based on the guidelines which are there. So other than that, I mean, if you are talking about regular corporate recycling where we would have probably given by way of restructuring that probably which NPA restructuring or any other restructuring that anyway I do not think there is any big number material numbers really share this if you ask me the overall standard restructured portfolio book is what I read it out to you which is about Rs. 2,567 Crores.

Bajrang Bafna: Okay that includes that ECLGS also.

Murali Ramakrishnan: Yes.

Bajrang Bafna: And sir just any guidance on slippages I think you have talked about close to 2000 Crores plus number for this year and maybe some guidance on the next year if you cloud help us out because now we have built up almost 18000 Crores of the new book which is completely doing fine for the bank so any guidance next year from a slippages perspective.

Murali Ramakrishnan: It is very difficult to tell for the next full year but I am retaining what I had projected earlier for Q4 we expect it to be around Rs. 450 Crores that is what we are expecting but even for Q3 I was expecting about Rs. 400 to 450 Crores we end up with Rs. 387 crores. For Q4, we are projecting Rs. 450 Crores but we will obviously work towards actually having it much lesser than that. Next year is very too early to talk about because we clearly do not know how COVID 3 will impact and what we are definitely sharing with you is it new book is clearly which has not given any issues are concerned and obviously that again it is too early to prove anything so we will take it as it comes and definitely by towards the end of Q4 we will get a good sense of how we are looking at the coming year.

Bajrang Bafna: Thank you very much and all the best.

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

Sreesankar: My question was you explained very well about how this entire restructuring of the way business is looked at has been changed with the bank how much has your NPAs as of the staff who has been doing a completely different thought process methodology for the last so many years adapting to the new changes because while you are advocating what is required in the current environment is the personal up to date with what are the changes that is required.

Murali Ramakrishnan: Yes, if you are asking about how the team is adapting to these changes which are required as I said the average age of workforce is very young and these are all young professionals and many of them are MBA and engineers and data scientist etc. So clearly they all have a great learning adaptability and while I am articulating these changes I also do a continuous communication with the entire bank as to clearly explaining what we are doing and why we are doing and what is expected from us and what is expected from them and we are also keeping them with the tools which are required so that they understand clearly what they need to do and how they need to do etc so it is not just about functional competency alone we are also looking at how what kind of soft behaviors which would help them to really perform well so even as earliest when I took charge we had clearly articulated nine core values which we want every employee in the bank to be exhibiting and we have clearly defined how this will have to be adapted in the work situation across cutting across functions etc. and even we have incorporate this in some of our appraisal mechanism in the feedback mechanism which we are planning to give to our employees we are clearly articulating to them what they are good at and why they need to improve etc. So that there is overall positive change which is being brought in, in terms of their thinking in terms of their action and clearly we are using it as a rewarding mechanism to ensure that the behavior changes stays with them so I really do not, I would not say that it is very easy but having said that I do not think it is very difficult also. I am saying even any other bank which is operating today or any other financial institutions operating today I think the changes which are happening in the environment is really so fast that even a conventional bank today we will have to think about how to adapt digitally the whole fulfillment and how to digitally source a liability customer asset customer etc. So all of them are undergoing changes and in a way it is easy for us because while we are instituting these changes we are also making them exposed to the latest developments which is happening and being a strong technology bank with 93% of our transactions happen digitally, we are actually cutting the learning curve very fast and we are now comparable and have been continuously featuring a top 10 banks in the ranking, released by Government of India and we have been continuously bagging awards in technology area. So the team is pretty much aware that technology is going to be the future and they are already experiencing it because many of them are youngsters today they know that the everyday requirement is also taken care through technology so they are adapting it very well so I am happy to say that we are seeing good traction yes can we expect much higher productivity than what I am experiencing now I am sure I will but it is also due to the fact that economy today is not very conducive I mean we are experiencing one in 100 year situation therefore if things go back to normalcy I am sure these skill sets will definitely help us to be far more productive.

Sreesankar: Nice to hear that and we have been interacting for quite some time that you had laid out your strategy and good to see that you are implementing it and the effects slowly coming in. Thank you very much all the best to you sir.

Moderator: Thank you. Ladies and gentlemen we will be taking the last question that is from the line of Rohan Mandora from Equirus Securities. Please go ahead.

Rohan Mandora: Sir thanks for the opportunity. Sir just one question in terms of the new disbursements that we have done of some 18000 odd Crores what would be the increment in ROA or ROE that we are making assuming that the credit cost is more normalized on that portfolio.

Murali Ramakrishnan: Probably we will work it out and get back to you because I do not have the ready numbers with me because we have just started accumulating. If you see even the rate at which this book is built with good traction has happened only in the last six months because Q2 was the first quarter where at least we had one and a half to two months of normal situation and Q3 all the three months were normal situation so many of these loans are also fairly young loans in terms of the tenure but we will work it out and get back to you Rohan.

Rohan Mandora: Sir alternatively trying as in terms of pricing these loans like what is the target ROA or ROE we are keeping in mind and are we able to price it at that level or it is still because of the competition price lower.

Murali Ramakrishnan: No let me take this into two parts see one is the opportunity which we are trying to exploit in the short-term where we have surplus funds available today and which we are deploying it in let us say any office opportunity today whether we are able to make much more money than that by taking by doing a short-term opportunity in terms of bill discounting or whatever so that way we are able to onboard good customers etc. where we will start penetrating more and more by offering other products with them there if you look at ROE it will be probably very negligible but then credit card and PL etc. where clearly we are offering rates which are sizeable rates and we are really looking at good quality customers and offering them at a good ROE. So therefore these products are really good earning ROEs. If you look at my rate of interest which I charge it has not really gone down over the last six, seven quarters so I continue to earn close to 9% in my overall book whereas my cost of funds has been continuously coming down cost of deposits has been coming down even cost of funds have been coming down due to better CASA and better sources of deposit or lower rates so whether I am able to get the exact ROE which I am targeting so I am targeting double digit ROE but this double date ROE which I was mentioning as my deliverable was with the situation we were sending and laid down our strategy document obviously that was much before COVID one and huge impact in COVID 2 and COVID 3 where market rates have from then to now they have gone down like crazy so clearly by now our endeavor will be to the target double digit ROE currently the bank first needs to get into profit which will happen with more and more of good quality assets and handling of our existing legacy book and by sourcing continuously sourcing high yielding products when we start growing those products will start getting much better ROA and ROE credit card business clearly is one where we are expecting ROAs to reach about 2% and already we have built a book of about Rs. 50 Crores and it is growing quite well and of course we are late entrants to these businesses so we will take it as it comes.

Moderator: Thank you. Ladies and gentlemen that was the last question I now hand the conference over to Mr. Sohail Halai for his closing comments.

Sohail Halai: I would like to thank Ramakrishnan Sir for giving us this opportunity to host the call and for a detailed insight on the earnings and the changes that Sir you are making at the bank level. Before we end the call sir would you like to give any closing remarks.

Murali Ramakrishnan: I wish to thank all those who are participated despite a very tough situation which we are experiencing at the country. I really appreciate all those who took the efforts to take part in this and I also appreciate the kind of questions which were asked which probably helped me also to articulate how exactly we are bringing about changes in the organization. I hope to be giving a comprehensive and as transparent as possible which I have been continuously reiterating and I wish to get support of each one of you in the years and the quarters to come. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, on behalf of Antique Stock Broking that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.