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The Vice President – Listing Department, National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051.	The Vice-President – Listing Department, BSE Ltd., 25, P.J. Towers, Dalal Street, Mumbai 400 001.

**Sub: Q4/ Annual Financial Results for FY 2023-24 –
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 Q4 & year ended 31st March,2024 held on 13.05.2024.

The transcript of Q4 & Year ended 31st March, 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 Upadhya)
कंपनी सचिव Company Secretary

**“Bank of India
Q4 FY’24 Earnings Conference Call”
May 13, 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

Ladies and Gentlemen,

Good evening and welcome to BANK OF INDIA Q4 FY24 Conference Call. 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 P.R. Rajagopal, Executive Director, Shri M. Karthikeyan, Executive Director, Shri Subrat Kumar, Executive Director, Shri Rajiv Mishra, Executive Director, 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 afternoon to all the members of press and electronic media, ladies and gentlemen. It is my pleasure to welcome you all for today's interaction and share with you the financial results of the Bank for Q4 as well as full year of FY 2023-24.

In the current scenario of ongoing geopolitical tensions and spiraling inflationary pressures, Indian economy navigated the challenges steadfastly and emerged as the new growth engine of the global economy. India became the fastest growing major economy of the world in 2023-24 for the third consecutive year by logging 7% plus real GDP growth underpinned by strong domestic demand and backed by robust macroeconomic fundamentals. Bank Credit played an important role in this by registering growth of 20.20% while deposits grew by 13.50% in last Fiscal year.

Against this backdrop, the Bank is focusing on sustainable development by achieving its goal through enhanced customer experience. The thrust areas to be generation of low cost resources like CASA and Retail TDR, growth in high yielding RAM segment, Mid-corporate advances, consistent improvement in asset quality along with Slippage containment and improving collection efficiency and NPA recovery. This is supported by increasing scale of digitization with resilient cyber security measures, robust compliance and governance and also reskilling and upskilling of the staff.

In this direction, a few new initiatives taken are:

On the Business side,

- i. "BOI Star Family Savings Account" has been launched to give privileges and benefits to the customers and their family members.

- ii. To promote Green energy mission, our tailored product namely “BOI Star Rooftop Solar Panel Finance” has been launched with Loans upto Rs.10 lakhs for individuals and Rs.100 lakhs for registered housing societies.
- iii. Tie up with EXIM Bank for facilitating Cross Border Trade under Trade Assistance Programme (TAP).
- iv. BOI Shareholding Ltd.(BOISL), wholly owned subsidiary of the Bank has been mandated to act as BSA (Business Sourcing Agent) for our lending products.

On the HR side,

- i. Initiation of HR Transformation Project-BOI STAR LIGHT (Leading Innovation and Growth with human Talent) with Boston Consulting group (BCG) which will assist in preparing human resources for strategic growth and new age banking.
- ii. Star Connect and Empowerment Programme “**Star Samarth**” a new initiative launched to empower and assist the employees to share career aspirations, goals and other challenges faced by them.

On the IT side,

- i. For automation of Business Process using Intelligent Process Automation (IPA) Solution given by Accenture Pvt. Ltd has been on boarded to enhance AI and ML capabilities in enhancing quality business through better underwriting, customer experience and fraud prevention through DATA LAKE.
- ii. Procurement of Cyber solutions for proactive management with focus on detection and containment of cyber risk.
- iii. Implementation of API based Digital Document Execution of Lockers by using services of NeSL.
- iv. Procurement of Oracle Web Logic Enterprise Edition Licenses for the “AMLOCK” – AML Compliance Solution for Overseas operation.
- v. Introduction of Rupay Bharat Credit Card with benefits from Amazon, Flipkart, Swiggy, Bigbasket, and Airport lounge access etc.

We have published and shared financial results of the Bank for Q4 of FY 2023-24 and full FY'24 on 10.05.2024. The main highlights are as under.

On the Business side,

- i. Global business increased by 11.65% YoY from Rs. 11,85,438 Cr in March'23 to Rs. 13,23,515 Cr in March'24 with incremental growth of Rs.1,38,077 Cr.
- ii. Global Advances increased by 13.52% YoY from Rs. 5,15,852 Cr in March'23 to Rs. 5,85,595 Cr in March'24 with incremental growth of Rs.69,743 Cr.
- iii. CASA increased by 7.03% YoY from Rs.2,52,149 Cr in March'23 to Rs.2,69,872 Cr in March'24 with incremental growth of Rs.17,723 Cr and CASA ratio stood at 43.21%.
- iv. Domestic Advances increased by 14.08% YoY from Rs.4,31,637 Cr in March'23 to Rs.4,92,392 Cr in March'24 with incremental growth of Rs.60,755 Cr.
- v. RAM advances increased by 15.55% YoY to Rs.2,74,477 Cr lead by growth in Retail YoY by 18.12% to Rs.1,11,484 Cr.

On the Profitability & Asset Quality side,

- i. Net Profit for FY24 stands at Rs.6,318 Cr witnessing a YoY growth of 57%.
- ii. Global NIM stood at 2.97% and Domestic NIM stood at 3.34% for FY24.
- iii. Net Interest Income for FY24 has increased by 14% on YoY basis to Rs.23,053 Cr.
- iv. There has been improvement in the asset quality with reduction in both Gross NPA ratio and Net NPA ratio. **Gross NPA ratio** stood at 4.98% improved by 233 bps YoY for FY24. **Net NPA ratio** at 1.22% improved by 44 bps YoY for FY24.

We are projecting domestic credit growth of around 13% and domestic deposit growth of around 12% for FY25 with focus on CASA and retail term deposits. The thrust will be on increasing average deposits and advances consistently to increase the interest income and curtailing controllable expenses. The strategy will be augmenting high yielding advances like RAM (Retail, Agriculture and MSME) and Mid Corporate Advances, garnering low cost deposits and maintaining NIM at 3.00% for FY25. By leveraging digitalisation initiatives, we will be improving our underwriting standards and further minimising the fresh slippages to bring down GNPA & NNPA ratio. We will continue to strive towards enhanced customer experience through new digital initiatives for sustainable business growth with focus on robust compliance and governance.

Our Bank will be a partner in progress of the nation by contributing in India's vision of Viksit Bharat by 2047 by fostering inclusive growth, increasing stakeholder's value and improving profitability parameters.

I would like to thank you all for the patient hearing. The floor is now open for discussion and Q & A.

Moderator

Thank you, Sir. Participants, 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 Analysts asking the question will be unmuted and you will get a notification on your screen to unmute yourself. Kindly do so. 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. We shall take on the basis of time availability. Allow us a moment for the queue.

The first in line is Mr. Ashok Ajmera. Sir, please unmute yourself and proceed.

Mr. Ashok Ajmera.

Thanks for giving this opportunity. Except for this higher provisioning, which has dented our profit for the quarter, the results are good. The performance is very good. And the various initiatives which you have taken will definitely bring in a lot of fruits in the coming future. Having said that, Sir, what is this provisioning for Rs.1,826 crores in this quarter, NPA provision is Rs.2,043 crores. And, how the same increased so much vis-a-vis the last quarter?

Shri Rajneesh Karnatak, MD & CEO:

Thank you, Mr. Ajmera. Thank you so much for your observation. As regards to this provisioning, you are right that we had made a provision of Rs.2,043 crores in this quarter, in Q4. If you compare it with the Q4 of FY23, the provision is quite higher. That time it was only Rs.546 crores. However, if you look at our YoY numbers, the provision is only Rs.4,109 crores on bad and doubtful debts as against Rs.3,602 crores. So the increase is only 14% in the provision. Now, coming to your point, why is this Rs.2,000 crores and what does it comprise of?

So let me clarify here that it comprises of additional provisioning. There is one number of around Rs.800 crore, which is due to the ageing. That is one provision. Then there is reversal of provision in the Prudentially Written Off accounts to the P&L due to cash recovery. That is around Rs.312 crores. There is one provision of reversal of Security Receipts (S.R) which is Rs.125 crores. And there is some correction of provision in the SREI accounting, which we had done in December 2023. That is to the tune of around Rs.55 crores. Then there were certain NPAs because of which the provision had to take place. And we have also done some prudent provision with respect to small MSME accounts and other accounts where we thought that the security is not there and the provision was on the lower side. So we have treated those small loans as unsecured and made full 100% provision. So thereby totalling to Rs.2,043 crores.

So this is an aberration in this quarter. Definitely the provision will not be high in the ensuing quarter. Definitely, as you rightly said, this provision has dented our final net profit. Otherwise, the net profit would have been even better. Finally, we could still show a net profit of Rs.6,318 crores, Ajmeraji, against Rs.4,023 crores, which is an improvement of around 57% of net profit.

Mr. Ashok Ajmera

Sir, you said some additional provisioning has been made. In the overall Bank's book, how much additional or floating provision we are having over and above the IRAC requirement?

Shri Rajneesh Karnatak, MD & CEO:

The provision is as per the IRAC norms.

Mr. Ashok Ajmera

I mean, do we have any additional provision in the books of the Bank? Other than the normal provision, which is required?

Shri Rajneesh Karnatak, MD & CEO:

No. We are not having any additional provision than which is required. Whatever the provision is there, that is all as per the IRAC norms.

Mr. Ashok Ajmera

My second question is on this recent RBI guidelines for the higher provisioning on the project loans, which is, of course, at the very initial stage. But, I think every bank has done some rough calculations or some ballpark figure can be arrived at. If it becomes effective, then, what would be our provisioning requirement, at least in the first financial year after its implementation? And out of the entire infra and project portfolio, how much is the project loans, which comes under the purview of this circular?

Shri Rajneesh Karnatak, MD & CEO:

This draft circular of 3rd May, 2024 by RBI, as you are aware, we have to submit our feedback to RBI by 15th of June. Our Risk Management Department is already working on it. They are doing the detailed calculations. At this present moment, we

have only ballpark numbers. If you see the impact of it on the ballpark number, it is around 20% of our infrastructure portfolio and our project funding portfolio on the industrial sector. It will be around 20% only because this circular relates only to those accounts which have green financing, where the COD is yet to be achieved or where COD is recently achieved. And this provisioning has to take place for the next three years after the COD is achieved. So, for our portfolio, the hit, which is coming, is only around 20% of the total book of that. That is one part.

Mr. Ashok Ajmera:

What could be that number, around Rs.12,000 to Rs.15,000 crore, total?

Shri Rajneesh Karnatak, MD & CEO:

So that book is around Rs.90,000 crores. 20% of which may be impacted under that. That is one ballpark number. As regards the credit cost is concerned, we have calculated it as a ballpark figure. This is a tentative figure only at present. The increase in credit costs will be 10 bps only and that too as on March 2027 when the third year happens and that provision is at its peak and this 10 bps estimation is also on the basis of the fact that our credit growth grows by 10%. So that is on the credit cost side. On the CET-1 impact side, the CET-1 may increase from 20 to 22 bps. That is the only impact and one thing I would further like to clarify that it will not impact the CRAR of the Bank because CET -1 impact under this circular will not shave off the CRAR of the Bank. That is the guidelines from RBI. So, this is our submission presently on whatever the working has been done on this circular.

Mr. Ashok Ajmera:

Oh, that's good to know, Sir. Our Treasury has performed well. If you look at the segment-wise results, the Treasury profit is Rs.1,374 crores whereas the major hit taken is in the wholesale book because of the higher provisioning. So going forward, where do we stand as far as the Treasury profitability is concerned and the kind of the AFS book which we are having though now the AFS mark to market or profit will not be taken in the P&L. Can you give some colour on that on the Treasury performance in the coming quarter.

Shri Rajneesh Karnatak, MD & CEO:

See, with the new RBI circular, what we think is that Treasury will transform into a NIM centre rather than a profit centre. So this is our clear understanding because of the new RBI circular. So whatever the profitability the Bank used to get because of the change in yields on the higher side or a lower side, that will not be available to the

Banks henceforth. So it will be more of a NIM centre rather than a profit centre. That is what I can say at this juncture.

Moderator:

Thank you, Sir. Next in line is Mr. Jay Mundra.

Mr. Jay Mundra:

So my question is, last quarter actually we had a negative third quarter and fourth quarter we have seen higher slippages. Right?. So I mean, what is the reason for the higher slippages in this quarter? Could this be a new normal for the Bank or, what are the key reasons for rise in Agri, SME and Corporate slippages this quarter?

Shri Rajneesh Karnatak, MD & CEO:

As regards, slippages are concerned. See, if you see the slippages in the Q4 of FY 23 was Rs.2,625 crores. In this quarter, the slippage has been Rs.2,038 crores. Though the slippage in this quarter, Q4 of this financial year, have been lower than last year, Rs.2,038 crores is still on a higher side because we had shown a fresh slippage of only Rs.1,313 crores in the Q3 of FY24. So, it is higher, definitely. We agree. but if you see on the YoY basis, our slippage in last year, FY23, was Rs.7,969 crores and in this year, total aggregating for 12 months, it is only Rs.7,551 crores which includes fresh slippage and debit in these accounts. Further breaking down, as you ask, what is this breakup of Rs.2000 crores of fresh slippages, if you see, 70% of this slippage is in Agriculture and MSME only and remaining Rs.440 crores is in one of the large corporate accounts which is there in Odisha and another State Government account in Punjab. Let me tell you that there is Rs.300 crores plus account which slipped to NPA in Q4 in Punjab. Out of that, Rs. 65 crores of overdue has been recovered. Another Rs.65 crores will be recovered within next 10 days and this account will get upgraded. So this Rs. 300 crores will get upgraded out of that. We are cognizant of that and we are trying to minimize the slippage. However, if you see our SMA numbers which was Rs.16,900 crores in above Rs.5 crores number as on March 2023, it has come down to Rs.7,100 crores as on March 2024 and which is only 1.28% of our total standard loan book. If I further give you a colour on this number of Rs.7,000 cores, out of that, there are four accounts of Rs,4,400 crores of State Government of Telangana accounts. If you remove them, then our SMA of Rs.5 crores and above is only Rs.2,600 crores which comes to only 0.47% of the total Standard book. So we are very confident that this quarter has been an aberration and definitely moving forward in Q1 and Q2 the slippages will be considerably less than what has been in Q4.

Moderator:

Thank you Sir. Next question is from the line of Mr Rakesh Kumar. Please proceed.

Mr. Rakesh Kumar

Thanks Sir. The first question is just a continuation of the last question. You are saying that in Q1 and Q2 slippage would be reasonably less. Could you quantify that. How much less and what would be the number.

Shri Rajneesh Karnatak, MD & CEO:

If you see our slippage ratio for this quarter, you must have seen in our presentation also, that the slippage ratio has decreased considerably. It was 1.94% in March 2023. It has come down to 1.58% percent in this March 2024. We are very confident that for March 2025, it will be considerably lower and we are giving a guidance of around 1.20% for March 2025 as far as the slippage ratio is concerned.

Mr. Rakesh Kumar

Okay Sir. In SMA 1 and SMA 2 in the Agri as on December 2023 was Rs.259 crores and what was the slippage in this quarter, Sir, in Agri.

Shri Rajneesh Karnatak, MD & CEO:

In Agri the net slippage was Rs. 626 crores. Gross slippage in this quarter from Agri was Rs.1,021 crores.

Mr. Rakesh Kumar

The SMA 1 and SMA 2 put together is Rs.260 crores in December.

Shri Rajneesh Karnatak, MD & CEO:

SMA 1 and SMA 2 is for Rs.5 crores and above accounts in the presentation. This slippage is a global slippage which includes all accounts even our Rs.10,000 account comes under that. This is final slippage.

Mr. Rakesh Kumar

So what would be the SMA in the below Rs.5 crores accounts in Agri currently, Sir.

Shri Rajneesh Karnatak, MD & CEO:

That we will come back to you separately. Presently I am not having this number.

Moderator:

Thank you so much Sir. Next in line, we have Ms. Mahrukh Adjanja.

Ms. Mahrukh Adjanja

Just to hop again on slippages. I know that YoY, on every 4th quarter, there may be high slippages and you also explained earlier on that in September and March. You know, their seasonality and slippage is generally tend higher in Agri and maybe even in MSME but this time around, the QoQ growth in MSME and Agri slippage is much higher than the last few years. So what really drove that? I mean, why is it that the seasonality is sharper in the 4th quarter this year. That's my first question. I'll ask the next question later after this.

Shri Rajneesh Karnatak, MD & CEO:

You rightly observed that there has been more slippage in Agri and MSME in the last two succeeding quarters in December quarter also in March quarter also. That is because of the fact that there is some stress building up in Agriculture and MSME sector, typically small ticket accounts. As you have heard in the previous question also, why this above Rs.5 crores is not reflecting here because these are all small accounts where this slippage has taken place. That is why it is not showing up in the presentation. They are typically those accounts that are very small accounts and obviously less than very much less than Rs.5 crores. They are, in fact, less than Rs.50 lakhs kind of accounts. So that is where the slippage is and in Agriculture there are couple of States. Every quarter, seasonally, a couple of States show stress and NPA in Agriculture. This time also, there were a couple of States where Agriculture NPA came out larger in numbers than in other States.

Ms. Mahrukh Adjanja

Okay Sir and in terms of provisioning, you mentioned a lot of breakdown so what was the SREI portion and are you certain that in the first quarter a lot of the Agri and MSME slippages will revive in the first quarter as in that they'll be upgraded?

Shri Rajneesh Karnatak, MD & CEO:

We had a VC on Friday with our field people, our Field General Managers, 13 FGMOs and Zonal Heads and today also we had a meeting internally at the Top Management level. So there are two pieces to it, Mahrukh. One part is that the fresh slippages which have taken place in the March month of FY24 and the other is the slippages which are taking place after 1st of April. So we have sensitized the field. Now they have started working on upgrading of these accounts. So whatever the amount has to be recovered, overdue amount, they will be recovering and upgrading these accounts. So we are expecting a good upgradation happening from the slippage which happened in March 2024 and whatever slipped post of March 2024. That is from 1st of April.

Ms. Mahrukh Adjanja:

Okay. And the SREI provision, you said there was some extra on SREI.

Shri Rajneesh Karnatak, MD & CEO:

It was not extra. It was a correction in provision of SREI of Rs.55 crores, which was a difference which was left out last quarter. So this Rs.55 crores has taken care in Q4. So everything is taken care in SREI now.

Moderator

Thank you, Mahrukh ma'am. Next in line, we have Mr. Sushil Choksey. Sir, you may unmute yourself and proceed.

Mr. Sushil Choksey:

Bank of India, congratulations for very stable numbers, barring one event which is not in your hands. My first question comes from your TV interview where you spoke about credit growth, credit pipeline already visible. Can you elaborate that a little bit?

Shri Rajneesh Karnatak, MD & CEO:

So as regards our credit side is concerned, you are aware that we have touched Rs.5.85 trillion on the credit number with a growth of around 13%. And Sushilji, if you see our domestic credit numbers, there the growth is more than 14%. So for the guidance for FY25, we have given a guidance of 13% to 14% of global credit growth. Presently also we are having, as I told in my TV interview, that pipeline of nearly Rs.50,000 crores we are having as on 31st March 24. Out of which Rs.38,000 crores in Corporate Credit and Rs.12,000 crores in RAM segment, typically in Retail and

MSME. So this will get disbursed in the next ensuing two quarters in Q1 and Q2. And within that, there is a healthy pipeline with respect to infrastructure. With respect to green power, in solar we have, in wind also we are having. And then some of the thermal power plants are also coming for refinance. All these are in the pipeline. Then steel industry, textile is there. Pharmaceutical is there. Chemical is there. Oil companies also sanctions we have given. I would say that in Retail and Agriculture good growth is happening, YoY growth. If you see in the Retail side, our growth was around 18%, in Agriculture it was 16% and in the MSME it was 10% and we have also adopted these cluster-based schemes. From there also we are getting good traction in the MSME. Apart from that, under the PLI scheme also we are funding. Gati Shakti also there are Road projects which are coming, which we are funding. So, all in all, we are seeing a broad-based credit growth coming not only from the RAM sector but also from the Mid-Corporate and Large Corporate sector and Sushil ji one more thing we would like to tell that apart from the 9 Large Corporate Branches, we are also having 18 Emerging Corporate Branches across India. So these 27 branches in Corporate Credit are sending us and marketing the proposals with respect to Rs.50 crores and above Corporate Credit. So we do not see any challenge as far as credit growth is concerned.

Mr. Sushil Choksey:

Your processing and ability speaks for the volume. So, I don't elaborate on it. We have signed up with REC, PFC, IREDA and various other organizations. Are we doing some kind of a joint lending program or it's a down sell which is more happening, underwritten process by them.

Shri Rajneesh Karnatak, MD & CEO:

No. The MOU which we have signed is only with the REC. There also we are very selective on the projects which we will be taking. So, it is not a down sell. It is a joint lending whichever we are doing. So, we are open to all things. Further, we are open to all syndicates also, which are happening. We are also open to syndication teams which are there from HDFC, ICICI, AXIS Bank, SBI Caps apart from REC, PFC, etc.

Mr. Sushil Choksey:

And my next question is, India is getting included in various indices on the global market where the bond market is concerned and this will have a huge impact on not only Money Market but also in FX market. Being a leading institution with global presence, how are we capitalizing on this opportunity, which we may have, starting

July for domestic trading as well as FX and participants, whom we can capitalize as our customers, for future.

Shri Rajneesh Karnatak, MD & CEO:

This opportunity is there as you rightly said. We are keenly looking into that. Our Domestic Treasury team and the International Treasury team is closely watching it. Though there has been some shrinkage of the margin as far as the forex derivatives are concerned, because of the high interest rate in the overseas market, but definitely we also feel that with the softening of interest rate, this market will come back and we'll be able to make some money in those Forex derivatives also.

Mr. Sushil Choksey:

My question was more pertaining towards your participation, linkage with investors who are coming to Gift City or there may be huge inflow of FX as well as Depository participants or participation via bond market, where our Government security - SLR and holding is concerned. I was looking from that direction. Because besides your Corporate Credit, Treasury can have a super profit at the same time Retail can grow on a sustainable basis.

Shri Rajneesh Karnatak, MD & CEO:

Our Gift City is already looking into it. Some products we are contemplating for having in the Bank for which we are already working on.

Mr. Sushil Choksey:

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

Moderator:

Thank you. Sushil Sir. Sir, the next question we've got a text via Mr. Jay Mundhra. His follow up question is, can you give some guidance on FY25 loan growth, NIMs, Credit Cost and ROA.

Shri Rajneesh Karnatak, MD & CEO:

Okay, Credit Cost. As I have already explained, the credit cost part, we are saying that we'll have a credit growth of around 13% to 14%. As regards NIMs are concerned, if

you see our NIM has gone down from 3.01% to 2.97%. As on 31st March 24, though we have protected the NIM in spite of the tight liquidity position, which is there all around in the market. And the resources is a challenge. Still, we are able to protect the global NIM at 2.97%. As far as our domestic NIM is concerned, the domestic NIM was 3.34%, in spite of the fact that tight position was there in the domestic market also. As regards guidance is concerned, on the Global NIM side, we are giving a guidance of around 2.95%. And on the domestic side, we are giving a guidance of 3.30% considering the fact that in the near term, the liquidity tightening will be there, and we feel that July onwards, the liquidity tightening would ease and maybe the rate may come down by the end of this calendar year.

As regards ROA is concerned, our ROA is now 0.70% as against 0.49% as on March 23. So, regards the guidance is concerned for March 25, specifically, we are very much hopeful that we will be able to reach the ROA of around 0.90%.

Moderator:

Thank you, sir. Next in line we have Mr. Raunak Daga. Sir, you may unmute yourself and proceed.

Mr. Raunak Daga

The question from my end is that you had lower Standard Asset provisioning in FY24. So can you elaborate on the same?

Shri Rajneesh Karnatak, MD & CEO:

This Standard Asset provisioning, which was there earlier, that was mainly because of the 7th June circular, which we had to do. So if you see the Standard Asset provisioning, which was there at Rs.2,354 crores for the 12-month ended March 23, it has come down to minus Rs.162 crores. That is because whatever the accounts we had to provide because of the 7th June circular, all these accounts were showing Regular in performance and SMA 0, 1, 2 stress was not there. So, with the discussion with the Auditors and others, we have taken out these provisions in the Standard book. This was typically all because of the 7th June circular in certain accounts.

Mr. Raunak Daga

And so what will be the Standard Assets provisioning in FY25?

Shri Rajneesh Karnatak, MD & CEO:

So we do not see much of provisioning here because all these accounts, presently none of the accounts, as we speak, such kind of SMA 0, 1, 2 is happening. So none of the accounts have been flagged by any of the Auditors or anything. So we expect a minimal provision to be there in the Standard Asset as on March 25.

Mr. Raunak Daga

Okay. And Sir, what will be your slippage guidance for FY25?

Shri Rajneesh Karnatak, MD & CEO:

As regards the slippage guidance is concerned, presently we have given a slippage ratio of around 1.58% as on March 24. As regards the guidance, we will improve our collection efficiencies and the guidance would be at around 1.20% for March 25.

Mr. Raunak Daga

Okay, sir. Thanks a lot. Thank you.

Moderator:

Participants, you may click the hand icon to join the Q&A session. Next in line, we have Mr. Ashok Ajmera with a follow up question. Sir, you may unmute yourself and proceed.

Mr. Ashok Ajmera:

Yes, thanks for giving the opportunity second time. Sir, what is our total TWO book or PWO book? What is the overall aggregate figure? And how much do we expect to recover in FY25?

Shri Rajneesh Karnatak, MD & CEO:

Rs. 43,000 crores is our total PWO book.

Mr. Ashok Ajmera:

Okay. How much do we expect to recover year after year or say in FY25?

Shri Rajneesh Karnatak, MD & CEO:

If you see our figures for this financial year, we had recovered Rs.7,500 crores, which is less slippage and debits in the existing year. So cash recovery against this was Rs.6,305 crores through cash recovery and upgradation. Plus, there was also some recovery done in the written off accounts during this financial year. This year also, we plan to have a better ratio than this. Internally, we have given a guidance to our own field functionaries, whatever the fresh slippage happens, two times of that we need to recover as a total recovery. So that is the guidance under which we are working in the field level. So whatever the recovery which we had in this financial year of Rs.6,300 crores plus the recovery and written off, definitely it will be better than that.

Mr. Ashok Ajmera:

Okay. Sir. And on the whole, on the technology front, Sir, we have been talking for last 6 to 8 quarters. You know, we have been spending also good amount of money on the technology. I mean, this discussion is going on for the last two and a half years, three years. But finally, how many verticals which were planned and have been completed and put into the practice? And what is the advantage of this technology upgradation so far we are getting quarter after quarter or year after year? Can you little bit elaborate on the total technology development and the expense and the budget now planned?

Shri Rajneesh Karnatak, MD & CEO:

As regards our technology part is concerned, we had a budgeted number of Rs.2,000 crores for financial year 2023-24. Against the Rs.2,000 crores of budget, we have already spent 75% of this budget as on March 24, within that Rs.2,000 crores, we have split it into Capex and Opex. In Opex, the expenditure budgeted was around Rs.1,200 crores. And for Capex, it was around Rs.800 crores. So 75% of that has already been spent. So that is the broad numbers that I am giving you. Apart from that, what are the benefits which have accrued to the Bank? So definitely, there are many benefits which have accrued to the Bank. One thing I would like to say that we have already started a Data Lake project also under Accenture, which will be giving us Generative AI, AI and ML. So that is one thing which we have started and we are expecting that by Q3 of this financial year. That numbers will start coming in. So that is one part.

The other part is with respect to the digital banking landscape, which is there. If you see our numbers on the digital lending side, I would just share that number which is on page 31 of our slide. So 7.5 lakh of loans, retail loans, which is Retail, Agriculture, MSME have been sanctioned on the digital platform. These are personal loans,

pension loans, vehicle loans, gold loans, Kisan credit card, SHG, Mudra loans - all the three - Shishu, Kishore and Tarun. So these 7.5 lakh of loans which have been sanctioned on the digital platform, the amount aggregating is around Rs.15,000 crores for this financial year.

So apart from that, 35 new projects will be launched in this financial year FY25. One more thing I would like to tell is, under the digital platform, another thing that we have done is that renewal of small Mudra loans, which is taking place through the automated mode. So what has happened is that branches are now free from doing the renewal in these small digital loans from these small Mudra loans. And it is getting renewed under the digital format and so much of operational efficiency and saving of time at the Branch level officer has happened in the Bank level.

Apart from that, you are aware that Mobile App also we have launched with 300 plus features. So another thing which we have done is, Wipro is working with the Bank very closely for giving Supply Chain Finance project and also some product on the Cash Flow Management. So all these things taken together definitely in the next 12 to 18 months, lot of digital and IT transformation will take place in the Bank which will further help us in improving our operational efficiency and showing better profitability.

Mr. Ashok Ajmera

And Sir, the last question is like every other bank we were also trying for last 2-3 years to have some good co-lending franchise. So have we made some major breakthrough on that and what is our co-lending total overall portfolio and the kind of returns which we are getting?

Shri Rajneesh Karnatak, MD & CEO:

As regards co-lending and pool purchases, there we already have 7-8 partners. The ballpark book is around Rs.4,000 crores as on March '24. Co-lending and pool purchase together.

Mr. Ashok Ajmera:

And the kind of IRR or returns is a little better?

Shri Rajneesh Karnatak, MD & CEO:

IRR will always be better in this co-lending and pool purchase because there is not much of operational cost of the world over there. So if Rs.4,000 crores of RAM sector

loan we have to do, entire 5,100 branches would have got involved in doing small small Retail, MSME and Agri loans. But here at one single branch everything is getting placed. Only 7 to 8 staff is there and the entire thing is going through a digital platform seamlessly. So definitely operational cost is less and definitely the IRR is much better over there.

Moderator:

Thank you Sir. Next question we've received in the chat from Mr.Narendra. His question is what would be our guidance on Cost to Income Ratio.

Shri Rajneesh Karnatak, MD & CEO:

As regards Cost to Income Ratio, in March 2023 we had a Cost to Income Ratio of 51.08% which increased to 51.73% in FY24 for the simple reason that the employee cost had also gone up because of the wage revision and the full impact of it up to March 31st, 2024 we have taken both on the employee number side and also on the AS-15 side. So, as regards the guidance for March 25, we are saying that the Cost to Income Ratio shall be around 51%.

Moderator:

Thank you, Sir. Last in line, we have Mr. Ronak Daga with a follow-up question. Ronak, you may proceed.

Mr. Ronak Daga:

Yeah, thanks for the opportunity again. So, Sir, what will be the tax rate in FY25?

Mr. B Kumar, General Manager & CFO:

Tax rate. It will be 25%. We have already migrated to the new tax regime in September 2023. So, we will continue to maintain the same tax rates. That is the rate that will continue.

Mr. Ronak Daga:

Okay. And the last question will be, what would be the impact of the new guidelines on Investment classification and valuation, which has become effective from 1st April?

Mr. Uddalok Bhattacharya, General Manager, Treasury:

Basically, the volatility in the GSEC portfolio, especially the investment portfolio, will reduce because the shifting is no longer allowed. So, we will be focusing more on

interest income as far as the HTM portfolio is concerned. However, it will give us an opportunity to have a medium-term view in the trading portfolio, where the removal of that 90-day ceiling will help us to hold our securities for a longer period from the trading perspective. So, more focus on increasing the interest income and view-based trading. So, both ways, we see overall income will not be impacted. But, volatility in the other income will reduce because, with every interest rate cycle, the capital gains booking will come down.

Moderator:

Thank you. With this, we would conclude our Analyst Call. I would now request Shri Rajesh Karnatak for his closing comments.

Shri Rajneesh Karnatak, MD & CEO:

I would just like to clarify on behalf of the Bank, two points to all our Analysts who are there. So, I was expecting some question on that but it has not come, because some of observations were coming in the Press Meet also with respect to our non-interest income and the Operating Profit. So, just want to clarify further in detail.

As regards non-interest income is concerned, we had a QoQ reduction in the non-interest income from Rs.3,099 crores in Q4 of 2023 to Rs.1,751 crores in March of 24. YoY, there is a reduction of 43%. However, we would like to clarify that in Q4 of March 2023 there was one time income of Rs.1,646 crores on the Security Receipt (SR) side which were booked under the profit from sale of investments so that was the one time book entry which was there. If we net it off, last year's non-interest income, Q4 of FY23, was only Rs.1,453 crores. So, actually, there is a growth of 21% on the non-interest income side on a QoQ basis. As regards the YoY basis, non-interest income, if we net off this Rs.1,646 crores from the total non-interest income of the year of FY23, the net income from Rs.7,100 crores comes down to Rs.5,454 crores and this year we have shown a non-interest income of Rs.6,095 crores which is an increase of Rs.641 crores. So instead of a negative growth of minus 14%, our non-interest income has gone up by Rs.641 crores. Non-interest income, in fact, has gone up by 12% if we remove that one off item which was a book entry which was there in the last year.

Similarly on the operating profit side, if you see in our presentation in Q4 of FY23, it is Rs.4,184 crores. Again, this Rs.1,646 crores of SR impact, which was there in book entry last year, if we net it off, the Operating Profit for last year Q4 was Rs.2,538 crores. If we compare the netted Operating Profit with Rs.3,557 crores of Q4 FY24, there is an increase of Rs.1,019 crores. So, as against the presentation which is there at minus 15%, after netting, we have an increase of actually 40% in Operating Profit on QoQ basis. As regards YoY basis, we have shown last year Rs.13,393 crores of

Operating Profit. If we net off that one time entry which was of the SR of Rs.1,646 crores the net operating profit was Rs.11,747 crores and this year, since we have Operating Profit of Rs.14,069 crores, the increase in Operating Profit is Rs.2,322 crores for Bank of India. So, as against 5% which we have shown in the slide, if we net off this SR number, which is an accounting number, actually our Operating Profit has gone up by 12%. So, on both the sides, net non-interest income and Operating Profit, the numbers were actually high but due to one single entry on the accounting book side, we had to show a lower Operating Profit and the non-interest income. So, this is one clarification I wanted to give before we close this Analyst Call. Thank you so much from Bank of India side and thank you all for joining. Thank you so much.

Moderator

Thank you Rajneesh Sir for the detailed explanation. On behalf of Bank of India, I announce that this conference concluded you may disconnect. Thank you for joining us.