

**“Bank of India
Q3 FY’25 Earnings Call”
January 24, 2025**

Management Team Represented by

Shri Rajneesh Karnatak, Managing Director & CEO

Shri M Karthikeyan, Executive Director

Shri Subrat Kumar, Executive Director

Shri Rajiv Mishra, Executive Director

Moderator

Ladies and gentlemen,

Good evening and welcome to BANK OF INDIA Q3 FY25 Virtual Analyst Meet. I would like to thank you all for taking out time and joining us today.

We have with us Shri Rajneesh Karnatak, MD & CEO, Shri M. Karthikeyan, Executive Director, Shri Subrat Kumar, Executive Director, Shri Rajiv Mishra and other Top Management team from Bank of India.

We have placed all microphones on mute. At the end, during the Q&A session, we will be sending you a request to unmute yourself in order to ask questions. I will take you through this process before the Q&A Session. However, the management will continue to remain unmuted throughout the session. I would now request Shri Rajneesh Karnatak to address the gathering. Thank you & over to you, Sir.

Shri Rajneesh Karnatak, MD & CEO

Good evening to all the dignitaries present here, ladies and gentlemen present today in the Analysts' Meet. It is my pleasure to welcome you all for today's interaction post-publication of the financial results of the Bank for Q3 of FY25.

In the present geopolitical landscape characterized by uncertainty and volatility, India's GDP growth estimates for FY'25 is at around 6.50%. It is the highest among both advanced economies and emerging markets. The visible demand rebound & revival in public Capex on infrastructure will have multiplier effects, stimulating growth in key sectors. There has been visible upturn in economic indicators signalling sustained growth path ahead.

The key focus area of our Bank will be enhancing customer experience through all channels and acquisition of new customers consistently by providing innovative niche services. This will lead to fortification of low-cost deposits i.e. CASA and Retail Term Deposits for sustainable credit growth.

My speech today has 4 parts for coverage.

Part 1 is on New Initiatives.

1. New home loan product "Star Samridhhi Home Loan" scheme, designed for employees of Central/State Government, PSU, Large Corporates and MNCs has been launched.
2. Bank has adopted a 2-Year Roadmap under Champion Sector Priorities of MSME targeting business in Tourism, Hospitality and Logistics.

3. Utilizing Market Intelligence and analytics driven strategy for development of MSME Cluster Based Finance.
4. Introduction of new Kisan Drone Scheme – Akashdoot : Loan up to Rs.25.00 Lakh for purchase of new drones with equipment and accessories for agriculture usage.
5. Automation/simplification of Re- KYC via BC channel applicable to low-risk customers having valid OVDs.

2nd Part is with respect to IT & Cyber Security.

1. As part of project NexTech, Bank has opened a 24x7 Resiliency Operating Centre (ROC) for quick response and recovery from disruptions of Bank's applications including CBS, E-platform, Mobile Banking App. etc. due to natural disaster, system outages, cyber-attacks etc.
2. Procurement of Cyber Solutions for Proactive Management with focus on detection and containment of cyber risk.
3. Enhancement of Universal Application API Gateway for open Banking.
4. Implementation of Customer Feedback through QR Code displayed at branches, for improving service quality.

3rd Part is with respect to Business

Global business has increased by 13.62% YoY from Rs. 12.72 lakh Cr in Dec'23 to Rs. 14.46 lakh Cr in Dec'24 with incremental growth of Rs.1.73 lakh Cr.

Global Gross Advances increased by 15.30% YoY from Rs. 5.65 lakh Cr in Dec'23 to Rs. 6.51 lakh Cr in Dec'24 with incremental growth of more than Rs.86,000 Cr.

Global Total Deposit increased by 12.29% YoY from Rs. 7,07,000 Cr in Dec'23 to Rs.7,94,000 Cr in Dec'24 with incremental growth of more than Rs.86,000 Cr.

Domestic Deposits increased by 13.26% on a YoY basis from Rs.5,99,000 Cr in Dec'23 to Rs.6,78,000 Cr in Dec'24 with incremental growth of more than Rs.79,000 Cr.

CASA has increased by 6.07% on YoY basis from Rs.2,61,000 Cr in Dec'23 to Rs.2,77,000 Cr in Dec'24 with incremental growth of Rs.15,855 Cr and a healthy CASA ratio of 41.05%.

Domestic Gross Advances increased by 15.00% YoY from Rs.4,75,000 Cr in Dec'23 to Rs.5,46,000 Cr in Dec'24 with incremental growth of more than Rs.71,000 Cr. Sequentially, it has grown by more than Rs.25,000 Cr at a sequential growth of 4.92%.

RAM advances have increased by 18.96% on YoY basis from Rs.2,62,000 Cr in Dec'23 to Rs.3,12,000 Cr in Dec'24 with incremental growth of more than Rs.49,000 Cr and with RAM advances contributing 57% of total domestic advances.

4th Part is with respect to Profitability & Asset Quality.

Operating Profit for Q3FY25 stands at Rs.3,703 Cr witnessing a YoY growth of 23%.

Net Profit for Q3FY25 stands at Rs.2,517 Cr witnessing a YoY growth of 35% and for 9M DEC'24 stands at Rs.6,593 Cr with YoY growth of 35%.

Global NIM stood at 2.80% for Q3FY25 and 2.90% for 9M Dec'24.

As regards Interest Income for Q3FY25 stands at Rs.18,211 Cr witnessing a YoY growth of 20% and for 9M Dec'24 stands at Rs.52,000 Cr plus with YoY growth of 18%.

Non-Interest Income for Q3FY25 stands at Rs.1,746 Cr witnessing a YoY growth of 46% and for 9M Dec'24 stands at Rs.5,566 Cr with YoY growth of 28%.

There has been improvement in asset quality with reduction in both Gross NPA ratio and Net NPA ratio. Gross NPA ratio is at 3.69% and has improved by 166 bps YoY. Net NPA ratio at 0.85% only and has improved by 56 bps on a YoY basis.

There is significant improvement in Slippage Ratio at 0.19% and as regards Credit Cost, it is at 0.39%.

Considering the positive outlook as stated earlier, domestic credit growth will be around 14-15% and domestic deposit growth is projected at around 13-14% for FY25. The major thrust will be on increasing high yielding advances, CASA mobilization & Retail Term Deposit for improving margins by leveraging technology. Apart from the above, we shall work on reducing SMA and fresh slippages. Our priority will also be to strengthen the bottom line by improving efficiency parameters, intensifying recovery measures and expanding our market share. Moreover, ensuring robust risk management, corporate governance and compliance culture in the bank will remain the guiding force of the Top Management.

I would like to thank you all for your continued support. The floor is now open for discussion and Q & A. Thank you.

Moderator:

Thank you, Sir. We would now like to open the Analyst Meet for Questions & Answers. You will notice a small icon on your screen – a hand sign – once you press this, it will alert us that you would like to ask a Question. We will go around one by one. The Analyst asking the question will be unmuted, you will get a notification on your screen to unmute yourself. Kindly click on unmute and identify yourself before asking the question. Each participant will be allowed to ask two questions. If they have more questions, they are requested to join the queue again.

As soon as someone presses a hand sign to ask a question, we will take this ahead. The first call is from Mr. Nitin Dharmawat from Aurum Capital. Sir, kindly unmute yourself and proceed.

Mr. Nitin Dharmawat, Aurum Capital

This is Nitin Dharmawat from Auram Capital. A couple of questions. In personal loans, the category has gone up by 42% growth and it is the highest growth amongst the retail loans. It is still small in size compared to overall book. But do we see any risk here as it grows further?

Shri Rajneesh Karnatak, MD & CEO

On personal loan side, as you have observed that Rs.12,394 crores are outstanding in the personal loan book and the growth is YoY 42.49%. See this growth of 42% is also because of the low base which is there. That is the reason why this figure of YoY growth is coming.

However, to give you some colour on our personal loan book. This also includes the Rs.500 crore plus of the Credit Card book which we hold in Bank of India. Other thing is that our personal loan book of Rs.12,394 crores is only 1.89% of the global loan book. So it is less than 2%. As regards within the retail book of the bank which is at Rs.1,27,000 crores as on December, the personal loan book component is only 9% of it. And within the personal loan book, to clarify, we have put in a lot of guardrails as regards the sanctions and credit underwriting is concerned.

Here we have taken a CIC score of 700 plus. Our total personal loan book has salaried customers of nearly 65% of the book and remaining 35% are the self-employed and others. And within the salaried class, majority of the customers are having salary account with Bank of India. So we have clear visibility as far as the cash flows of these borrowers are concerned. Apart from that, we have also given personal loan under a scheme where the borrower has taken housing loan from us. And as a top-up, we have given the personal loan also.

There also we have clear visibility and mortgage also available as far as the housing loan is concerned. To give you something more information about the personal loan book, the stress in the personal loan book as regards SMA-1, SMA-2, and the NPA is

only about Rs.600 crores of this total outstanding of around Rs.12,000 crores, which is around 5% of the total personal loan book.

Mr. Nitin Dharmawat, Aurum Capital

Got it, Sir. My next question is, there is a lot of talk about slowdown, growth issues, stress in some of the pockets of the banking and financial sector. Do you experience that as well along with any risk or we are able to find good opportunities as visible from our Q3 results?

Shri Rajneesh Karnatak, MD & CEO

If you see our Q3 results, our growth has been in double digits on all the segments. If you see our overall business growth, it has been in double digits. If you see our credit growth and deposit growth, whether it is domestic deposit or whether it is global deposit, it is in the double digits. So global deposits have grown for us by 12.29%, global advances have grown by 15.30%, and total global business has grown for us by 13.62%. So, as far as Bank of India is concerned, we find no challenge as far as the growth numbers are concerned. As I said in my opening speech also, for us, we are projecting a guidance of credit growth of around 14% to 15% for the Bank and deposit growth of 13% to 14%.

As on date, if I give you the credit pipeline which we have, we have nearly Rs.70,000 crores of credit pipeline, out of which nearly Rs.60,000 crores is in the corporate book, both domestic and international, and another Rs.10,000 crores of the pipeline is in the RAM book. So Rs.70,000 crores plus is the pipeline with us, which is more than 10% of the global advances of the bank. So that is the kind of credit growth which we are seeing. So we do not see any challenge happening on that front for us.

Mr. Nitin Dharmawat, Aurum Capital

Got it, Sir. And my next question is, why Cost to Income ratio is going up and where it is likely to stabilize?

Shri Rajneesh Karnatak, MD & CEO

Yeah, Cost to Income ratio has definitely gone up in this quarter. And 51 point something is the Cost to Income ratio. But in the 12 month number, when you will see, this will get moderated for the Bank.

Mr. Nitin Dharmawat, Aurum Capital

Got it, Sir. And my final question is, you mentioned that infra growth is visible. Can you please elaborate more on this, as we hear that it is still missing in the economy?

Shri Rajneesh Karnatak, MD & CEO

So, as far as the infra book is concerned for us, we are seeing a lot of transactions in the infra side also happening. So we are sanctioning accounts in road sector, which is predominantly HAM segment and also in ports. Apart from that, in power sector, renewable energy also we are seeing traction where disbursements are taking place, both in the solar and also in the wind side. Apart from that, there are other segments of the infra sector also which we are seeing some traction coming. And even in thermal energy, we are seeing some refinance transactions which are happening, wherein the present COD is there, cash flows have already come.

And if the rate of interest is high, that borrower is coming to our Bank for reduction in the rate of interest. So there also we are seeing some traction. So infra book also we are seeing certain tractions as far as our sanctions and disbursements are concerned.

Mr. Nitin Dharmawat, Aurum Capital

Perfect, Sir. Thank you so much and wishing you all the best. Thank you for the opportunity.

Moderator:

Thank you, Nitinji. Sir, next question we received in the chat from Mr. Narendra. His question is, what is the longer term guidance on credit cost and Cost to Income?

Shri Rajneesh Karnatak, MD & CEO

As regards credit cost is concerned, see our credit cost for this quarter has come down to 0.39%, which was as high as 0.97% in the Q2 of this financial year. As regards the guidance for the full year is concerned, we are giving a guidance of 0.70% for FY25 on the credit cost, which remains to be the same guidance which we had given in the last quarter. As regards Cost to Income ratio is concerned, there also we are expecting that our guidance is at around 51%. So we would be able to maintain a Cost to Income ratio of around 51%, even though there has been increase in this quarter at 52.63%. However, the nine-month number if you see for us is only 51.76% and the last quarter it was 51.22%. So we would be, as from the Management side, we would be liking to get it controlled and remain at a level of around 51% for FY25.

Moderator:

Thank you, Sir. So the next question is from the line of Ms. Aditi Nawal from RSA and Ventures. Ma'am, you may unmute yourself and proceed.

Ms. Aditi Nawal, RSA & Ventures

Hi, Sir. Thanks for taking my question. I just had a few questions. So, in the last quarter, you had mentioned that there were certain corporate loans that you had not renewed

the corporate book, I think around Rs.18,000 to Rs.19,000 crores. And looking at the sequential growth in the corporate book, there seems to be a good growth in the book.

So my question was, how is that NIM compression that had come owing to this degrowth in the corporate book not reversed in this quarter? That is one. And second is, Sir, you had also budgeted IT, for tech expenses of around Rs.2,100 crores for the entire year, and of which, one half you had done about Rs.700 odd crores. So are we in line to attaining that budgeted expense of Rs.2,100 crores?

Shri Rajneesh Karnatak, MD & CEO

First question was regarding the corporate credit growth of the bank, right? If you see our slide also, our corporate credit number was Rs.2,12,000 crores as on December 23. It has now touched Rs.2,34,000 crores as on December 24. And there has been a YoY growth of more than 10%. So that is the one part. The other thing is that, as I said earlier, also, we have a very healthy pipeline as far as the corporate credit growth is concerned.

So credit pipeline in corporate is around Rs.60,000 crores, and which is nearly 10% of the global credit which we have. And if you see within the corporate credit book, which is nearly 25% of the credit book which we have. So that is the kind of number we are having.

And we have traction in all kinds of segments and sectors, not only infrastructure, but also in the new age segments and sectors like solar and PV modules. There also, we are giving sanctions. We are giving sanctions in ethanol also. We are giving sanctions in warehousing also. Apart from that, there are certain proposals and sanctions which have happened for data center funding, and also for the automobile segment. Not to speak of the traditional sectors like steel, textile, pharma, and other kinds of things, mining and oil.

There also, we have given sanctions. So, all in all, we do not see any challenge as far as Bank of India is concerned with respect to the corporate credit growth is concerned.

Ms. Aditi Nawal, RSA & Ventures

Sir, my question in terms of the corporate book was, so in the last quarter, there was some subdued interest income owing to the corporate book being very flattish or not growing as much. So if that corporate book has sequentially grown in Q3, then ideally that interest or the NII should have favourably gotten impacted by that. That is my question.

Shri Rajneesh Karnatak, MD & CEO

Correct, correct. It is essentially on the interest income. Yeah, if you see our ratios and the presentation also, you will see that there has been improvement in the overall interest income of the Bank. So last quarter, what had happened that we had left some

of the transactions which were at very fine rate. So that kind of situation is not there as far as this quarter is concerned. In fact, if you see our yield on advances, they have improved from 8.45% in the month of September 24 to 8.55% in the month of December 24. And our cost of deposit has gone up by only one basis point from 4.95% to 4.96%. The gap between the two now is 3.59%, a very healthy number, as against the gap of 3.50% in the last quarter. In fact, we have been able to reverse this trend in this quarter by having better corporate advances which are on MCLR and better rates.

And in fact, if you see our website and other things also, we have increased our MCLR, one-year MCLR also. Now, our present one-year MCLR is 9.05%. And when the last time the Repo increase was made by RBI was in month of January 2023, when they had increased the Repo from 6.25% to 6.50%. That time our MCLR was 8.40%. And today as we speak, our MCLR has gone up by 65 basis points. So we have done the transmission of rate of interest also on the MCLR side, which is now helping us to improve our interest income and obviously, at the end of the day, the net interest income.

Ms. Aditi Nawal, RSA & Ventures

Got it, Sir. So again, just one, just sorry for hopping on that, but that NIM dropped from 2.82% to 2.80% this quarter. So is it owing to the penal charges going from interest income to other income or is it some other factor?

Shri Rajneesh Karnatak, MD & CEO

One of the reason is the penal charges also, but otherwise, if you see our global NIM has come down from 2.82% to marginally two basis point less at 2.80%. Another important thing in our balance sheet, Bank of India balance sheet, which is not there in other banks is that 15% of our book is international book, where the margins are even lower. So that is also contributing to a lower NIM. However, overall, we are very confident. If you see our nine month NIM is 2.90%. But this quarter, it has come down to 2.80%. But nonetheless, if you see other Bank results, our NIMs are at par with what the industry is doing.

Ms. Aditi Nawal, RSA & Ventures

Understood, Sir. So second was a little data keeping question. So again, going back to last quarter, you had mentioned that IT expenses, you've been budgeting around Rs.2,100 crores for the entire year. And until first half, you've done about Rs.700 odd crores. So are we on track of meeting that budget of Rs.2,100 crores? Or is there any revision in the estimates in the budget?

Shri Rajneesh Karnatak, MD & CEO

No, we have not changed the guidance in the OPEX and CAPEX, both on the IT sector segment. We have kept that book at around Rs.2,000 crore expenditure. Last year, also, it was Rs.2,000 crore and we had spent nearly Rs.1,800 crore, which was nearly

90% of our budgeted IT expenditure. This year also, it is between Rs.2,000 crores to Rs.2,100 crores. And we are on track to that. And by Q4, we'll be able to achieve most of the budget in the IT sector.

And, it is all in all, the three components, whether it is IT, whether it is digital, and whether it is cyber security, in all the three components, we are spending on the IT side.

Ms. Aditi Nawal, RSA & Ventures

Got it. And so just one last question will be on employee expenses. Sequentially, there has been a drop. So is it explainable by the fact that last quarter, there was bond yield decline, and hence you had to increase the provision on your retirement benefits. So that is not there this quarter. Or is there any other one off?

Shri Rajneesh Karnatak, MD & CEO

So, last quarter, there was some provision also because of the employee expenses. Now, the wage settlement has been implemented. And now it is well settled within the system. So, for all our officer staff and also clerical staff, the new salary package is there. So, now it has got streamlined and moderated.

Ms. Aditi Nawal, RSA & Ventures

Got it. So that will be it. Thank you. Thank you so much.

Moderator:

Thank you, ma'am. So the next call is from the line of Yash Dharak.

Mr. Yash Dharak

Thank you for the opportunity. So first question is with regards to slippages and provision for bad and doubtful debts. So it is evident that in the December quarter, the slippages and provision for doubtful debts have substantially reduced as compared to the last three financial quarters. If you could please explain this.

Shri Rajneesh Karnatak, MD & CEO

Yeah, as regards our fresh slippages are concerned, if you see the fresh slippages have come down significantly. So this quarter, our fresh slippages are only Rs.1,105 crore as against Rs.2,546 in September and further as against Rs.1,313 in December 23. So that is regarding the fresh slippages. As regards the provision is concerned, the provision has come down in this quarter on the NPA side. So that is a number which is there because that is whatever the provision we have made in this quarter on the NPA book is as per the RBI guidelines as per the IRAC guidelines.

Mr. Yash Dharak

So last quarter you mentioned that there were some Government loans which were actually slipped and they were secured in nature. So are they still, have they upgraded or have they slipped down? Could you please elaborate on that?

Shri Rajneesh Karnatak, MD & CEO

No, there were certain provisions with respect to the 7th June circular. Now those accounts basically they have now got regularized in the system. So no more provision is required under the Standard category of 7th June 2019 Circular of RBI. So because of which there has been certain reversals as far as the provisions is concerned.

Mr. Yash Dharak

Okay, thank you. And as far as next question is concerned, so you had guided for a better recovery in the technically written off (TWO), in the Q3 and Q4, in the second half of the financial year. But as we can see that the recovery hasn't been so great and the other income has dipped quite a bit if you could see that.

Shri Rajneesh Karnatak, MD & CEO

So recovery in the written off account if you see, our recovery in written off account was Rs.685 crores in Q2 which has come down to Rs.391 crores. There was one lumpy recovery which had happened in the Q2 of this financial year. Because that not being there in this quarter, it has now moderated at Rs.391 crores.

As regards the other part that the overall income from Rs.2,518 crore non-interest income has come down to Rs.1,700 crore, that is merely because of the profit from sale and revaluation of investments in the Treasury book which has happened last quarter has reduced during this quarter which has resulted in the moderation of the income from the Treasury book. That is why in the overall it has come down. However, let me clarify that on a YoY basis our total non-interest income has jumped by 46 percent.

It was at Rs.1,193 crores in December 23 and now it is at a healthy number of more than Rs.1,700 crores as on December 24, an increase of 46 percent.

Moderator:

Aditi, you may proceed. We will come back to you Aditi. I sense some issues with to join in. Next in line we have Mr. Sushil Choksey. Sir, you may unmute yourself and proceed.

Mr. Sushil Choksey

Congratulations to Bank of India for excellent performance. Sir, my first question is your outlook on growth specifically for credit in current market is very positive and encouraging. Your CASA is at 41%. Now to improve on all parameters from where you stand today, you stand tall but you can go further. What kind of initiatives will you take which you think are lacking to get accelerated growth much more from where we stand today?

Shri Rajneesh Karnatak, MD & CEO

Thank you, Sushil ji. Thank you so much. See, if you see our growth, both the domestic and international growth and global growth, everything is in the double digits. So, that kind of number we have already achieved. As regards guidance, as I already said, we have already given a guidance that credit growth in this financial year will be around 14 to 15 percent and domestic deposit and international deposit combined together will be around 13 to 14 percent. So, we have taken many steps within the Bank to improve both liability side and the asset side franchise and that efforts will continue to happen and lot of transformational journeys in all the verticals have taken in the Bank and not only in the CASA side but also on the retail term deposit side. In fact, we are also focusing on the bulk deposit where we can get bulk deposit at lower rate without giving anything over the card rate.

There also we have identified more than 100 branches in the Bank where we are trying to take bulk deposit at the card rate which we publish every day. So, that is another step we have taken. As regards the credit side is concerned, RAM, our all underwriting centers whether Retail, Agriculture, MSME are functioning well and smoothly with all operational efficiency being coming to that because of which we are seeing very good RAM growth of nearly 19% which has come in during this quarter on a YoY basis.

Similarly, on the corporate side, our Emerging Corporate Branches also have started giving traction and also the Large Corporate Branches. Similarly, as regards the recovery is concerned, there also lot of good work is happening from the ARB branches where we have shifted all our NPA which is Rs.50 lakh and above to these branches and good settlements and other kinds of recoveries are happening through these branches. Apart from that, fresh slippage if you see Choksey ji, we have now brought down our fresh slippage to Rs.1,100 crore in this quarter and our Zonal Collection Centers are doing very well and the field is totally attuned and doing the collection and our collection efficiency has now improved to as high as 97% as on 31st December 2024.

So, overall we feel that with the kind of top line which is happening and the kind of operating profit that we are able to garner, we will be able to get good operating profit and net profit for the Financial Year 2025. Already we have achieved a net profit of Rs.2,500 crores in this quarter. We had given a guidance if you remember Rs.8,000 crore of net profit for FY 25. Already we have achieved Rs.6,500 crore of net profit in

the 9 months. So, whatever the guidance we have given, we will be achieving those numbers.

Mr. Sushil Choksey

Sir, I know the previous Analyst asked you on margins. If you can break up, what is your domestic NIM and global NIM? Global NIM you have given, domestic NIM would be what? Because your growth path is very visible on the domestic front and I suppose Bank of India is tuned well to grow within Indian corporate sector or retail sector with CASA being at 41%, your retail consumer touch point may be growing, SMA may be growing better. You have re-energized your brand image with the old Customer base which have banked with Bank of India for many decades. So that lost touch is gaining back. So maybe you may create a tall tower but that tall tower may be more coming from the domestic NIM. So if you have a guidance on domestic NIM because I suppose the deposit rates have peaked. How do you see that the answer on Cost to Income and all this is indirectly related?

Shri Rajneesh Karnatak, MD & CEO

So Sushil ji, you have seen our global NIM which is at 2.80%. It has come down by 2 basis points only in this quarter. And as regards domestic NIM is concerned, last time our domestic NIM was at around 3.14%. This quarter it is at 2.98% which is a healthy number. And if I tell you the nine-month domestic NIM, it is at 3.19%. So we have to be mindful of the fact that we have 15% book which is international book where the NIMs are less. Because of which the global NIM for Bank of India comes down. Similarly for other banks who have good international book in their total global book.

So, as far as the guidance is concerned on the global NIM, it should be at around 2.90% for March '25. That is the number we are giving. As I explained earlier also, our yield on advances have improved by 10 basis points compared to last quarter.

And our cost of fund has increased by only one basis point from 4.95% to 4.96%. And the gap is at 3.59% which was earlier 3.50%. So there also we have made a healthy margin in the interest income of nine basis points during this quarter. And this is what we are focusing on by pursuing all the field functionaries and the branches. So we are very sure that whatever the number guidance we are giving at 2.90% for the entire financial year and the global NIM will be able to achieve.

Mr. Sushil Choksey

Now Sir, I have no doubts that you will outperform your guidance. I am seeing that there is scope that you will outperform the market expectation including what you are guiding for. So what are the two three steps which you have taken which over a period of the entire calendar of 2025 may enable Bank to get a bigger and a greater height from where you stand today.

Shri Rajneesh Karnatak, MD & CEO

So lot of things we have done. See, especially on the technology side we are doing lot of things. If you see our MSME book, today, out of the total MSME book 15% of the MSME book is now coming through the digital platform, through the assisted journey and the direct straight through process.

So that kind of thing has already happened in the Bank. So lot of transformational journeys we are doing at the Top Management side. On the Data Lake side, we have the entire Data Lake structure now in place with lot of Artificial Intelligence and Machine Learning not only happening on the sales and marketing side, in resources and also the asset side but also on the credit underwriting side also it is helping and also on the early warning system it is helping.

So all these things are helping the Bank in improving the overall efficiencies. Apart from that, we have already embarked on the project which is TechNext under which we are going for transformation journeys in IT, digital and cyber security. There also lot of automation is taking place and whatever the mundane task and other kinds of things are there that will get automated resulting in more time at the branch level for the staff so that they can concentrate on sales and marketing and also on the collection part as far as the SMA is concerned.

So all these things taken together and also apart from that not to mention the HR transformation journey also which is going wherein we are redefining the job families wherein we are making the succession planning and we are also giving lot of up skilling and reskilling and lot of training in the hybrid mode both physical and the online mode. So all these things taken together I am very sure in the next coming one or two years there will be more operational efficiency coming to the Bank and which will finally result into the better bottom lines for the Bank.

Mr. Sushil Choksey

Sir, my last two questions on the credit growth. If I have to ask you, how much of private credit growth and how much of public sector credit growth is possible because if your private sector credit growth is higher the market appreciates much more. So that's the reason and on a yearly basis that would account for betterment.

Shri Rajneesh Karnatak, MD & CEO

See as regards the State Government and Central Government accounts, we have been clearly bringing them down as a glide path. Outstanding we have been bringing down. As I said, Rs.60,000 crore is our pipeline. So, I do not have the exact breakup between the Government and the non-Government but I can confidently say that majority of this book is private corporate sector.

Mr. Sushil Choksey

Sir, your outlook on investment book for the year.

Shri Rajneesh Karnatak, MD & CEO

So investment also we are doing very aggressively and the IPO's which are coming there also we are investing and making good money that is another thing which is there and as regards the present situation which is there in the market with respect to rate of interest and the dollar rupee which is there we are very mindful of that and wherever we see any option coming and situation coming where we can make some profit and gains, we are immediately doing the transactions.

Mr. Sushil Choksey

So thank you and all the best for the years to come. Thank you for taking all my questions.

Moderator:

So we received a follow-up question from Aditi Nawal on the chat. Her question is SMA-2 increased by Rs.800 crores. Any specific account that has slipped?

Shri Rajneesh Karnatak, MD & CEO

Overall SMA has come down if you see from our presentation. However, there has been an increase in SMA-2 number because of few accounts which are of State government, one State Government PSU account because of which it is at increase. However, overall SMA number has come down from Rs.7,600 crores to Rs.7,200 crores. So in percentage terms it is only 1.16% and as against 1.29% in September.

Within SMA2 also, this number is at 0.49% only of the overall standard book of the Bank and these accounts which are there for the PSU, State PSU and couple of them are having State Government guarantees also. In fact, one of the account is now, as on today when we speak, is totally out of SMA category and is a standard regular advance. So we find no threat in this quarter of any delinquency happening in these accounts.

Moderator:

Thank you Sir for the clarification. Sir, next question we have received over text from Mr. Sai Karthik from Investec. He has got two questions.

The first one is when system growth has reduced how is Bank of India managing 14% growth and the second one is what is the guidance for recovery from write-off assets for FY25 and FY26?

Shri Rajneesh Karnatak, MD & CEO

So as regards the credit growth is concerned, I have already explained earlier that our entire machinery at the field level is totally geared up for credit. So we have underwriting centers in the Bank wherein the branch is totally delinked to the underwriting and the underwriting happens at the centers which are Retail, Agriculture and MSME. 450 underwriting centers are there in the Bank and branches are hooked up to them and they send the proposal, do the sales and marketing and underwriting happens there which helps in improving the operational efficiency.

So that is one part. Apart from that as far as the Emerging Corporate is concerned there also we have now Emerging Corporate branches. From there also the proposals and traction is coming from the Tier 2 and Tier 3 cities and then we have the Large Corporate Branches who are reporting directly to the Head Office and we are seeing lot of traction coming through the proposals which are there.

International book is also growing for us on a very selected basis. We are growing the international book. Apart from that, we are also growing the overall numbers which are there in the book and we are concentrating on the disbursements.

So we are not only concentrating on the sanctions but also the disbursements which are helping us increase the outstanding in our overall book and also improving the interest income in the bank. So all these efforts are helping us to improve the overall credit numbers which are there and the growth which we are seeing now in our book.

As regards recovery from written off accounts, there also as you see from the book that this quarter also Rs.300 crore plus of recovery we had done on the written off. Last quarter it was more at Rs.600 crore plus but that was a lumpy account but this quarter also we expect that the recovery from written off account will be somewhere around Rs.300 to Rs.500 crores.

Moderator

Thank you, Sir. Next question we have received over text from Mr. Vijay from HSBC. His question is if you could shed some more light on the quality of the retail book specifically the unsecured and the personal loan segment.

Shri Rajneesh Karnatak, MD & CEO

Yeah, as far as our retail book is concerned, there if you see our total outstanding is Rs.1,27,000 crores as on December 24 which comprises of housing loan which is nearly 51% of our total retail book. Vehicle loans are nearly 15% of that retail book. Education loan is 3%, mortgage loans are 8%, personal loan are 9% and others which is predominantly staff loan, loans against FDs and others are 14%. So if you see the unsecured portion, basically it is the education loan may be to certain extent which are loans up to 7.5 lakhs and personal loan book of nearly Rs.12,000 crores which is only 1.89% of the total global loan book.

And within the retail book, personal loan book is only 9% which is in single digit. As regards the stress in the personal loan book is concerned, as I had said earlier also it is only between Rs.500 to 600 crores which is SMA1, SMA2 and NPA in the personal loan book. So that again is around 5% of the total personal loan book of the Bank.

So we do not foresee any challenge as far as the personal loan book is concerned on the asset quality and as I said lot of guardrails we have placed on the underwriting. 700 and above is the CIC score and apart from that 65% of this book is the salaried book and remaining 35% is the non-salaried book and salaried book also majority are having their salary account with Bank of India and we have clear visibility on the cash flow. So we foresee no challenge as far as our personal loan book is concerned.

Moderator

Thank you Sir. We have received one small question in the chat box from Mr. Manoj Kumar. His question is may I know the LCR of the bank?

Shri Rajneesh Karnatak, MD & CEO

Our average LCR is around 117 something. That is the number at which our LCR is and it is above the threshold level of 100 fixed by RBI. So we are comfortable as far as the LCR is concerned.

Moderator

Sure. Sir, next question is from the line of Atisha Chaudhary. You may unmute yourself and proceed.

Atisha Chaudhary, you may unmute yourself and proceed. We will come back to you. Sir, the next question is from the line of Mr. Ashok Ajmera.

Sir, you may proceed. Ashok Sir, you may unmute yourself and proceed. Sir, allow us a moment. Ashok Sir, you may now proceed. Ashok Sir, you would see a screen which allows you to unmute. Kindly do so and proceed. We are unable to get Ashok Sir on the call. Atisha, you may now proceed.

Or alternatively, both of you could type in your question in the chat box that you can see on the screen. In the meanwhile, Sir, we have a follow-up question from Yash.

Mr. Yash

Sorry to repeat the question. I just wanted to gain more clarity. What resulted in the slippages in bad and doubtful debts being reduced so much? The bad and doubtful debts have reduced quite considerably as compared to the last three quarters. What resulted in such a big improvement as far as slippages and doubtful debts are concerned? That's all.

Shri Rajneesh Karnatak, MD & CEO

Yes, there are two things in that. One thing is that, as I said earlier, our Zonal Collection Centers are really doing good work at the field level. And a lot of good collections is happening at the field level. And 97% nearly is our collection efficiency as on 31st December. That has helped us in reducing the fresh slippages which are happening.

As regards the aberration which you are seeing between the two quarters, last quarter our fresh slippage was Rs.2,546 crores. And this time it is only Rs.1,100 crores. That is because of one single PSU account of more than 1,000 crores which had slipped in the last quarter. And that was a one-off thing which was there because of which the entire figure got distorted in the last quarter of September. So, now that account not being there in this quarter, now it is normalized. And we are very confident that going here forward, we will be at these numbers. Rs.1,100 crore is the fresh slippage only during this quarter.

Moderator

Thank you, Yash. Sir, we have received a question from Atisha Chaudhary on the chat box. The question is, in SMA 1 and 2, how many crores is from State Government?

Shri Rajneesh Karnatak, MD & CEO

SMA 1 and 2. In SMA 2, majority is from the State Government PSU only. So, of the total SMA book which we have shown of 7,200 crores, Rs.5,000 crores is from the PSU book.

Mr. Atisha Chaudhary

Okay. Okay. Sure. And Sir, if you have the reasons for write back of Rs.299 crores of standard assets provisioning.

Shri Rajneesh Karnatak, MD & CEO

Write back of provision is because of the 7th June 2019 RBI circular. So, we had made some provisions of the 7th June circular in standard accounts. Because of the proper functioning of the account, they are not on SMA and out of order now. Because of which, as per RBI guidelines, we can reverse those provisions. So, that has resulted in reversal of that provision.

Mr. Atisha Chaudhary

Okay. Okay. Sure. And Sir, if I look at the presentation, the yields on advances have gone up. Yields on investments have gone up. But the yields on funds have actually declined. So, I was not able to understand the maths.

Shri Rajneesh Karnatak, MD & CEO

Yeah. Yield on funds has gone down from 7.55 to 7.22.

Shri Uddalok Bhattacharya, GM, Treasury

From 7.55, it has come down to 7.22. Right. But the advances and investments have gone up. Yields on placements have come down during the quarter.

Mr. Atisha Chaudhary

Sorry, what is that placement?

Shri Uddalok Bhattacharya, GM, Treasury

Interbank placements. Yields on placement has come down. Because most of the things are through borrowing only in today's tight situation. That's why placement has come down. Interbank placements, that income has come down. That is why. And we are mostly on the borrowing side.

Mr. Atisha Chaudhary

Okay. And so, lastly, I mean, last quarter, you had said that, you could not deploy a large amount of funds, and then you could only deploy at the end of the quarter. And hence, the last quarter margins were lower. This quarter, we had, you know, lower slippages also from corporate as well as across all things. And yet, the margin improvement is only two basis points. So, is there any follow through that can come in fourth quarter? Or you think that because you're growing corporate, that advantage is lower?

Shri Rajneesh Karnatak, MD & CEO

No, this time, what we have concentrated is with respect to the disbursal. So, last time, the disbursements mostly happened in the end of the quarter in September, after 15th September, which is the reason that the entire interest income did not come in the 90 days.

So, this quarter, what we did is, we followed up with the field functionaries and made sure that the disbursements are followed up and quick disbursements happen wherever the sanctions are happening. That was one point. As regards our yield on advances is concerned, if you see the data here. So, our yield on advances have gone from 8.45% to 8.55%. And they have increased by 10 basis points. And our cost of fund has increased by only one basis point. So, the gap between the yield on advances and the cost of fund is now a very healthy 3.59% as on December, which was at 3.50% as on September. So, in that area also, we have improved by nine basis points, which has helped us in improving the overall net interest income of the Bank.

Mr. Atisha Chaudhary

And so, what would be your incremental yield to corporate blended? I mean, roughly, I mean, would it be like 8% below 8% or maybe above 8% to corporate?

Shri Rajneesh Karnatak, MD & CEO

In corporate book, majorly we are lending at the MCLR. It may be overnight MCLR, one month, three month or one year MCLR. So, that figure exact at the corporate blended return, I am not having at this moment. But definitely from the Top Management side, it is that we should have advances on the MCLR side only.

Mr. Atisha Chaudhary

Okay. Great, Sir. Thank you. And all the very best.

Moderator:

Thank you, Sir. So, we have a follow up question from Mr. D Manoj Kumar on the chat.

His question is, may I know the reason for high balances with banks and money at call, short notice, which is a drag on NIMs, which we can see by a drop in the yield on funds?

Shri Uddalok Bhattacharya, GM, Treasury

The higher balances are on account of our foreign branches placing funds overseas. Because of that, the balances are higher as well as the swaps, which we have, which we do, those placements are with the overseas banks.

Mr. Ashok Ajmera, Ajcon Global

Good evening, Sir. And compliments, Sir, for the good set of numbers to the entire team of Bank of India. Having said that, Sir, because I was not there half of the time I'm traveling, basically. And I couldn't hear the entire conversation. But on the first look, I just found that our operating profit has gone down in this quarter.

And that is mainly because of the other income has also gone down. In this quarter, though, the overall performance on the credit and the deposit side, growth is good. So on the profitability front, Sir, what are the reasons for the operating profit going down, Sir? And our net profit is higher because the provisions are less.

Shri Rajneesh Karnatak, MD & CEO

Thank you so much, Ashok ji. On the first point with regard to operating profit. Operating profit has come down from Rs.4,147 crores in September to Rs.3,700 crores this quarter. The decrease is around Rs.400 crores only. But if you see the non-

interest income, it has come down from Rs.2,500 crore to Rs.1,700 crore. There, the dip is more than Rs.800 crores. And that is also because there was a lumpy recovery in written off account, wherein the recovery in written off account figure had touched Rs.685 crores in the last quarter. But overall, if you see the operating profit on the operational part, our operating profit has gone up by 23% on a YoY basis.

So our operating profit, which was Rs.3,004 crores in December '23, is now improved to Rs.3,703 crores as on December '24. And so the jump is nearly 23%. As regards the net profit, you have rightly observed that there has been some less provision which has taken place.

But what I can assure you is that whatever the provision we have made is based on the asset quality in the book and also as per the IRAC guidelines of the RBI. So whatever is required has been provided for as per the RBI guidelines. So because of which the provision you are seeing on a lesser side, both on the bad and doubtful side and also on the performing side.

Mr. Ashok Ajmera, Ajcon Global

Have we used the provision out of our buffer or our additional provision earlier made over the IRAC norms? Have we used some of it during this quarter?

Shri Rajneesh Karnatak, MD & CEO

Actually, what has happened in the standard book, 7th June 2019 Circular is there. In those accounts where it was invoked and the account was SMA, the provision was kept. Those accounts are performing okay now and with the discussion we have now reversed those provisions and these accounts are no more part of 7th June Circular.

Mr. Ashok Ajmera, Ajcon Global

All right. Sir, my second question is on the Treasury front, Sir.

On the trading, because in the Treasury most of the income opportunity has gone with the profit, M2M, going to the reserve directly, but on the trading book, how the Treasury performance looks because if you look at the segment profit side, I think our profits are lower from the Treasury operations.

Shri Uddalok Bhattacharya, GM, Treasury

So, if you see compared to Q2, in Q3, our profit numbers from Treasury operations, especially through the sale of securities as well as foreign exchange transaction has come down majorly because yields went up in Q3 and most of the times yields were up and the market was volatile. So, it provided less opportunities for trading. And secondly, on the FX side, in the fag end of the quarter, we had forward premia going up, shooting up, which brought the revaluation in the books down. So, because of

these two reasons, our income has come down from Rs.730 crores in Q2 to Rs.266 crores in Q3.

However, in Q4, looking at the markets, we feel that yields are going to come down from here. You see, 10-year is trading around 6.71. We expect a rate action as well as the regulator to ease liquidity in the markets. So, that will bring yields down and we hope to make money both on the investment side as well as on the FX side. So, we will be posting better numbers in Q4 as far as Treasury operations are concerned.

Shri Subrat Kumar, Executive Director

Ashok ji, you will appreciate that interest income has also gone up in the Treasury. In the treasury book interest income, there is a group interest income, but the unidirectional movement in yield always impacts the portfolio as well as the trading opportunity. That is why the portfolio has taken a hit.

Mr. Ashok Ajmera, Ajcon Global

I understand, Sir. Thank you very much, Sir, and all the best to Bank of India. Thank you, Sir.

Moderator:

Thank you, Sir. We have a follow-up question from Mr. Atisha in the chat.

The question is, how much of the NPA recovery is flowing into net interest income?

Shri Rajneesh Karnatak, MD & CEO

Yes, Rs.464 crores is that part. So, we have shown in slide number 25, recovery from URI and UCI. So, that recovery is going directly for improving the net interest income.

Mr. Atisha Chaudhary

Sure, Sir. And a subsequent question is that what is your guidance for NIM for Q4 FY25 and full year FY26?

Shri Rajneesh Karnatak, MD & CEO

So, for FY25, as I said earlier that we are expecting that the NIM should be at around 2.90% for the full year. FY26 at this juncture, we will not be able to give any guidance. Post-March only we will be giving the guidance for FY26.

Mr. Atisha Chaudhary

Noted, Sir. And last question is what is the overseas NIM in this quarter?

Shri Rajneesh Karnatak, MD & CEO

So, that figure I am not having at present. Global NIM we are having and domestic NIM we are having, that number we have not brought here. But we can send you separately.

Moderator:

And we have a last question from Mr. Deep Manoj Kumar on the chat. It is a final question where he says may I know what is the PCR (Provision Coverage Ratio)?

Shri Rajneesh Karnatak, MD & CEO

PCR is 92.48%.

Moderator:

Sure, Sir. Thank you. So, with this, we now conclude this session.

I would now hand this conversation over to Mr. Rajneesh Karnatak for his closing remarks. Over to you, Sir.

Shri Rajneesh Karnatak, MD & CEO

Thank you so much for all the Analysts who have been present over here, spend their precious time here for this Analyst Meet. Thank you so much from the entire Top Management of Bank of India here at the Head Office. Thank you so much.

Moderator:

Thank you, Sir.

Participants, on behalf of Bank of India, I announce this conference as concludes. Thank you for joining us. You may now disconnect the call.