

Scrip Code: BANKINDIA	Scrip Code: 532149
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Sub: Unaudited (Reviewed) Financial Results (Standalone & Consolidated) for the 2nd Quarter ended 30.09.2024 - Earnings Conference Call with Analysts/ Investors – Transcript.

With reference to above and pursuant to the applicable provisions of SEBI (LODR) Regulations, 2015, we herewith enclose the transcript of post results Earnings Conference Call with Analysts for the 2nd Quarter ended September 30th, 2024 held on 12.11.2024.

The transcript of 2nd Quarter ended September 30th, 2024 earnings Conference Call is uploaded on Bank's website and the same can be accessed through below link :

<https://bankofindia.co.in/analyst-conference-call-transcript>

This is for your information and records.

भवदीय Yours faithfully,



(Rajesh V Upadhyia)
कंपनी सचिव Company Secretary

Encl: As above.

Classification: **Public**

**“Bank of India
Q2 FY’25 Earnings Call”
November 12, 2024**

Management Team Represented by

Shri Rajneesh Karnatak, Managing Director & CEO

Shri P.R. Rajagopal, Executive Director

Shri M Karthikeyan, Executive Director

Shri Subrat Kumar, Executive Director

Shri Rajiv Mishra, Executive Director

Moderator

Good evening, ladies and gentlemen.

A very warm welcome to today's Analysts' Meet of Bank of India's Q2 results of FY 2024-25, which is being conducted in a hybrid mode to be attended physically, as well as virtually by our Analysts. I would like to thank you all for taking your time and joining us today.

We have with us, our top Management, led by our Managing Director and CEO, Shri Rajneesh Karnatak ji. Joining him on the dias are our Executive Directors, Shri P. R. Rajagopal, Shri M. Karthikeyan, Shri Subrat Kumar and Shri Rajiv Mishra ji. I would now request our MD and CEO, Shri Rajneesh Karnatak ji to address our Analysts, to begin with.

Shri Rajneesh Karnatak, MD & CEO

Thank you, madam. Thank you so much. First of all, good afternoon to all the dignitaries present here, ladies and gentlemen present today in the Analysts' Meet. It is my pleasure to welcome you all for this interaction post-publication of the financial results of the Bank for Q2 of FY25.

The strong macroeconomic and fiscal indicators of the economy coupled with the improved investment, controlled inflation, comfortable foreign exchange reserves exhibited positive sentiments and stability, preparing the ground for India to become the world's third largest economy by 2027 and a developed nation by 2047.

Against this backdrop, the Bank is playing a pivotal role in fuelling the country's growth trajectory. The YOY credit growth of our Bank was 14.51%. The major drivers of growth will be the customer-centric innovation, along with strong commitment on sustainability. The fulcrum of these innovations will be enhanced customer service experience, leading to low-cost deposit mobilization through retail deposits to fund the credit growth. Asset quality will be given paramount importance with improving underwriting standards, containment of slippages, and speedy recovery.

In this direction, a few initiatives have been taken by the Bank. First of all, I'll discuss the business initiatives. Number one, the new Credit Assessment Model based on data available from the digital footprints has been finalized and a product named "Star DIGI Biz" is developed to be rolled out digitally with an amount upto Rs.1 crore.

Number two, the new Internal Rating Model developed by CRISIL has been introduced for rating Investment Instruments. Number three, launch of Virtual Account System payment service for assigning virtual IFSC code for Corporate clients, which will enable faster collection of their payments with automated reconciliation.

Number four, new "BOI - Tata Commercial Vehicle Loan" launched in collaboration with Tata Motors Finance Ltd. Number five, the maximum limit per worker and group under the Star JLG Scheme has been increased from Rs. 50,000 to Rs.1 lakh and from Rs.5 lakhs to Rs.10 lakhs, respectively. Number six, the CGTSME claim process and adjustment of the claim money received has been centralized in the Bank.

The IT initiatives which have been taken are, number one, the focus on Digital and Technical Transformation “Project Technext” has been launched to scale up digital footprints.

Project Aditya (Analytics Driven Insights to Yield Actions) has been launched for developing a robust technological platform and enhancing data quality and governance. Number three, to enable outward remittances in 100+ currencies and inward remittances in 30+ currencies, a Multi Currency Payment Solution, MCPS, has been introduced. And number four, OTP based Mandate facility has been implemented, which customers can authorize auto debits from their accounts to wallets without using any third-party platforms.

We have published and shared the financial results of the Bank for Q2FY25 yesterday. The main highlights are as under:

On the business side, global business has increased by 12.05% YoY from Rs.12,46,000 crores in September 23 to Rs.13.97 lakh crores in September 24 with the incremental growth of nearly Rs.1,50,000 crores.

Global gross advances increased by 14.51% YoY from Rs. 5.43 lakh crores in September 23 to Rs.6.21 lakh crores in September 24 with the incremental growth of Rs.78,000 crores. CASA increased by 7.26% YoY from Rs.2,56,000 crores in September 23 to Rs.2,75,000 crores in September 24 with the incremental growth of nearly Rs.18,000 crores and CASA ratio stood at 41.18%. Domestic gross advances increased by 15.03% YoY from Rs.4.52 lakh crores in September 23 to Rs.5.20 lakh crores in September 24 with the incremental growth of nearly Rs.68,000 crores. Sequentially, it has grown by Rs.12,000 crores at a rate of 2.46% during the quarter.

Domestic deposits have increased by 12.33% YoY from Rs.5.98 lakh crores in September 23 to Rs.6.72 lakh crores in September 24 with incremental growth of Rs.73,000 crores. Sequentially, it has grown by Rs.24,000 crores at 3.83%. RAM advances increased by 19.74% YoY from Rs.2,50,000 crores in September 23 to Rs.3 lakh crores with incremental growth of nearly Rs.49,000 crores with a share of 57.70% of the total domestic credit. As regards profitability and asset quality, operating profit for Q2 stands at Rs.4,147 crores witnessing a growth of 10%.

Net profit stands at Rs.2,374 crores witnessing a YoY growth of 63%. For H1, it stands at Rs.4,076 crores with a YoY growth of 35%. Global NIM stood at 2.82% and domestic NIM stood at 3.14% for Q2 FY25.

Interest income for Q2 stands at Rs.17,000 crores witnessing a YoY growth of 16% for half year and it stands at Rs.34,000 crores with a YoY growth of 17%. Non-interest income for Q2 FY25 is Rs.2,518 crore witnessing a YoY growth of 49% and for H1 FY25, it stands at Rs.3,820 crores with a YoY growth of 21%. There has been improvement in the Asset Quality with reduction in both gross NPAs and net NPAs. Gross NPA ratio is at 4.41% improved by 143 basis points on a YoY basis and net NPA ratio is at 0.94% which has improved by 60 basis points on a YoY basis.

In tune with the growth of the economy, guidance for domestic credit growth will be around 14% and domestic deposit growth is projected at around 13%. The key focus

area will be low cost deposit mobilization for protecting our NIM and increasing high yielding advances for consistent growth in the business with emphasis on digital initiatives, improvement in asset quality and arresting slippages. The endeavour of the Bank will be increasing efficiency and profitability along with the focus on compliance and better corporate governance. I would like to thank you all for showing faith in us and for your continued support. The floor is now open for discussion and Question and Answer.

Moderator:

Thank you very much, Sir. The floor is now open as Sir said, for the Question and Answer session.

I'll just do a little briefing. Before we take up the question, please raise your hands and introduce yourself and the organization. And we'll proceed in an orderly fashion.

I'll request each person to take three questions at a time. If you wish to ask additional questions, we will have the opportunity to do so after others have had their turn. So thank you for your cooperation.

And one more thing, for the audience who have joined us virtually, you will notice a small icon on your screen, a hand sign. Once you place this, it will alert us that you would like to ask a question. You can go around one by one.

The Analyst asking the question will be unmuted. You can press a notification on your screen to unmute yourself. Kindly click on unmute and identify yourself and the organization before asking the question.

Those who have joined us through an audio call request you to kindly WhatsApp Ms. Maimuna or Ms. Gouri from Adfactors PR team if you would like to ask a question. We will ensure that the question is taken. So let's move ahead.

Can I have the first one coming up, please?

Mr. Ashok Ajmera:

I'm Ashok Ajmera. I'm the Chairman of Ajcon Global. So compliments to you for a very good set of numbers, Sir. Thank you.

If you look at the profitability point of view, both the operating profit and net profit have gone up substantially. And the Bank is also, I mean, as far as the growth is concerned, it's also doing well as compared to some of the other Banks. And you said that, Sir, what we observed is that in our profitability, this quarter, major component has come from other income, where the investment profit and the revaluation of the investment has gone up from Rs.166 crores to Rs.730 crores.

And recovery from the written off accounts has gone up from Rs.202 crores to Rs.685 crores. So these two, Rs.1,400 crores, which have straight away gone to the bottom line of the Bank. And on the other side, if you look at the real banking business, which is dropping substantially, has dropped rather in this quarter, I think from 3.42% to 3.17% something.

So, there we are facing the pressure on the margins. And here we are doing well for the recovery. So net net, our bottom line is definitely increased, which is a very good welcome sign, which increases our book value of the share also and overall profitability.

Next, sustainability of this other income in the remaining half year of this FY25. And how do we meet the pressure on the NIM so as to improve the NIM and overall profitability of the Bank? Then I will take up others.

Shri Rajneesh Karnatak, MD & CEO

Let me answer that. So as you rightly said that the profit has increased, but definitely there are certain challenges which you see in the Balance Sheet.

So for the first time, we have crossed the profit of Rs.2,000 crore in the quarter and closed at Rs.2,374 crores for this quarter as against Rs.1,700 crore, which we had shown in June quarter. And it has improved to Rs.4,076 crores as against Rs.3,009 crores, which we had shown in September 23. So you are right that this net profit is also riding on the fact that non-interest income has increased and non-interest income is now Rs.2,518 crore.

And it is written by basically two aspects. One is the Treasury income, the sale of securities, which we have done. And number two is the recovery in the written off accounts.

So let me explain that we have done some good Treasury Management from the Treasury Department side. And there were certain securities available with us in which we found that there was good margins available when we are disposing them. So that profit we have taken in the books and because of which the profit from the sale of Treasury from Rs.81 crores, it has jumped to Rs.730 crores on a quarterly basis (YOY).

Now coming to the written off accounts recovery, again, it is not one single account. There are seven to eight accounts in the NPA book, which got resolved during this quarter and we received this money. And all these accounts were written off. So they have come in other income on reduction of NPA. They have gone straight away to the P&L of the Bank through the non-interest income. And there it has increased from Rs.560 crores in September 23 to Rs.685 crores in the September 24.

There also has been some increase in the other non-interest income with typically respect to the Penal charges as per the RBI circular. So penal interest, which was earlier booked in the interest income, is now booked under the non-interest income. So, these are the basic components.

Apart from that, we have also done well in the cross-selling of third-party products where our income is Rs.85 crores as against Rs.53 crores, in September 23. So all in all, Rs.2,518 crores has definitely contributed to the overall profitability of the Bank for this quarter. And we think that with the kind of pipeline that we have in the NPA book, written off account pipeline, which is nearly Rs.45,000 crores and gross NPA book of around Rs.27,000 crores.

So recovery in this quarter and the ensuing quarter in the Q3 and Q4 will also be good so that the non-interest income of the Bank continues to show the same kind of growth number, which is there, or at least it is sustained at that level. The concern with respect to the net interest income, yes, it has increased by only 4% on a YoY basis and on a QoQ basis, as you rightly say, it has de-grown. One of the reason for that is the RBI Circular wherein the penal interest income, which was booked here, is now getting booked in the penal charges and going to the non-interest income.

The second thing is that I have clarified in yesterday's Press Conference also was that around Rs.18,000 to Rs.19,000 crores of our Corporate book got repaid in the first week by the 10th of July. So they were those advances in the Corporate book where the rate of interest was very fine and linked to the Repo rate, where we thought that it is better to get them paid off rather than continue with the rising interest rates scenario on the deposit side. So that amount got paid off.

So, for around Rs.19,000 crores of Corporate advances, for the entire 80 days, interest income was not available to the Bank. So that was the thing, though the credit has gone up on a QoQ basis, both YoY and sequentially also, the main thing which happened was the credit built up to that extent some time and majority of the disbursement in credit happened in the month of August and September, which did result in the increase of credit, but the average credit was on the lower side during the quarter, which resulted in the lower net interest income, finally, which resulted in the lower net interest margins, which you rightly said we have closed at 2.82% for this quarter on the NIM side, on the global side, but on the domestic NIM side, we are having a healthy NIM of 3.14%. So we have to be very cognizant of the fact that when you see Bank of India book, the total business mix of Rs.13.97 lakh crores, out of that 15% is the international book. In the international book, the NIMs are quite fine. In fact, they are much lower than the domestic NIMs because of which when we see the overall global NIMs, it gets moderated. Because of this moderation, it is coming down to 2.82%. In fact, most of the Banks who have higher international books, their NIMs get moderated once the global NIM is calculated. So that is the reason it is there.

Further, I will say that it has bottomed out for us. It could not go below this. And with the busy season, which is coming now in Q3 and Q4, we expect that there will be better credit growth and a better disbursement, which will take place month on month basis, which will give better interest income to the Bank and then better net interest income. And so the overall margin will be better and the NIMs will do better in the coming two quarters for the Bank.

Mr. Ashok Ajmera:

Point well taken, Sir. And yes, I think we have got a very sizeable international book, of more than Rs. 2,00,000 crores. More than Rs.1,00,000 crores of deposit. Similarly, more than Rs.1,00,000 crores of advances. On that profit is only Rs.300 crores plus. In fact, it has doubled on a YoY basis. Sir, my second question is, or rather some data point, is on the little higher provision, in spite of writing off a substantial amount of the provision, writing back, I think, Rs.384 crores. We have written back. In spite of that, the total provisioning is Rs.1,427 crores on the NPA.

So I can understand that one account of that, I think MTNL, I think Rs.200 crores provisioning has been made, this has been made in this quarter itself, out of this Rs.1,400 crores. What is our total outstanding on that? I think Rs.1,000 crores you reported. So, number one, what are the other provisions? I mean, why the provision figure has a little bit gone up.

Number two, on MTNL account, how are we proceeding, all the Banks together, whether they will come back standard and again slip, or how do we plan to recover the money, even though it is Government guaranteed? But it does affect our profitability quarter after quarter, because of the provisioning and NPA figures also goes up. So some colour on this, because our SMA 1 and 2 have also gone up substantially in this quarter, including our SMA 0 also. So overall SMA numbers are quite high, I think it is doubled or tripled from the last quarter.

For SMA 1 and 2, what is the status, because now we are sitting in November. So some account might have been regularized also, much have come to the SMA zero, so can you give some colour on that SMA number, whether we get provisioning?

Shri Rajnish Karnatak, MD & CEO

So coming on this, provisioning on the NPA account side, Rs.1,400 crores is the provisioning which we have done in this quarter. The incremental increase in the provisioning in this quarter is because of that one public sector account NPA which had slipped during this quarter, in that we have, the exposure is more than Rs.1,000 crores, in which we have made the provision as per the RBI guidelines.

So that provision is around Rs.150 to Rs.200 crores, somewhere in between that. The remaining provision is with respect to some NPA accounts which are unsecured, which were legacy NPAs where we have now taken them as unsecured because book debts and stock are not available in those Cash Credit accounts. There we have made provision as per prudent banking practice, and some provision is with respect to the ageing provision which happens in the due course of business when a substandard account becomes a doubtful account, from D1 to D2 and the doubtful moves as per ageing to the loss category. So that is the kind of provision that we have made, so that is one part.

As regard the account-specific details which you are asking, see this is a public sector account and we are already in touch with the Management. Other Banks are also in touch with the Management, and the Management is working out some resolution process. So we have to wait and see what finally the resolution process comes out from their side, and whether it will be some restructuring or some other kind of way which they want to give to the lenders. In any case, it is a central PSU, definitely the Management will take a cognizant call and majority of the lenders are public sector lenders.

So we are awaiting and we are very hopeful that not much of a hit the Banks will get in this kind of account, so that is the point. As regard the SMA book of Rs. 5 crores and above, if you see from our slides, from Rs.9,600 crores in June, it has come down to Rs.7,600 crores, over the SMA numbers. So especially the SMA numbers are coming down. So the broader point is that the overall SMA number has come down by

nearly Rs.2,000 crores on a QoQ basis from June to September and this SMA of Rs.7,600 crores constitutes only 1.29% of our overall standard book of the Bank.

That is one part. The second part, which you rightly said, is most of this SMA number, which is there, was earlier resting in the SMA 0, which is now coming under the SMA 1 and SMA 2 category. SMA 1 and 2 has increased substantially and if you see the further column in that, the corporate SMA has increased in the SMA 1 and 2. So these are four to five accounts which are for a state PSU, in one state, which are now showing as SMA 1 and 2. But let me clarify, all these accounts are secured accounts backed by assets, number one, backed by cash flows and some of the accounts are also having the State Government guarantee.

So we do not foresee any stress in these accounts in the coming quarters. Though the accounts may remain under stress because of the cash flow issues in SMA 0, 1 and 2, but we are very hopeful that these accounts will not slip into the NPA category.

Mr. Ashok Ajmera

My third question, and this is on the credit side. It's very good that we are maintaining the credit target of 14% for FY25. So in the remaining six months now, I think the pressure is more because what we have done in the first half we have to do double than that in the second half to achieve these numbers. So what is our plan for that? What is the sanction pipeline for the projects coming in? What kind of projects and the loan proposals are coming in? And how are we so confident that, we will achieve this 14% number of the credit growth? Some colour on that, Sir. Our Bank has now already become a Rs.14 lakh crore Bank.

Shri Rajneesh Karnatak, MD & CEO

If you see the credit growth in this quarter, the global credit growth has been around 14% and the domestic credit growth is around 15%.

So that is the number which we have already achieved. Within that, if you see the overall growth in the RAM sector, it has been nearly 19%. Agriculture, it has grown by 21%. Retail has grown by 21%. MSME has grown by 15%. Overall RAM credit has grown by 19%.

And the overall RAM is 57% of the overall domestic credit book, which means that 43% only is the Corporate credit book. That is one part. On the other part, as regards the pipeline is concerned, with more than Rs.70,000 crore of pipeline we are having as on date, which includes Corporate and also the RAM credit, majority of which is in the Corporate pipeline, wherein there are infrastructure pipeline of nearly Rs.15,000 crores.

And apart from that, there is industrial borrowers also, which are there in the pipeline. And it is totally, it is agnostic to any industry in particular. There is infrastructure where we have pipeline for roads. Disbursal for roads are pending. Disbursal for some of the ports are pending. Disbursal for solar power plants are pending. And then even wind energy is pending. Disbursals are yet to take place. And then we have sanctioned some data warehouse projects also, warehouse projects and data centres projects also.

And then there is iron, steel, textile, petrochemicals, chemicals. So it is a whole list of products, including ethanol and other kinds of things. And EV is also there, battery is also there, where the sanctions and in-principles have been given.

So we are very confident with the pipeline of more than Rs.70,000 crore, which is in fact 10% more than the present loan growth of the Bank. Whatever the target numbers we have kept, and 14% is a moderate target that we have kept for ourselves for March 25 on the global credit growth. But I'm pretty sure with the kind of pipeline that we are having, and the kind of action which is coming from the field level, from our Large Corporate Branches, from our underwriting centres at Retail, MSME and Agriculture, and also the 18 ECCBs that we have opened, Emerging Corporate Credit Branches.

We are very confident that this 14% credit growth target we have kept for ourselves, we'll be able to achieve.

Mr. Ashok Ajmera

So just on this credit only, I was going through this ESG slide. To the renewable energy, we have given the loan of almost about Rs.5,000 crore. Correct. So is it spread over the various layers in the renewable energy or some one or two or three big part of itself?

Shri Rajneesh Karnatak, MD & CEO

No, it is totally spread out. It is spread out in renewable energy, in solar also, and wind also. And it is spread across the geography, and also it is spread across the players.

Moderator:

Thank you. We have one question coming up from Worldwide Capital.

Mr. Marsal

Hello. My name is Marsal.

I'm an investor. My first question is regarding this, we have other incomes substantially shoot up. So about Rs.700 crore is there recovery from the NPA. So is it sustainable for the coming quarter or not?

Shri Rajneesh Karnatak, MD & CEO

So we have replied to this question. This question was there from the first Analyst also, from Ajmeraji, but for your convenience, I'll respond it again.

See, whatever recovery we have done from the written off accounts, it is not one single account. It is six or seven NPA accounts under which we have done the recovery in written off. So as I said, we have gross NPA number of around Rs.27,000 crores, and written off number of around Rs.45,000 crores.

So with this kind of pipeline, which is there in the NPA book and the kind of negotiations which we are having on one-to-one basis for one-time settlement, we are having with NARCL for sale, or we are having with the ARCs or the accounts which we are having discussion under the COC in the NCLT. We are pretty sure that this number, recovery

number which we have shown under the non-interest income, this kind of recovery will also be sustainable in the Q2 and Q3. And just to give further understanding of that, so last year, whatever recovery we have done, we'll be doing a recovery, which will be much better than the recovery, which was done in the last financial year for March 24.

Mr. Marsal

So you mean to say, we have the pipeline of Rs.72,000 crores, Rs.27,000 plus Rs.45,000 crores?

Shri Rajneesh Karnatak, MD & CEO

Rs.45,000 crores is our written off book, and Rs.27,000 is the gross NPA. So that is the kind of pipeline in the NPA, which is there, which is available for settlement and resolution.

Mr. Marsal

Sir, my second question is that employee cost has increased substantially at consolidated level during Q2. As compared to Q1, employee cost has gone up by Rs.25 crores, and as compared to YOY, by Rs.455 crores. So is it some one-off there, or like why it is so high, this employee cost? Because all those provisions required for the industry-level agreement has already been done in the previous quarter of March.

Shri B. Kumar, CFO

Sir, this particular employee cost has increased because of our AS-15 provisioning. We have to keep additional provisioning, because of that, employee cost has increased.

Mr. Marsal

Sir, it cannot go up by so much because, if I repeat, at the consolidated level, our employee cost in September 23 quarter was Rs.2,197 crores. And in June 24, it became Rs.2,367 crores. And now it became Rs.2,652 crores. So it means it has gone up by Rs.455 crores (YOY). It can't be at that level because whatever incremental we require, it will not be this much amount.

Shri B. Kumar, CFO

Sir, actually our Employee wage settlement implementation happened only on 1st April 2024. Last September, it was done on the estimation basis of 15%.

Mr. Marsal

Can you please tell us how much amount is there included in July, which was for example some provision done, which will not be repeated at that much level in the subsequent quarter. Can you tell us the amount, please?

Shri B. Kumar, CFO

In September 2023, when we are going to do the employee cost at that time, wage revision, exact provision amount was not crystallized. It was put on the estimated basis

of 15% employee cost. After that only, when the final settlement happened in December 23, it was settled at 17% and on 1st April 24, the amount was crystallized and we booked during the June quarter.

Subsequently, for AS-15, we have done something in June quarter and balance amount in September quarter.

Mr. Marsal

So, I want to know the amount which was done for AS15 in June quarter and September quarter because since you already made two quarter. So, going forward, it should be only marginal increase, not at that much. So, please tell us the amount.

Shri B Kumar, CFO

I don't have the number right now. I'll just share it. You can Email to our Investor Relations Cell at Headoffice.share@bankofindia.co.in and we'll share the number.

Mr. Marsal

And in item number 8 of the consolidated P&L, our provision other than tax and contingency are Rs.1,062 crore but the provision for NPA is Rs.1,450 crore. So, what is the 378 crore item due to which it has become negative? What is the positive item you can say in this provision?

Shri Rajneesh Karnatak, MD & CEO

So, that is the reversal on the standard asset side of Rs.384 crores.

Mr. Marsal

Thank you.

Moderator

There is one question coming up in the chat box. So, I'll take this one first because it came very first, okay? He is Mr. Abhishek Kashyap.

He has congratulated the management team. He has two questions. First is what segment or sector are we having fresh slippages in? And what part in the loan book are unsecured loans?

Shri Rajneesh Karnatak, MD & CEO

So, as regards the fresh slippage is concerned, we had a fresh slippage of Rs.2,546 crore and 8% of that slippage was in the Retail book. 28% of the slippage was in the Agriculture book. 19% of the slippage was in the MSME book. 23% of that book was the Corporate book and 2% was in the Overseas book and in the overseas book, Rs.64 crore is because of the foreign exchange fluctuation in the previous NPAs. So, basically 98% is in the domestic book itself and major component being in the Corporate sector and one single lumpy account which I have already explained earlier. As regards the second part was with respect to the unsecured loan, the unsecured loan book predominantly which is in the Retail. So, in that there is Personal Loan segment which is there which is unsecured. So, out of Rs.1,21,000 crore of Retail

book, Rs.11,542 crore of the Personal Loan book is unsecured and which constitutes nearly 9% of the total Retail book.

However, if you see the global loan book of the Bank, it is only 1.93%. Out of that Rs.11,542 crores, the NPA is only around Rs.100 crores and SMA 2 and SMA 1 number if you see in the Personal Loan book, that is around Rs.300 crores. So, overall the total stress with respect to the Personal Loan book, the NPA plus the SMA 1 and 2 is only around 400 crores. It constitutes at around 3.60% to 3.70% of the Personal Loan book and we do not see much of a challenge over there for the simple reason that lot of guardrails we have placed in the Personal Loan book while we are sanctioning.

Number 1, the Credit Score is more than 700. Number 2, we are taking the cash flows also into account. Majority of these Personal Loan accounts are having salaried accounts with us, Savings account with Bank of India.

The third one is that quite a few number of them are having housing loans and mortgage loans with us and overall when we are doing this Personal Loan book, the credit underwriting is happening through the digital mode and some of the credit writing is also happening through the physical mode at the branch level. So, having all these guardrails with us, we are very confident and the kind of stress which we are seeing which is quite minimal. So, we are very comfortable with the Personal Loan book and it is also growing at a healthy pace because of the low base.

Mr. Ramesh Bhojwani

Sir, Ramesh Bhojwani from Mehta & Mehta. 3 points of observations. In the power sector, if you see the presentation, our lending exposure, I think, is going down, though the SEB exposure is absolutely healthy and normal. The SEB exposures are at Rs.15,000 crores. So, we would like to have a clarity on this. The power sector, like the Government and all the entire power Ministry, generation and distribution and financing are on a war footing because what power we are generating today, 252 Gigawatt, we have to add so much in the next 5 years. So, Banks obviously have a big part to play or big role to play in this. And I would like to have your thoughts on that.

Second one is, we have around Rs.27,000 crores in NCLT. So, what would be the recovery in the second half? We feel it's a better half than the first. So, going forward in the next quarter, what would be the returns from this? Go straight into our bottom line and yield our net interest margin above 3.

Third one is with the Corporate slippage of Rs.1,094 crores apart from Retail, Agricultural and general services. So, the Corporate slippage of Rs.1,094 crores plus the second quarter of this year, there has been a creeping weakness in the large, medium and small sector. So, is it a trend which will gather further strength, further moves or it will reverse?

Shri Rajneesh Karnatak, MD & CEO

So, to answer your first question regarding power sector, if you see our slide also, the power exposure which was Rs.42,000 crores in September 2023 went down to

Rs.35,000 crores in June 2024 and in September it has come down further to Rs.34,800 crores. The outstanding is coming down for the simple reason that whatever the power sector have been funded, they are all legacy funding. And the COD has happened and the repayments are coming as per the normal schedule.

That is one reason. The second reason is that out of thermal power, the outstanding which is there now, it is getting consolidated among few large lenders for the simple reason that earlier the thermal power was sanctioned by 10 or 12 lenders. Public sector and private, now they are getting consolidated. Now the rating is also better and they are getting consolidated at very fine price. So, that fine price in some of the cases we have left those transactions. We have let the account get taken over in the thermal power sector where the rates were very fine and it was not sustainable for us.

So, we have a pipeline in the infrastructure sector of nearly Rs.15,000 crores. Predominantly that is into the power sector only. That is into the clean energy. So, that will take some time to get disbursed and get allocated finally. Because all the projects take time right from the land acquisition and till the time the installation happens and finally the machining. Lot of BG facilities and LCs have already been established in some of the accounts where the imports will be happening and the disbursement will happen after 360 days typically in such kind of transaction. So, this amount will increase but presently it is tapering down for the simple reason that normal repayments are happening.

Second point was to the stress in this sector. In the State Electricity Board, we do not see any stress presently in any of the accounts and I do not think any of the account is appearing in the SMA 1 or 2 list also. So, those public sector accounts which are appearing in SMA 1 and 2 list are the non-public sector accounts. So, that is another clarification I would give.

On the NCLT side, not much is there in as far as the resolution is concerned. Because lot of it depends on the COC, on the Resolution Professional and also the bids which are coming and finally the NCLT or NCLAT finally gives the approval on the bids which are coming. But still we are confident that a few number of resolutions will be taking place in this financial year. As we said earlier to just give you a number.

So, the recovery was last year Rs.6,300 crores in FY24 and we are very confident with the kind of run rate that we have, that the recovery during this Financial Year should be Rs.7,000 crore plus. So, that is one number. As with regards to the fresh slippages, this fresh slippage number which has gone from, see, last quarter it was Rs.1,900 crores, this quarter it is Rs.2,500 crores. So, if you remove this one single lumpy fresh slippage which has happened of around Rs.1,000 crores. So, had it not been there our fresh slippage was only Rs.1,500 crores. So, it is much better.

In fact, our Slippage Ratio, our Credit Cost which was there in this quarter, had this one single account not been there, both would have been much better than the June quarter. So, this is a one account aberration which has happened in this quarter and as I said earlier also, in H2 we do not foresee any further Corporate account of this size and segment falling down into NPA category. So, we do not foresee much of a stress in this segment.

Mr. Ramesh Bhojwani

Thank you and all the best.

Moderator

Thank you very much.

There is one question from Mr. Ramanan. He has four questions. The last two I have already received the answer to those questions.

What is the proportion of EBLR advances? What is the proportion of IT expenses in FY24 and this year?

Shri Rajneesh Karnatak, MD & CEO

I'll take the second question first on the IT expenses. As we know, the IT expenses was there in Financial Year 2024. We had budgeted an expense of around Rs.2,000 crores. Out of which we had spent nearly Rs.1,600 crores which were debited to the P&L. So that was for OPEX and general IT expenses and also on the Cyber Security.

So 80% of the budgeted expense on the IT side was debited in the last Financial Year, FY24. As regards this Financial Year, FY25, this year we have budgeted a figure of Rs.2,100 crores. Out of which around Rs.700 crores we have already spent in this half year, H1 of this financial year up to September.

And some Rs.200 to Rs.300 crores additional we have budgeted in the next quarter. So that is on the IT side.

As regards the EBLR is concerned, so EBLR number is around 47%. And in that see Repo rate is 6.5%. Normally we are lending at around, frankly speaking, our one month MCLR. Overnight MCLR is 8.15%. So what is happening in the Corporate is that many Corporates are asking for very fine rates.

And in that, in the MCLR segment, we cannot go below 8.15% because our overnight MCLR is 8.15% presently. So what we have to do is if we have to keep that account with us, being a AAA borrower, maybe it is a PSU or a Corporate AAA borrower who is asking for a Repo Rate or a rate below 8.15% and they are not agreeing for MCLR rate, we have to go to the Repo rate. So there we negotiate as much as possible.

And we are trying to negotiate at a rate of interest of somewhere around 8%. So that 6.5% is the Repo rate. So 8% effectively if we are taking, we are giving at around 6.50% plus 1.50%, which is equal to 8%.

So that is the kind of rate which is coming in the EBLR linked advances. That is on the Corporate side. Apart from that, EBLR is also linked to the Retail segments and also on the MSME segment.

There also, that is as per the housing loan rates, presently we are giving to the best in class housing loan at 8.30% where the credit score is more than 850. And also there are some discounts in the Agriculture and MSME segment on the EBLR side. There the interest rate is ranging between 8.25% to 8.75% or up to 9% also.

I further clarify that in our Bank, we have only one kind of external benchmark, which is the Repo benchmark. There is no exposure against the T Bills and we are not lending against T Bills as a benchmark.

Moderator

Thank you, sir.

Mr. Sushil Choksey, Indus Equity

Congratulations to team in Bank of India. Specifically, after a decade, we are coming out of slumber and slump to improve equity and improve motivation. Sir, I have heard your media interaction with the Q&A which you have done.

Would you like to give some guidance for the coming second half, specifically in your ROA, NIM, domestic advances and global advances?

Shri Rajneesh Karnatak, MD & CEO

So, as regard the top line is concerned, as I said that the global credit growth will be at around 14% and domestic credit growth will be at around 15% for FY25. As regard deposit is concerned, deposit growth will be around 12-13%. So, that is the number.

As regards the ROA is concerned, so we have already touched the ROA in this quarter at 0.94%. For the Q3 and Q4, we will be somewhere very close to 1% ROA on a quarterly basis for quarter December and quarter March. So, that is the guidance.

As regard the NIM is concerned, see NIM is already at 2.82%, I have already explained. And for the domestic NIM, it is 3.14%. And it is because of the international NIM that it averages down to 2.82% which is there for this quarter. For the guidance FY25, we are saying that it should be at around 2.90%.

Mr. Sushil Choksey, Indus Equity

Sir, looking at the credit pipeline which you have highlighted of Rs.70,000 crores, looking at the market condition where growth in the second half is going to be much better.

If the Bank of India gets good growth in pricing and credit pipeline is higher than Rs.70,000 crores, how are we preparing for that kind of a growth pattern? Will it be a sacrifice growth or will it be a growth because we are adequately prepared and because we have already done the Management program to garner that growth pattern?

Shri Rajneesh Karnatak, MD & CEO

We are totally prepared for the growth numbers. See, we have 9 Large Corporate Branches. We have 18 Emerging Corporate Branches.

There also the proposal pipelines are coming. And then we have 400 plus credit underwriting centres in Retail, MSME and Agriculture. So, the entire Bank is well tuned now with 5,000 plus branches to take on the credit growth. In fact, the entire credit growth comes from the field only. And the pipeline which is coming is from the field

level only. So, we are totally attuned to that. In fact, a lot of campaigns and other things we are doing to match this credit growth with the deposit growth. That is also there. So, when we are saying that credit growth will be at around 14% on a global level and the deposit growth will be 12 to 13%, the gap is also there.

This, we will be funding through the other measures which are there like Infra bonds, we have already raised Rs.5,000 crores. Another Rs.5,000 crores we will be raising in the second half of this financial year. So, Tier 2 bonds, we have already raised, Rs.2,500 crores in H1. In H2, we will be raising Tier 1 bonds of Rs.2,500 crores. Apart from that, we are doing some refinance also from SIDBI and others.

And apart from that, we have excess SLR also, against which also we are doing the borrowing. So, whatever the deposit is available to the Bank and the deposit growth that will be available to the Bank plus the other resources that we have, they will be adequate to meet the credit growth. Apart from that, as a strategy, what we have done for increasing our resources is that already 36 branches we have opened in the Bank, till date.

And we are planning to open total 200 plus branches in this financial year which will help the Bank not only in the raising of resources like CASA and Retail term deposit but also for increasing the RAM advances in the Bank. So, all these things placed together, we are very much poised to the growth trajectory which we have planned for ourselves. And Top Management is totally committed to that.

Mr. Sushil Choksey, Indus Equity

Sir, your commitment is well taken. To sustain the employee motivation, the growth in pattern, what are we doing additional for digitization and employee strengthening which would lead to a perpetually near 3-5 year growth trajectory where the Bank gets back to its glory and the sustaining environment.

Shri Rajneesh Karnatak, MD & CEO

So, as far as the digitization is concerned, if you see this slide no.35, we have 17 products as on date which have been digitized. So, if you see the total digital book of the Bank, of the loan book and the overall book, Rs.51,000 crores is the digital book of the Bank as on date when we speak which constitutes around 8% of our total business number. So, that is the kind of number we have already achieved, digital number which is totally digital also and then also some assisted journeys at the branch level which happened in the rural branches. Overall digital book is around Rs.51,000 crores. That is one part.

17 products are already there which are on the digital platform. Another 10 products will go digital in the next 3 months. So, 27 products will be digital. That is one part. Apart from that, on the digital side, we have already put in our Data Lake project, artificial intelligence and machine learning and generative AI where use cases have already started, they have started pushing and we have started pushing them on the field not only for marketing, also for sales and also for the early warning system, for the credits and other things. So, that part has already started. Apart from that, we have

also on-boarded recently McKinsey for our Nextgen which is also there in the presentation for the digital and IT transformation and also on the cyber security slide.

So, once they are also onboarded with their resources and other things, the next 2 years will go for the digital and IT transformation of the Bank. That is another part which is there. A lot of the processes which are mundane processes and routine processes, they will be automated so that the staff is made free, number 1, for doing sales and marketing, number 2, for doing collections and number 3, for doing the recoveries in the NPA accounts.

This is what we want to do for our staff which gets free from all these automated processes where their digitization happens. As regards the staff motivation is concerned, there also we are running the Star Light program under the BCG where a lot of initiatives we have taken for improving the motivation and the skill and upskilling level of the staff at all levels, right from the clerical level, sub-staff level and to the officer level, right from Scale 1 up to the Top Management level. So all these things taken together will transform the Bank in the next 1 and 1.5 years to a shining star and will be able to compete with the best in the market.

Mr. Sushil Choksey, Indus Equity

What is the Capex number linked to all these new initiatives?

Shri Rajneesh Karnatak, MD & CEO

Capex number in the sense, that is only the consultancy charges few which has already been incurred. So for the entire digitization, that I said for the last year it was Rs.2,000 crore and for the current year the budget is Rs.2,100 crore, out of which Rs.600 crore to Rs.700 crore we have already spent in the H1 and Rs.200 crore to Rs.300 crore we have already booked in advance. So that is which is there.

Mr. Sushil Choksey, Indus Equity

Sir, a lot of questions are being asked about the renewable sector. I have read in the Press that we have signed up with Tata Power, we have signed up with IREDA and so on. How is the traction? How are we progressing on this kind of initiatives where you have already signed up?

Shri Rajneesh Karnatak, MD & CEO

On the rooftop solar, the Government scheme is there, a lot of good traction we have seen. And that we are seeing in particularly some states which are in North India like Rajasthan it is there, in Haryana it is there, UP it is there, Gujarat it is there, Madhya Pradesh it is there, a lot of traction is there where there are bungalows where you can have a solar rooftop.

So a lot of traction is coming over there and disbursement and sanctions are also happening and we have done a lot of vendor tie-ups. The vendors will be giving these equipments and like doing the OEM work for the laying of the equipments at the rooftop, that is one part. The second part is the sanctions that we have given under

the ESG platform under the renewable energy, both in solar and also in the wind energy.

Hydro not much is there frankly speaking but definitely solar and wind we are doing aggressively and it is as I earlier said also that, five, six players under whose platform we have sanctioned and it is expressed across the entire geography in the country and good traction we are seeing. Present outstanding is in the form of non-fund-based. Once the 360 days or 270 days happen, they will get converted into fund-based outstandings.

Mr. Sushil Choksey, Indus Equity

Are we targeting any Treasury operation between international and domestic book like few of your peer Banks, which are well known to you, in booking income on the FX arbitrage?

Shri Rajneesh Karnatak, MD & CEO

Correct. So presently FX arbitrage, because of the present situation which is there in the international market, FX arbitrage presently is not there which used to be earlier. I would request Shri Subrat Kumar to take it further.

Shri Subrat Kumar, Executive Director

So whenever there is any opportunity in the arbitrage market, we are always there, to take advantage of that. Otherwise also if you see the Treasury operation, the performance has improved a lot and I think we may be one of the outliers also.

Mr. Sushil Choksey, Indus Equity

I take that more, but the additional income was visible in the past.

Shri Subrat Kumar, Executive Director

Again, if the Treasury operation moves to the interest rate scenario, right. It depends on what is your view on interest rate and Exchange Rate also, which we can't say at this point in time. We can't guarantee that the same kind of tempo will be maintained. But, yes, any time the market gives us opportunity, we are there to grab it, simple.

Mr. Sushil Choksey, Indus Equity

How do you see the TAT of the Bank overall improving from where we are today?

Shri Rajneesh Karnatak, MD & CEO

We have taken a lot of initiatives to improve the TAT over the last 18 months, I can tell you. So whatever the TAT was earlier and what is the TAT today is definitely much better I can say, not only in Retail, Agriculture, MSME but also in the Corporate credit. But as a Top Management, we have to take that it can be improved further.

So we are doing some of the things in the processes to make the loan application simple, to make the process internally and at Head Office more simple so that the TAT is improved further not only for the sanction, but even for the disbursement. So what we

see from the sanction rate till the disbursement rate the TAT is also high. So the disbursement is not taking because of which the interest income is not coming to the Bank.

So that also we are trying to simplify so that the processes and other things so that the disbursement takes place as early as possible after the sanction so that the interest income starts coming to the Bank.

Mr. Sushil Choksey, Indus Equity

Thank you for answering all my questions and best wishes for the years to come.

Moderator

Thank you so much. We can take Mr. Narendra from Robo Capital.

Mr. Narendra, Robo Capital

Thanks for the opportunity, Sir. Congratulations on a good set of numbers.

My first question is that while the FY25 guidance on loan growth is encouraging, I would like to know your medium-term target or where do we see Bank of India two or three years down the line? Where do we see our advance book and what kind of growth are we seeing given our initiatives that we have been taking on the IT part and all that and also on the Credit Cost? So, I believe we have a guidance of 0.70% for the entire year and are we on track for that and how do we see this panning out over the next couple of years if you could share some light on that.

Shri Rajneesh Karnatak, MD & CEO

Thank you so much. As regards our strategy, near-term and short-term strategy, see we have already got a three-year roadmap approved from our Board.

So, three years means up to March 2027 wherein we have said that the total book of the Bank will look like around Rs.18 lakh crores. So, we are at Rs.14 lakh crores at present. So, what we plan to touch a figure of Rs.18 lakh crores by March 2027 in which Rs.10 lakh crores will be deposits and around Rs.8 lakh crores will be advances.

That is one number. Another thing which we have done recently in our Board Strategy Meet is that we have kept ourselves which is called the BOI Star at 125. So, on 7th September we have completed 119 years of our foundation. So 125th year will happen in 2031 for us. So, through the Board approved Strategy Plan, we have come out with the BOI Star at 125. So how Bank of India will look in 2031? There also we have taken a lot of initiatives for which verticals in the Bank have given their vision what Bank of India will look like in 2031. Broadly, to give you the numbers, we are saying that we will have a total business of nearly Rs.32 lakh crores by 2031. That is another vision and number which I can share with you and for which each of the verticals have given their presentation and entire data sheet is available with us. How we are going to move it around in the QoQ and YoY basis with the first step being at March 2027 with a total business of Rs.18 lakh crores.

That is the first part of your question. Second part is with respect to the Credit Cost. So Credit Cost we have given a guidance of 0.70% for March 25 and that we continue

to maintain which will be at 0.70%. As regards the corollary to that is with respect to the Slippage Ratio. We are giving a guidance since one account has slipped in this quarter of nearly a thousand crore. We are giving a guidance of Slippage Ratio around 1.40% for March 25.

Moderator

Yes. Can we take Mr. Deepak Gupta from SBI Pension?

Mr. Deepak Gupta

Hi, good evening. I'm Deepak Gupta from SBI Pension. So my first question is, sorry, I joined in the call a bit late, but I'm just trying to understand the dichotomy that Domestic NIMs have declined by 28 basis points on a QoQ basis while we've seen the Retail segment doing quite well for the Bank in terms of loan book growth, especially personal loans, which have grown by nearly 10% on a QoQ basis.

So what has led to the sharp decline in Domestic NIM if you could articulate that?

Shri Rajneesh Karnatak, MD & CEO

We had explained this thing. Actually, you are right that the Domestic NIM has come down to 3.14% as against 3.43% in the June quarter. The basic reason for that was that around Rs.18,000 to Rs.19,000 crore of our Corporate advances got paid off within the 10 days in July 2024. So these were all Repo-linked advances wherein the rates were very fine. We thought it prudent to let go these advances because of the very low margins which were available in those advances and the cost of deposit was also rising during the month of July and August.

So that was the simple reason and to recoup those advances of around Rs.18,000 to Rs.19,000 crores, it took some time. In fact, the disbursement started happening from the 15th August afterwards. So only 40-45 days were available for the interest income on those corporate advances, that kind of book which was there.

So that is one of the reasons why the Domestic NIM got impacted during this quarter. However, this quarter we are seeing lot of traction as far as the disbursements are concerned. Sanction is one part, but disbursements are there.

And July month, the disbursements were quite less in the Bank because of which the average advances also was lesser in the Q2 of this Financial Year. From this quarter with this busy season happening in Q3 and Q4, we are very sure that the interest income will be much better and the Domestic NIM will also improve. In fact, we feel that they have bottomed out and the 2.82% Domestic NIM for us is a bottomed out.

Mr. Deepak Gupta

So just want to understand, was there any impact of interest reversal on the State Government advance?

Shri Rajneesh Karnatak, MD & CEO

Yeah, that goes without saying. See, we had this Rs.1,000 crores of NPA happening.

So because of that also, whatever the uncharged interest was there, that had to be reversed. And apart from that, there was another Rs.1,500 crores of NPA and some Agriculture NPA. When the Agriculture NPA happens, the interest reversal is even higher, near to one year of interest.

So all these things contributed to the reversal of interest income and plus the Rs.18,000 crore payout which happened in the first week of July. So that is why there is an aberration in this quarter in the net interest income. In fact, on a QoQ basis, it has gone down, which finally resulted in a domestic NIM at 2.82%.

Mr. Deepak Gupta

So my second and the last question is that the Personal loan as a segment has grown very meaningfully on a QoQ basis for you and similarly on a YOY basis. Now, we've had most Banks reporting a slowdown in the personal loan segment. What is it that Bank of India is seeing in this segment? And if they have some perspective of this Rs.11,000 crore book that you have built?

Shri Rajneesh Karnatak, MD & CEO

So this question also I had answered earlier. Rs.11,500 crore is the Retail book and it is going at 40% plus on a YOY basis. So a lot of guardrails we have placed in this Personal loan sanctions.

Normally, the credentials are happening with a CIC score of 700 plus that is one guardrail. Number two, a lot of these borrowers are having housing loan and mortgage loans with us and the top-up is happening as a Personal loan though the house is not charged to us, but at least some relationship is there with respect to mortgage with the Bank. Number three is that majority of these accounts are salary accounts where the salary is coming into Bank of India and we are debiting the instalments.

So that is one part as far as the guardrails are concerned in these Personal loan books. And this Rs.11,000 plus also includes the Rs.500 to Rs.600 crores Credit Card book outstanding which is there. As far as the asset quality of this personal loan book is concerned, we have NPA of less than around Rs.100 crores, that is one part.

Second part is the SMA 1 and 2 that is around Rs.300 crores. So total stress in the Personal loan book of 11,500 crores is around Rs.400 crores, which is in form of a NPA of Rs.100 crores and SMA 1 and 2 which is nearly 3.4% or 3.5% of the total Personal loan book. And if you see the Personal loan book, it is only Rs.11,500 crore and it constitutes only 1.90% of our global loan book and that is quite insignificant also.

So we are very much comfortable with the present asset quality in the Personal loan book and the kind of growth is happening is also happening through the digital and physical mode at the branches and lot of traction we are seeing and majority of these customers are existing customers where we are already having relationship, credit relationships.

Mr. Deepak Gupta

Sure. Thank you so much.

Moderator

Thank you very much. So there's another question coming up in the chat box is from Mr. Shreyas. This question is, if the recoveries are strong, but from which customer segment will this recovery come?

Shri Rajneesh Karnatak, MD & CEO

So as far as the recovery is concerned, I have already said that in the non-interest income, there has been recovery from the written off accounts. Apart from that, we have done some good recovery as regards to general accounts which is there. So the total recovery which has happened during this quarter is around Rs.2,800 crores, which also includes a write off around Rs.1,000 crores.

Apart from that nearly Rs.400 crores, we have also recovered in the form of the unrecovered interest also. So net-net around Rs.2,200 crores we have recovered and it is spread across all sectors, whether it is Agricultural recovery from an agricultural NPA and recovery from NPAs, which were MSME. Recoveries from the OTS schemes, which were Retail and also from the Corporates. We have at least 3 - 4 OTS schemes which are ongoing at present in the Bank for different segments - which are up to Rs.25 lakhs segments, which are from Rs.25 lakhs to Rs.1 crore segment, which is Rs.1 crore to Rs.10 crores and Rs.10 crores and above.

All these schemes are giving good traction at the field level. At different levels of sanction they are happening and whatever the recovery has happened, it is agnostic, totally agnostic to any particular credit account, large credit account and it is spread across the sectors in RAM and also in the Corporate. ARBs also. So my Executive Director has prompted me that we have also strengthened the ARBs.

So presently there are around 20 ARBs in the Bank. So what we have done is all the NPAs which are Rs.50 lakhs and above have been consolidated in these ARBs and the entire focus of this staff which is placed in the ARBs is with respect to the recovery in the accounts which are parked to these branches and branches now have been freed from doing the recovery work which used to be there earlier. So that is another initiative which we have taken over the past one year, which is now yielding results for us.

Moderator

Thank you, Sir. Another question which I have got is from Mr. Advait Kumar. What is the total provision of Central Government Telecom Account?

Shri Rajneesh Karnatak, MD & CEO

As per the IRAC guidelines, whatever the provision is required, we have already done. It is somewhere between Rs.150 to Rs.200 crores.

Moderator

Thank you, sir. Next part of this question is, when the interest income accruals from recovery is increased to 2 billion.

Shri Rajneesh Karnatak, MD & CEO

The recovery from URI and UCI is around 400 crores, which is Rs. 4 billion.

Not 2 billion. 4 billion.

Moderator

This is from Mr. Nitin. He has congratulated the Management for such excellent progress.

The Bank has not given restructured book in its Investor presentation for Q2 FY25 as it did in Q1 FY25. Can you please provide the same?

Shri Rajneesh Karnatak, MD & CEO

Yeah, we'll provide you the same.

I have clarified today in the the channel interaction also. So we had removed that slide because there was not much change in the outstanding and the book number. So the restructured book for the Bank remains the same. The Standard restructured portfolio is around Rs.7,000 crores.

Moderator:

His question is can we sustain non-interest income till around Rs.1,500 to Rs.2,000 crore per quarter?

Shri Rajneesh Karnatak, MD & CEO

Rs.2,500 crore was the non-interest income in this quarter. Earlier it was coming at around a run rate of around Rs.1,500 to Rs.1,600 crores. So with the kind of written off accounts we have, Rs.45,000 crores of written off account and the Treasury income that we are seeing, we will be able to sustain these kinds of numbers.

Mr. Ashok Ajmera

Sir, my some observation on the data point. Some explanation on the segment wise results which we give, which also has some importance because we divided into the Wholesale Banking, Retail and Treasury and has some meaning. In this quarter. I see a very big divergence in those numbers. Like Wholesale, from Rs.1,041 crores has come down to Rs.170 crore, the Operating profit and the Retail from Rs.370 crore it has come up to Rs.1,946 crore. So is there any reclassification? Why so much of variance?

Shri P R Rajagopal, Executive Director

Due to repayment of around Rs.19,000 crores of Corporate advances, there was reduction in interest income in the wholesale segment. The RAM book has increased in this quarter. Naturally, the interest income will get booked in Retail segment.

Shri B Kumar, CFO

As our Executive Director has said, there was repayment of around Rs.19,0000 crore in the Corporate book in the first week of July 2024. Then, there was one big public sector telecom account which became NPA in this quarter. There was no interest earnings and some interest reversal in this account. So, there was reduction in interest income in the wholesale segment to that extent. There was good growth in the RAM book in this quarter, which resulted in increased interest earnings under Retail segment.

Mr. Ashok Ajmera

Another point is you have 35,995 Customer Touch Points and you have got such a large customer base. But the Third Party income is not commensurate. Can you give some colour on that, what are we doing and what efforts we are making to achieve that? We have got subsidiaries also. Because it comes with the similar kind of infrastructure and you don't have to spend much on that, and the income comes in. What are the roadmaps ahead to take it forward?

Shri Rajneesh Karnatak, MD & CEO

So as far as the customer Touch Points are concerned, there are around 36,000 Touch Points as of 30th September, which has increased by nearly 30% during this quarter. 36 are the branches which we have opened, out of which 27 branches are in the Semi-Urban area. And the remaining are the BC points. So these are all Touch Points we have introduced in the Bank to engage more with the customers and bring more business for the Bank, both on the deposit side and also on the advance side and also from the third-party products.

So that is one part. As regards the third-party business is concerned, so one is the Mutual Fund. So Mutual Fund business where the AUM was around Rs.3,500 crores as on March 23, today the AUM is around Rs.11,000 crores.

So that is the kind of AUM growth we are seeing in the mutual fund, which is our own 100% subsidiary. So there also good traction is seen and we are seeing that by March 25, this AUM will go even further. That is one part through which the income is coming and in fact, as on the October month, this subsidiary also became profitable on its own.

So that is one positive thing which has happened in the Bank. The second part is the insurance selling, which is the life insurance. Here also if you see from the third-party products, 60% of the income YoY increase has happened in the non-interest income from sale of third-party products like insurance.

So there also we are getting good traction by selling our own subsidiary joint venture with Union Bank, which is the SUD Life Insurance product, number one and also selling the insurance products of LIC, which is our prime partner as far as the life insurance is concerned. That is the second part. Third is now we are having from the Top Management side a strategy for increasing our Credit Card business.

So that strategy also we are working on and some tie-ups and other things will be happening very shortly and that also we will be going to scale up in the coming quarters, our Credit Card business. Fourth is our BOI Shareholding subsidiary, in which now we have got the RBI approval for doing the DSA work. So in that DSA work, the work has already started and this is kind of a retail growth which we are seeing.

So these DSAs are now employed by our BOI Shareholding. They are deploying them in various zones and FGMs. Already 5-6 FGMs offices have already been deployed and zones have been deployed. These DSAs and they are giving good business to the Bank and their commission is based on the disbursement which happens from the fees which they are giving. So that DSA business is also there now, which has started picking up. By the end of the financial year, all 13 FGM offices will be covered through this DSA business.

So the loan side will get covered. After that, in the second phase, we will do the liability products like we will be marketing for Saving and Current accounts and also retail term deposit. And in the next phase, third party products like selling of insurance, mutual funds and demand accounts and also Credit Cards and other things.

And in the fourth phase, we will be going for collection also through them. Collection for the SMA accounts and recovery in the NPA account. So that full strategy we have already made and this will get panned out in the next 18-24 months from the BOI Shareholding.

So all things done and being there. So we are trying to make as much profit as possible from third party products. Apart from that, a lot of work is happening on the IT side through the digital platform which is Finestra, which is a virtual platform for supply chain financing.

So that will also get enabled by end of March 2025. Once that online happens, a lot of supply chain financing through digital mode will also start in the Bank. So all these things taken together, I think a lot of products and other things will happen.

Mr. Ashok Ajmera

Thank you sir for such a relevant lecture and details. In fact, it should be known to everyone. Bank of India probably among the Public Sector Banks these days, recently in last one and a half year is the most cheapest stock available.

Your book value is about Rs.137 and your share price is Rs.108 rupees, which is still running at a discount where many of the Public Sector Banks are 2 plus 2.5 plus book they are running. So you are doing a lot of things and I think you should have a little more interaction with people and people should know that how much you are doing for the Bank. Sir, two things.

One, this Credit Cost target and Cost to Income.

Shri Rajneesh Karnatak, MD & CEO

Credit Cost, I already said that it will be 0.70% by 2025.

Mr. Ashok Ajmera

Cost to Income. Will it come down below 50?

Shri Rajneesh Karnatak, MD & CEO

No, not in this financial year, not in this financial year. It should be around 51.

Mr. Ashok Ajmera

Okay, thank you. Thank you very much for giving the opportunity and details.

Moderator

Thank you very much.

As there are no further questions, I would now like to request our MD Sir for closing remarks.

Shri Rajneesh Karnatak, MD & CEO

I will only say thank you to all of you who have come physically also and also joined for the virtual mode. Thank you so much for being part of this Analyst Meet and we will be happy to interact with you on a regular basis and if any query is there, anything is there, you can reach us to the top management at any time and we will be happy to answer all your queries.

Moderator

Thank you very much, Sir.