



“Bank of India’s Q4FY22 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Bank of India Q4FY22 Conference Call.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” and then “0” on your touchtone phone. Please note that this conference is being recorded.

We have with us today Shri A.K. Das - MD & CEO, Shri P R Rajagopal - Executive Director, Shri Swarup Dasgupta - Executive Director, Shri M. Karthikeyan - Executive Director, Ms. Monika Kalia – Executive Director and other top management team from Bank of India. I now hand the conference over to Shri A. K. Das, MD & CEO. Thank you. And over to you, Sir.

A.K. Das: Thank you very much. Good afternoon, analysts, investors and ladies and gentlemen. I extend a very warm welcome to each one of you for today's interaction. And I will share with you the financial results of the bank for Q4 as well as full year of FY 2021-22.

As you all are aware, we are all passing through critical and challenging times. And just when the recovery to growth path was making a modest beginning, the Russia-Ukraine War made a complete volte face and the entire globe is now grappling with this situation of supply shocks, inflation and consequential monetary tightening measures by the Central Banks.

IMF, in its latest World Economic Report, has made a downward revision of earlier projections and put global output growth rate at 3.6% for both the years 2022 and 2023. The emerging markets and developing economies, however, are expected to grow at a better rate, 3.8% in 2022 and 4.4% in 2023.

Back home, the GDP growth rate for FY22 has been estimated at 8.9% by National Statistical Office. And for FY'22-'23, the growth rate is projected at 7.2% by the Reserve Bank of India. On the positive side, waning of pandemic situation, growing vaccination coverage, pick up in contact intensive services and thrust in infra facility and expenditure by the government is expected to spur higher growth.

The banking industry during FY2021-22 witnessed a comparatively lower deposit growth of 8.9% and a higher advances growth of 9.6% which exhibits regaining of consumer confidence and traction in business activity which we expect to continue during the current year also.

Against this backdrop, the bank pursued a few strategic initiatives during FY21-22. One of them being reorientation of Business Strategy with thrust on advances growth rather than deposit growth. Secondly, continuous emphasis has been laid on outreach campaigns, not only for business growth, but also for building bonds with the customers. The slippage and NPA management always remained high on the bank's agenda, with measures for improving collection efficiency and NPA recovery.

For enhancing operational efficiency, two more NBGs, that is, National Banking Groups and nine new Zones were carved out, which was operationalized from April 1st, this year.

On technology front, the bank migrated to Finacle 10 and other digitization platforms like a Data-Lake, E-Platform projects were initiated. With these measures a road has been paved towards sustained growth path.

I am happy to announce that the bank's net profit for Q4 jumped by 142% to Rs. 606 crore. And for the full year, the bank posted a net profit of Rs. 3,405 crore, registering an increase of 57.60%. There has been improvement in NIM which moved up from 2.01% in Q4 of FY21 to 2.58% in Q4 of FY22. Domestic NIM also improved from 2.16% to 2.90%.

Asset quality further improved with reduction in gross NPAs, both amount wise and percentage wise. The gross NPA ratio was brought down to below 10% and net NPAs below 2.50%. Slippage ratio for Q4 was restricted to 0.44%. And for the entire year it was brought down from 2.41% to 2.15%. Similarly, credit cost improved from 1.80% in FY21 to 0.75% in FY22.

During FY22, the bank expanded its credit growth to 11.35% with increase in RAM advances by 15.70%.

During current year, with onboarding of E-Platform and end-to-end digitalization in credit sourcing, processing and delivery, there will be significant jump in credit off-take. We expect credit growth of 10% to 12% during the current year. For augmenting yield on advances and NIMs, the bank is aligning its asset growth to high yielding areas. With the bank's continuous drive for managing asset quality, we expect gross NPA ratio to be contained to below 8% and credit cost at less than 1% by the end of the current financial year. We aim to realize a NIM of around 3% by March '23.

This is in a nutshell, the numbers, I believe, the data and other things have been already shared with you. I would once again thank you all for the continued support. And now we let the floor be open for discussion. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. We have the first question from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

Ashok Ajmera: Good evening Sir. Congratulations for reflecting good operating profit. Advances are also growing well. A few observations and some questions. First of all, I saw a figure in the Note #33 on RBI Penalties. I mean it's a heavy amount of penalty of Rs. 4.27 crores for domestic, I mean by RBI and Rs. 16.54 crores and Rs. 0.25 crores by the overseas regulators. Can I know why such hefty penalties have been imposed on the bank? And what action the bank has taken for that?

A.K. Das: There is one overseas penalty, as you rightly mentioned and one RBI penalty for two, three, compliance issues. We have paid the penalty. We were also given a chance to defend ourselves. Certain issues which RBI flagged have already been corrected, but the role of the regulator is to enforce the penalty. So, it is a learning for us, a deterrent for future circumspection. That way, I think, we have corrected. In the overseas center, it was AML, KYC issue, related to five to six years ago. Just this much only I can share. Five to six years' time period, they reviewed and they found certain anomalies there. And overseas regulators as they are known for, they are very strong in enforcing the penalty and all.

Similarly, in the domestic arena, there were two, three issues like delayed reporting of fraud in one or two cases, and few other cases. But we have taken due care now that such violations don't arise in future.

Ashok Ajmera: On the advances side, in the RAM, there is an increase of almost about, I think, Rs. 1,000 crore in the personal loan book in this quarter. So, can I know what kind of, they are all salaried loans or there is a tremendous growth in this particular portfolio? So, is there any change in the policy or because of digitalization it is or what it is?

P.R. Rajagopal: Yes. We had a very liberal personal loan scheme that we have actually put in place during the COVID time which continued in 2020-21 and 2021-22 also. There was a lot of demand for personal loans because most of these loans are consumption loans.

Now the other question that you asked is whether it is salaried or non-salaried? It is not salaried alone it is a mixture of both. And there are some small-time business loans also people have taken to supplement, to augment their capital. So, it's a very small loan segment and it has grown very aggressively because of the demand for personal loans than any other loan. But if you see our balance sheet and the balance sheet of others also, you will find that most of the banks have grown personal segment very aggressively because of the demand in the market. Further our Bank's base in personal loan segment is also very low, hence the % growth showing at a quite higher side.

Ashok Ajmera: What is the average duration of these loans, average repayment duration?

P.R. Rajagopal: Average repayment is, one-to-three-years loan mostly. All are demand loan. So, mostly one to three years.

A.K. Das: And also the growth looks very pronounced because of the low base, it's hardly 3% of our entire retail portfolio.

Ashok Ajmera: Coming to the Treasury. Because of the pressure now coming and the interest rates hardening up. Our treasury income has gone down in this quarter. And there is also a loss of about Rs. 111 crore on the investment. Going forward, because we have a good sizable AFS book also, what is the view of the Treasury people in our bank.

We are cushioned up to how much more because even RBI Governor also has given the indication that there is hardening of the interest rate going forward and they didn't want to give the shocks that is why they came in the interim policy suddenly. So, what are our views? We have

got Rs. 38,000 crore of AFS book as on 31st March, whether some profit has already been realized in the month of April or we are still holding on, sitting on?

Sasidharan. M, GM: Your question is with respect to the HTM portfolio, and how it is going to behave going forward, when the yields are moving up. I would like to submit two things, one is the SLR securities with the M-duration of 0.47, my portfolio is only Rs. 26,336 crores. 0.47 duration is a very small number if you look into it.

The non-SLR investment which is shown as Rs. 12,169 crores comprises of some equity and other securities also. The actual amount would be around Rs. 6,800 crores which is in the NCD form with M-Duration 3.62 and Rs. 26,336 crores with M-duration 0.47. We are expecting around Rs. 40 crores of depreciation for a 10 basis points movement. And we are at around 7.40%, 7.45% level. Probably another 30 or 40 basis points can move as far as the 10 year security is concerned.

That is one thing, the other thing is that the government security is Rs. 26, 336 crores, so good number is in FRBs also. Last year, the FRBs behaved in a very weird way, normally when the interest rate moves up, the FRBs should act as a hedge. But unfortunately, that has not happened. We hope that with the clarity emerging out of the policy actions, we are sure that there will be demand for FRBs and the flavor of the season would be FRBs. So, overall, we don't think we will have a big challenge to face as far as the portfolio is concerned. And we do have a huge HTM portfolio available for us for further purchases and that can be accommodated in the HTM portfolio.

We are close to around 18.61% as far as the HTM portfolio is concerned. And with the current increase of 1%, we still have close to about 4.5% to 5% is the available room in HTM. So, I think we should be comfortably placed.

Ashok Ajmera: Coming to the recovery side. Of course, our slippages are under control, cash recovery is also good and there is upgradation also. But coming to recovery in some of the large accounts and especially this two or three accounts, which have been talked about, what is actually the provisioning on those accounts and also the chances of the recovery along with the scope for recovery now, in the NCLT, whether it is speeded up now or it's still the same story, what was there last year?

- M Karthikeyan:** The two large accounts which you are mentioning is 100% provided in terms of A/c Future Retail. And in terms of the other account, which is already admitted to NCLT, the provision coverage is around 50% now, against the norm of 35%. So, that is one thing. You can see the cash recovery during last year have increased by an extent of 60%. It is at all time high of Rs. 6,707 crores, so good recovery is happening in the system and the engagement with the customers is being aggressively followed up, various channels have been used. Going forward also we are planning for reduction of Rs. 3,000 crores per quarter, that's our way forward.
- V Anand, GM:** The process have speeded up with the NCLT. All the members post have been filled up, as such there are no vacancies. So, in this year, we hope a better recovery through NCLT.
- Ashok Ajmera:** When you say 50% provision is made, what is in absolute number would be the remaining 50% or the overall amount?
- M Karthikeyan:** In terms of SREI, it is Rs.953 crore is our exposure. Of which, 50% has already been provided.
- Ashok Ajmera:** And the other one.
- M Karthikeyan:** Other one is 100%.
- Moderator:** Thank you. We have the next question from the line of Suraj Das from B&K Securities. Please go ahead.
- Suraj Das:** Congratulations on good set of numbers. On the Future Group, has it been fully recognized or there are, I mean, yet some accounts which has to be recognized as NPA?
- V Anand, GM:** We are having exposure in three of the group accounts, out of which two have already been marked as NPAs and we have made provision to the tune of 100% in these two NPA accounts. The third account has not been marked as NPA because as far as FY23, there was no financial default in that account.
- Suraj Das:** What would be the exposure on that account?
- V Anand, GM:** Around Rs. 386 crores.

- Suraj Das:** Any provisions here, I mean as of now?
- V Anand, GM:** Yes, in this account also, as per OTR, we have done that provision requirement of 10% which is mandatory as per the RFCRS-1. That is maintained.
- Suraj Das:** Now, my first question is on the restructuring side that you have given under slide #27, the restructuring number. So, this number, does it include total restructuring number including COVID 1.0, 2.0 also the earlier MSME CDR, ECR and all the schemes or do we have to add also the MSME number which you have given in the footnotes.
- M Karthikeyan:** It includes all the numbers, the RFCRS-1, RFCRS-2 and all the other restructuring which the bank has kept in force. So, total number is Rs. 16,880 crores which are standard assets.
- Suraj Das:** And on this restructure book you have a provision of Rs. 1,140 crores something around that. So, this looks optically I mean low, something around 7% to 8% coverage only.
- M Karthikeyan:** If you look at the SMA portfolio of ours, it is coming to around 8% to 9% only. Among the restructured assets the SMA percentage is 9% in SMA-1 and SMA-2 is around 10%. So, that's how these numbers are at.
- Suraj Das:** Now coming to the ECLGS. ECLGS disbursement seems to have increased I mean drastically from something around Rs. 5,500 crore to something around Rs. 8,000 crore on a QoQ basis. So, I just want to ask what is the outlook here, and I mean what is the NPA levels in this ECLGS book?
- A.K. Das:** We will share with you the NPA numbers out of ECLGS separately.
- Suraj Das:** And the number which you have given on slide #42 that is Rs. 7,997 crore is it disbursed amount or is it the outstanding ECLGS amount?
- A. K. Das:** Both are same, Suraj.
- Suraj Das:** And coming on to the business side. So, can you give a breakup of your loan book by how much of the loan book would be EBLR linked? how much of the loan book will be MCLR linked or let's say fixed rate loans?

A.K. Das: See, broad segments only I will share with you. In MCLR one year overall we got about 75% of our loan book linked to MCLR one year.

Now, when it comes to EBLR, out of retail advances 47.18% are EBLR linked and within that, SME number is 57.53%. In corporate advances about 33% are linked to EBLR.

Suraj Das: What would be the total loans which will be linked to fixed rate, out of total loans?

A.K. Das: It is about Rs. 41,600 crores.

Suraj Das: Last couple of questions from my side, one is on the NIMs and yield side. So, yield on funds seems to have increased 5.24% to 5.40%, while the yield on advances has decreased from 7% to something around 6.7% or 6.8%. So, I mean if you can throw some light here. Why the yield on advances has decreased, while the yield on funds have increased.

Sankar Sen, CFO: There is increase in interest income over the quarters and there is good growth in Average Advances, as a result, the yield on advances have come down in Q4 FY2022. However, with growth in both interest income from advances and investments, the proportionate growth in Average Assets did not take place, as a result the yield on funds have increased.

A.K. Das: I mean in deployment, other than loans, as our CFO was saying, we have got TLTRO and other things are also part of it. So, that is probably why the yield on funds is showing little increase but these are dynamic numbers, Suraj. I think the core part is our yield on advances which we are trying to improve through volume growth.

Sankar Sen, CFO: In investments, the denominator is high, that's the reason ratio is high.

Suraj Das: The reason why I was asking is that, because if I see your income on investment and interest on RBI and other balance and all that thing, that number QoQ I mean is broadly stable, while the total investment has also, I mean increased on a QoQ basis. So, I mean that should be roughly the yield on non-advances should be roughly either similar or somewhat, some downward pressure, but here in the slide it is showing that the yield on funds has increased. So, that is the reason I was asking that question.

- A.K. Das:** Okay. We will get back to you on that, Suraj.
- Moderator:** We have the next question from the line of Krishna from Wipro. Please go ahead.
- Krishna:** I am here to ask you what has Bank of India did to secure the assets of Future Group because it is like taking the company for insolvency. Securing first the assets of our Future Group?
- V Anand, GM:** Future Group, see already we have filed an NCLT application along with that an interim application that we will file at least to prevent the further alienation of assets. So, whatever has already been alienated that we will be taking a call after the case gets admitted. So, for the time being, we have filed another interim application along with the main application to prevent the further transfer of stores.
- Krishna:** No, Sir. But you have to secure the assets of Future Group, then we have to proceed for NCLT proceedings.
- V Anand, GM:** Security in the sense you know, the security always is available with us because anybody taking over the assets will be taking over subject to the rights of the bank only. So, definitely we have a recourse through the NCLT. Anybody taking over it will be subject to the bank's right. That we will be taking a call through NCLT. It is not that they are getting absolute title over the assets.
- Krishna:** As you are the secured creditors of Future Group, then without your permission, how did Reliance managed to take away the assets of Future Group?
- V Anand, GM:** We cannot comment here, that is somewhat of bilateral contract between Future and Reliance. I don't think we can comment on it at this point of time. For the time being, we can think of protecting the lenders interest which I have told you what steps we will be taking.
- Moderator:** Thank you. We have the next question from the line of Sushil Choksey from Indus Equity. Please go ahead.
- Sushil Choksey:** Congratulations for stable and good results. My first question is your guidance on growth on retail and corporate book, guidance on NIM, CASA and guidance on Treasury book.

A.K. Das: Thank you very much for your complements. General guidance is credit growth of 10% to 12% with more focus on corporate segments and MSME. Agri and retail they are steady at over 18% and NIM it is about 3%. Our domestic NIM is 2.90%, Q4 standalone. So, we are envisaging to take it to about 3% by March '23.

Guidance on asset quality, like we had said last time, our basic aim was to bring gross NPA ratio to below 10%. We have been successful in doing that, 9.98%. By the end of this financial year, we expect GNPA ratio to be brought down below 8%. For that, we have our recovery and other slippage management strategies. We will further improve on the slippage management, which has been a forte for us during the last four or five quarters. We are also aiming at about Rs. 12,000 crore reduction in NPA, partly through NCLT resolution, which could lead to a reduction of about Rs. 4,600 crore and partly through NARCL transfer of about Rs. 2,500 crore and of course the rest through normal recovery process.

So, with this, I think we will be able to improve our NIM. We will be able to improve our operative efficiency by further strengthening our strong liability franchise - 45% and above CASA, which is a good number, probably one of the industry's best, only behind one or two other peer banks. But we would like to have it stabilized even at the higher level. So, all this taken together, I think, it should be a good year for us.

Sushil Choksey: Can you possibly have a data point that when we reach 45% of CASA what percentage of these customers are also there on assets as well as liability both sides?

A.K. Das: That we need to work out. I request you, can you please write a mail on that, I am sure our people will be able to respond. And one more thing I missed out, our retail deposits, our basic intent also was to reduce the bulk deposit. Now we have been able to reduce our bulk deposit percentage to 11%. It was earlier 16% at the beginning of the year. Now, it has come down to 11%. That is also another cost saving measure we have taken.

Sushil Choksey: These deposits are more from Tier-1 cities or they are from non-metros and smaller towns too?

- A.K. Das:** I will ask the department to give you the information on that.
- Sushil Choksey:** Are you seeing based on your CASA at 45%, your penetration on home loan, vehicle loan and mortgage loans where you have done well. Are you likely to increase your percentage of growth higher there than where you stand?
- A.K. Das:** Yes, very much. Cross-selling, up-selling is our major objective. Now, after the mid of the year, when we have the digital platform in place. We have already built up a roadmap for effective marketing of those loans, where right from lead stage to disbursal stage – which we will give through an universal application - we will provide these loans. I am sure that will bring us a lot of benefits, especially in the retail space.
- Sushil Choksey:** These personal loans. How many, what percentage will be secured and what would be unsecured?
- A.K. Das:** Mostly unsecured, but doing well, I mean there is no cause for any concern there.
- Sushil Choksey:** In fact, personal loans are doing better than secured loans.
- A.K. Das:** Absolutely, yes.
- Moderator:** Thank you. We have the next question from the line of Abhijit Kumar from Share Giants Wealth Advisors. Please go ahead.
- Abhijit Kumar:** My question was like, what is the bank's strategy like you have a big exposure which you have provided this quarter for Future Group? So, like recently the deal was rejected by the Creditors Committee. So, what is your alternative strategy to recover the dues because the total exposure of banks is large and already the assets have been taken by Reliance? So, how do you feel? Are you comfortable of recovering the amount, if you can throw some light on that?
- V Anand, GM:** The case is likely to be admitted anytime by the NCLT. Once it is admitted, we will get a resolution plan through the NCLT. Now I think it is slightly early to comment upon it, but it all depends on EOIs which we are receiving and thereafter the CoC will be taking a call on it regarding the recovery. It is slightly early to comment upon the chance of recoveries in that account at this point of time.

- Abhijit Kumar:** However, as most of the stores have already been taken by Reliance and whatever stores are remaining that are also getting closed so if there is no stores remaining, so what is the chances of recovering in NCLT that is really worrying? How all this happened exactly the mess got created,
- A.K. Das:** Whatever we could do our best we have done that. We have fully provided so that our balance sheet is effectively cushioned from that. And for recovery part I think everything is not in our hands. We are completely dependent on that and like Mr. Anand told, we will take a decision after the NCLT verdict on 6th.
- Abhijit Kumar:** Any chance of taking the stores back which have been taken over?
- V Anand, GM:** Definitely legal steps will be taken for retrieving that. Once the case gets admitted, whatever charged assets are there, that only we can take it back or else, we will not be in a position to touch.
- Abhijit Kumar:** So, stores you may not be able to take but at least the inventory valuation you can bring back from the Reliance?
- V Anand, GM:** Yes.
- Moderator:** Thank you. We have the next question from the line of Jitesh Mehta from Ativir. Please go ahead.
- Jitesh Mehta:** Can you throw some light on upcoming, your QIP, means how much will be its price and amount?
- A.K. Das:** We are just about done with our March results. We just got an in-principle approval from the Board. And we will take a call after Q1. Right now we don't need that urgently, capital augmentation.
- Moderator:** Thank you. We have the next question from the line of Ashutosh Mishra from Ashika Stock Broking. Please go ahead.
- Ashutosh Mishra:** I have two questions. The first is what is our written-off book at this point of time? And you know what type of recovery do you see coming from that book?
- M. Karthikeyan:** In terms of written-off accounts, last year, totally Rs. 10,324 crores was the written-off amount and cash recoveries in written-off account was Rs. 1,035 crores. And that is a good traction because see, what we have

concentrated now on all those doubtful ones and loss assets have very meticulously been followed up. And last quarter also, you could have seen a recovery of Rs. 354 crores in those assets, which has been continuously on the increasing trend. So, economy being improved and the situation is good, slightly improving, we are getting good traction and good recoveries from those segments which will definitely drive down our provisions as well as increase our P&L.

A.K. Das: You would have seen in the financial year comparison FY21 and FY22, our recovery from the written-off accounts has almost doubled from Rs. 500 crore to Rs. 1000 odd crores there, and that has partially compensated our loss in Treasury.

Ashutosh Mishra: Do you expect this trend to continue? This Rs. 1000 crores type of recovery in FY23?

M. Karthikeyan: Yes, we do.

Ashutosh Mishra: Second question on the Security Receipt, what is the quantum of Security Receipt we have and whatever provisions we are holding on that?

M. Karthikeyan: Around Rs. 3,000 crore, provision around 92%.

Ashutosh Mishra: And by when we will be seeing this NARCL transfer taking place?

V Anand, GM: NARCL, some of the accounts have been identified. They have also appointed some consultants for conducting due diligence and all. Thereafter, the reserve price fixation happen. We will be taking further course of action for transfer of accounts, by taking approval from appropriate authority. At least by this Q1, we are expecting transfer of some accounts, even though not all accounts are getting transferred, the process would start by this quarter.

Moderator: Thank you. We have the next question from the line of Sushil Choksey from Indus Equity. Please go ahead.

Sushil Choksey: What is your plan to bring down government holding to 75%?

A.K. Das: We have got in principle approval from the Board for raising of another Rs. 2,500 crore this financial year. The modus operandi and details will

be worked out after Q1. So, if we are able to do that, we will be able to bring down the Government stake to below 75%.

Sushil Choksey: My suggestion, I don't know if any public sector bank has explored or not. Can we convert that additional equity to bring it down to 75% into a preference share or Tier-1 capital bonds or whatever, whereby we don't destroy the book value, because after our last QIP the market price is tanked. I am not saying the market conditions have not changed but looking at the performance that would be more enabler rather than destructive of price.

Sankar Sen, GM: Bonds will not be able to reduce the government's stake. Preference shares we cannot go because it's a Government company. But definitely we have to go for QIP or FPO or preferential issue. Further, there is no explicit provision in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and 1980, regarding such modalities of reduction of Govt. stake in our Bank.

Sushil Choksey: I think you have not understood my question, I am saying convert the equity shares into preference shares or Tier-1 bonds whereby government will have an 8% or 7% yield on the instrument and the shares are converted at SEBI formula whereby your equity reduction happens to below 75%.

P R Rajagopal: This is a good suggestion, we will try to look at it. We will have to exactly look at whether it is possible or not, because nobody has done that in the market as of now, as far as I know. We will see if it is a better proposition and we will evaluate it also.

Sushil Choksey: I will share some data on that.

P R Rajagopal: Yes please do.

Sushil Choksey: Second thing, on the growth pattern, the corporate credit growth, how much would be public sector and how much would be private sector in last 12 months?

P R Rajagopal: You want bifurcation between public sector and private sector? As on date, if you see, you know the portfolio very well. Nobody needs to tell you about the portfolio of Bank of India. 80% is in NBFC plus Government and public sector put together in overall corporate book. So, naturally the demand pickup happens, see today what is happening

in the last one or two years, there is no incremental capital formation and the private CAPEX is not actually picked up in the last one or two years. Most of them are conserving cash including big companies.

Now, we will see exactly how it pans out because a lot of mergers and acquisition consolidation in the commodity sector still continues to happen and manufacturing needs to completely pick up. The only services sector there is a demand but not in the big chunk services sector. It is only again retail and MSME some demand is visible. In these circumstances, private sector and corporate book to grow, it will only grow modestly so far as overall portfolio to the proportion of the overall corporate portfolio that we have.

We don't see great growth in corporate book. Of course, whatever is the existing relationships we have, we have good relationships. Wherever there is an additional requirement for investment, wherever there is a brownfield expansion that happens, we will continue to take the exposure. So, that's what the idea is in so far as our strategy for growing the corporate.

Sushil Choksey: My last question, we are talking about digitization and digital platform, what kind of CAPEX and what kind of products we will be able to do it or it will be only digital for retail?

P R Rajagopal: No it is not like that. See I will tell you we have actually over a period of five years, our CAPEX for the entire IT is around Rs. 5000 crores. Now, the major thing that we have actually planned for the next 18 months is around Rs. 1000 crores plus. So, where we will have all the entire utility platform. This is not retail alone, it will be both liability, assets as well as it will include the entire gamut of asset side, including trade finance, supply chain, corporate book everything will be there as part of the digital, because it is inevitable so I cannot do anything without digitalization. So, it has to be done.

Moderator: Thank you. We have the next question from the line of Bhavik Shah from Morgan Stanley. Please go ahead.

Bhavik Shah: I just wanted three data keeping questions. First what would be the LCR ratio as on a fiscal '22?

A.K. Das: 212%.

Bhavik Shah: What would be the yield on investment this quarter compared to last quarter?

A.K. Das: 6.27 for Q4 FY2022 and 6.44% for the Q4 FY2021.

Bhavik Shah: Why have we seen a very like 16 basis point increase in yield on fund quarter-on-quarter?

P R Rajagopal: See normally when the HTM securities are shifted, there will be a lot of churning that happens at the AFS level. If you see the AFS portfolio, you will understand this. The AFS portfolio, quarter-on-quarter, basically that has come down. So, there is a lot of churning that has happened in the AFS portfolio. So, naturally, the yield will go up there.

Bhavik Shah: And how is the restructuring book performing with respect to collection efficiency across retail, MSME segments?

P R Rajagopal: The collection efficiency is very good. As of now if you see the restructuring that we have is around Rs. 16,000 crores. Now around 1% to 1.5% is the slippages over there, both in the MSME as well as the overall restructuring book. If you see the MSME restructuring book, taking September '21 as a cutoff date for implementation timelines as per the RBI guidelines, the last six months slippage is worked out, it is less than 1%.

Moderator: Thank you. We have the next question from the line of Suman from S.S. Tours and Travels. Please go ahead.

Suman: My question is regarding the Future retail. It is secured or whoever has voted, has voted against it. So the bank is confident that we will recover more than what we could recover from there through NCLT. Because there are 4 lakh retail shareholders, and everybody is thinking that Bank of India has taken the lead, they have taken it to the NCLT, so I want to know more regarding this.

P R Rajagopal: See the thing is, if you see, the settlement that they offered initially, what happens was the outside bond holders and unsecured creditors were given more share in that scheme. And secured lenders were given less share. So, this was unfavorable to the secured creditors. Apart from that, what you are saying about retail shareholders, it was a little bit of a loss for them too, that whole scheme. It was rejected because of that.

In NCLT, what happens is there will be more competition. There will be two to three people coming in, which will increase the brand value. It is not that the stores and securities only hold the value, the brand value, chain also should be counted. So, there are a lot of facilities, assembly line, garment line, there are a lot of good options. If you see the entire logistic chain that it has, nobody else has that. There will be a lot of value in the Future to all the banks and all the retail shareholders in NCLT.

Moderator: Thank you. We have the next question from the line of Suraj Das from B&K Securities. Please go ahead.

Suraj Das: Just a couple of data keeping questions. So, the capital number which you have reported around 14% CET one, does it include the dividend which you have announced? And also does it include the carried forward family pension provision?

A.K. Das: No.

Suraj Das: What will be the outstanding DTA numbers that as of FY22?

Sankar Sen, CFO: It is Rs. 8,700 crores. We have brought down the DTA. Last year it was Rs. 12,900 crores, and now, we brought it down to Rs. 8,700 crores.

Suraj Das: And the last question, are you fully compliant on the Investment Fluctuation Reserve according to the RBI guideline, which would be around 2%.

Sankar Sen, CFO: Yes, we are fully compliant. In fact, in the last year we became fully compliant.

Suraj Das: That Treasury loss which you have reported does it also include the MTM hit or it does not include the MTM hit.

M Sasidharan, GM: Total includes the MTM hit also as per the new guidelines, we have included the MTM hit also that's why that Rs. 111 crores is shown in there.

Suraj Das: And how much would be the MTM hit for this quarter, if I may know?

M Sasidharan, GM: Wait for some more time. I can say that the total, both non-SLR and SLR portfolio put together if there is a 10-basis point increase we are likely

to see a hit of about Rs. 40 crores. So, it depends upon where the yields are going to move by 30th of June.

Moderator: Thank you. We have the next question from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

Ashok Ajmera: I would like to little bit dwell upon again the credit, especially the corporate credit and because we are talking about 10% to 12% means, we are talking about something like Rs. 40,000 crore to Rs. 48,000 crore of growth. So, my question to Mr. Dasgupta is that, like we had a growth in NBFC of Rs. 2,000 crore in this quarter, we had one major growth in the power distribution company from Rs. 6,200 crore to Rs. 9986 crore in the distribution field. So, similarly, is there any identified areas and field or across the industry, because I don't see much growth in our domestic credit industry wide, if you see slide #12 like infrastructure, textile, gems, jewellery, chemical. So, what is exactly our plan to achieve this number of 12% growth, of course, a part of it is in the RAM also. Any planning has been done on it like NBFC, co-lending space, we are targeting Rs. 3000 crore to Rs. 5000 crore on co-lending or if it is a power and infra. So, can you throw some light on that?

Swarup Dasgupta: For the corporate credit we have planned. This year we will grow by roughly around Rs. 13,895 crores. We are expecting some good project from the Government sector also under Gati Shakti, Health and Pharma we are doing. Further, coupled with that, wherever the good rated corporates are coming, there also we are lending and NBFC whatever you are seeing it's actually Government NBFCs or like Tata, very prime rated corporates. As a prudent measure, we are not going to increase further our size exposure in NBFC. We are having some issues with the unsecured exposure. Secured credit whatever comes in our way and if it's a good rated and case to case basis, we will examine. For your information, so far in the first one month only we are having the sanctions to the tune of Rs. 5500 crores. Plus, we are having Rs. 40,000 crores undisbursed limit with us. So, we are hopeful that the credit pickup will be there and there will be no difficulty in raising our book size in corporate credit by roughly around Rs. 14,000 crores to Rs. 15,000 crores.

Ashok Ajmera: Again, coming back to IT, digitalization, end-to-end, I think we have been hearing it for a long time. So, is there any fixed deadline, it is going on for last I have been hearing at least for last 4, 5, 6, quarter. So, what

is exactly the launching date of your particular product or a particular activity like when we are talking end-to-end means everything. So, we are again saying '22/'23 but any idea that by what period, which month, we can put some deadline on it?

P R Rajagopal: The launch will happen. All these projects are concurrently running Ashokji, and added to that, what I would tell you is normally what happens the lead time for rollout of any initiative that is taken is 18 months to 24 months. So, if you have been listening for the last four quarters we have been actually taking steps in terms of rolling out. Now we are ready to roll out and the rollout will start happening mostly by June onwards. So, 1, 2, 3 products will start because most of the products are already in the closed group and under testing. So, one by one first we will start with Retail, MSME and Agri and thereafter we will actually shift to corporate book. Similarly for example Trade Finance and supply chain, the UAT is already on. It will be rolled out in July. So, like that most of this rollout will happen by September 2022 that's what we have planned. And further projects are there where rollout will go up to March '23. Month-on-month basis there is a planning.

Moderator: Thank you. We have the next question from the line of Sumukha Jain from SKS Capital. Please go ahead.

Sumukha Jain: I have a question again regarding the Future Group, sorry for that. So, my question is generally when scheme of arrangement does not go ahead and you go to the NCLT, the hair fall would be more than what you would be getting through a deal right or how are we going about this can you please explain ?

P R Rajagopal: There are many things that you will have to actually have - counter intuitive view and what you are basically talking is intuitive. Naturally, the deal is better than NCLT something intuitive. In this case, we are looking at very counterintuitive things that are not visible on the face of these accounts, okay. What we see is there will be better recoveries. And the deal, actually deal was one sided again, I said already the deal was one sided only for unsecured bond holders, whereas secured lenders and others are not given a very good deal. So, naturally, when we are pressing for it, there is a good brand value over there, there is a good logistic infrastructure over there, which Reliance is interested in taking over or even Amazon may chip in and take over. Today, Amazon is fighting tooth and nail. Do you think there is no value in Future. If there

is no value in Future why Amazon is fighting so much, just for the sake of fighting? They are spending crores of Rupees in the legal costs, and fighting this case tooth and nail for what? So, there is a market they need, they have to enter. So, there is an intangible value that this particular group has, which will be able to realize over a period of one or two years we can see, if we push for NCLT that's what our take is on this account.

Sumukha Jain: Just this kind of unprecedented right. So, like any company, anytime in the future can take over assets and this will be a base for legal cases as well right. So, why not also join hands with Amazon to fight on behalf of the banks?

P R Rajagopal: All the options are open to us. See in so far as lenders are concerned, especially a lead bank like Bank of India and Central Bank and others, our primary aim is to maximize recovery for the bank. We have taken huge exposure on this account. So, naturally, all options are open to us. We may join Amazon, all options are open, all options are being evaluated. At the right point in time, right kind of option will be chosen for maximizing recovery.

Sumukha Jain: So, as retail investors we can hope for the best in the future, right?

A.K. Das: Yes.

Moderator: Thank you. We have the next question from the line of Vishal Singh from Lalkar Securities. Please go ahead.

Vishal Singh: Why has not any action being initiated against Mr. Kishore Biyani for just evading the lease and you have not been disclosed about the lease and transferred. No criminal proceedings against Mr. Kishore Biyani was initiated.

P R Rajagopal: Why do you think we have not initiated action or lenders have not initiated action? Where did you get that news? Already the guarantees have been invoked, okay, the action against him will be taken, he will be dragged to NCLT, if necessary. Even the other types of options that banks can take against the personal guarantor is being taken.

Vishal Singh: As a public sector bank, you have the power to take action against him.

- P R Rajagopal:** Yes, public sector banks are not so weak that we cannot take action. Vijay Mallya we have taken so much of action, that's why we recovered almost Rs. 7000 crores plus.
- Vishal Singh:** But are you waiting for him to fly to London, you have to take action immediately.
- P R Rajagopal:** We have already initiated the process of issuing the Lookout circular against him. It is already decided by the consortium. I don't think he will fly anywhere, don't worry.
- Vishal Singh:** One more question I have that why the Bank rejected the deal, why the Reliance offer bad? What do you expect in NCLT procedure?
- P R Rajagopal:** I have replied this quite a lot of times saying that it is one sided. It is only favoring bondholders and the unsecured creditors, not the secured creditors. We have been given a raw deal in the entire scheme. So, we find a lot of value in that company. We find a lot of value in the brand so naturally, we want more.
- Moderator:** Thank you. We have the next question from the line of Jai Mundra from B&K Securities. Please go ahead.
- Jai Mundra:** So, out of your Rs. 7000 crore of staff cost, how much is cash salary and how much is retiral provisions, if you have that breakup?
- P R Rajagopal:** I will share with you separately. These are very granular details, so we will give you separately. If you want in terms of proportion, it is almost 70, 30 proportion.
- Jai Mundra:** So, hypothetically, if the yields were to go up by 100 basis point over the next one year, this 30%, which is roughly Rs. 2000 crores of employee provisions, can there be any positive impact there because of the rising yield, and hence, the retirement provisions liability may be lower?
- P R Rajagopal:** I don't think there is any correlation between yield and retirement provision. See in our case, retirement provisions are all defined benefit schemes. And added to that, there are statutorily prescribed amounts. And in so far as that particular Trust is concerned, the yield on Trust funds is completely a different question, it is not part of our balance sheet at all.

- Jai Mundra:** So, that Trust is independent, right?
- P R Rajagopal:** Yes.
- Jai Mundra:** Maybe LIC, right?
- P R Rajagopal:** Not LIC, we have our own Trust. Trust has its own treasury, it makes these investments.
- Jai Mundra:** So, you are saying if the retirement provisions that you will make is not impacted by yield movement, right.
- P R Rajagopal:** Yes I don't think so.
- Jai Mundra:** And out of your 50,000 staff, how much roughly would be on defined benefit and defined contribution?
- A K Pathak, CGM:** As of now, 10,000 existing staff are there in the defined benefit scheme. 10,000 under the old pension scheme and remaining 40,000 to 41,000 are in the new pension scheme, they are under contributory pension scheme.
- Jai Mundra:** So, anyway, you have a large proportion that have already moved to defined contribution. So, that way, it may not matter too much on the yield side. Is that right understanding?
- A K Pathak, CGM:** I think MD Sir has already told that it is a separate Trust, and that Trust has its own balance sheet. So, any yield movement in that doesn't impact our Banks' balance sheet.
- Jai Mundra:** Because of yield movement, if there is any change in the planned liability or value of your planned assets, you have to make the shortfall good, right. So, to that extent, it should matter.
- P R Rajagopal:** Jai it is like this, the provision of the AS15 it has to be nevertheless made. It has nothing to do with yield, whether the yields rise up or down, it is not going to have any impact in terms of my AS15 provisions. Of course, if yields rise, my income is more then the ability to make provision is better. That is the only advantage I have.

Monika Kalia: Jai I think you are correct, the actuarial calculation which happen that happens on 10 year yield as you pointed. So, there may be a positive impact.

A.K. Das: I may not have to provide that's all.

Monika Kalia: The shortfall will be less, because the ability for the Trust to grow the income of the Trust would be considered at a higher level.

Jai Mundra: Secondly, in your opening remarks, you mentioned NIMs as 3%. And if I see your last 10 years, the bank has not done 3% NIMs even on quarterly basis. So, what do you think is changing for the bank so that it can do 3% NIMs? Is it like, too optimistic or you think there are clear drivers for NIM expansion? I mean, the reported NIMs in the last 10 years have not been 3%.

A.K. Das: 10 years probably in the current context is too long a period to do any comparison. I was only saying that 86% of my loan books are in the domestic arena, wherein the NIM is already 2.90% last quarter. And it has made possible mainly because of good traction in credit growth, especially high yielding credit growth. So, our objective is to go as close as possible to the 3% marker. It's the international book which has shown lesser margin, we will try to make good that. But having reached 2.90% for Q4 there is every reason to be optimistic about that.

Jai Mundra: I think on domestic you can do, I was thinking that you have given for the full year full bank, so that maybe the disconnect.

Moderator: Thank you. We have the next question from the line of Prabal Gandhi from Antique Stock Broking. Please go ahead.

Prabal Gandhi: So, my question is on the overseas loan. So, this quarter and the last few quarters as well, we have seen a healthy momentum in the overseas book, just want to understand how much of this could be because of the INR depreciation, if you could give a breakup on that front.

Monoj Das, CGM: In this context, I would like to say that strategically we have gone for the term loans. That's why the growth is there, as well as we are gone for the trade finance portfolio. Our trade finance portfolio has increased by almost 1 billion. And simultaneously we have gone for the term loan exposure primarily on the primary syndication and secondary market

loan books. So, that has increased our books. And we hope to continue in this financial year also.

A.K. Das: It will be an insignificant number, I believe, INR variation related loan growth.

Prabal Gandhi: Coming to the company to the ROA front. What could be the typical ROAs that we would be making on the overseas book?

Swarup Dasgupta: Overseas ROA, it is average 0.80%.

Moderator: Thank you. That was the last question. I would now like to hand the conference over to AK Das - MD & CEO for closing comments.

A.K Das: Yes, I would take this opportunity to thank all the participants in this conference. All my ED colleagues and our key vertical heads who are present here who responded to various questions and we hope we have been able to satisfactorily respond to the questions. Few of the questions, I think once we receive the mail, we will respond to that. This financial year and the last financial year has been good for us. We intend to continue in the same way during the current financial year and we look forward to your continued support and guidance. Thank you very much once again and goodbye.

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