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उपाध्यक्ष — लिस्टिंग विभाग, नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लि., एक्सचेंज प्लाज़ा, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (ई) मुंबई 400 051.	उपाध्यक्ष — लिस्टिंग विभाग, बीएसई लि., 25, पी. जे. टवर्स, दलाल स्ट्रीट, मुंबई 400 001.

प्रिय महोदय/महोदया,

**Q2/ 30.09.2025 को समाप्त आधे वर्ष की आय सम्मेलन कॉल
विश्लेषकों / निवेशकों के साथ – ट्रांसक्रिप्ट**

उपरोक्त के संदर्भ में और SEBI (LODR) Regulations, 2015 की लागू धाराओं के अनुसार, हम यहाँ Q2/अर्धवार्षिक समाप्त 30.09.2025 के लिए परिणामों के पश्चात् होने वाली आय सम्मेलन कॉल का लिप्यांतरण 17.10.2025 को आयोजित किया गया संलग्न कर रहे हैं।

30.09.2025 को समाप्त दूसरी तिमाही/अर्धवार्षिक आय कॉन्फ्रेंस कॉल का ट्रांसक्रिप्ट बैंक की वेबसाइट पर अपलोड किया गया है और इसे नीचे दिए गए लिंक के माध्यम से एक्सेस किया जा सकता है:

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

यह आपकी जानकारी और रिकॉर्ड के लिए है।

भवदीय,

-हस्ताक्षर-

(राजेश वी. उपाध्या)
कम्पनी सचिव

Classification: Public

**“Bank of India
Q2 FY’26 Earnings Call”
October 17, 2025**

Management Team Represented by

Shri Rajneesh Karnatak, Managing Director & CEO

Shri P R Rajagopal, Executive Director

Shri Subrat Kumar, Executive Director

Moderator: Ladies and Gentlemen, Good evening and welcome to BANK OF INDIA Q2 FY26 results conference. 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 Subrat Kumar, Executive Director and other Top Management team from Bank of India.

Shri Rajneesh Karnatak has been with Bank of India for more than two years and has played a crucial role in steering the Bank towards growth and success. I would now request Shri Rajneesh Karnatak to address the gathering. Over to you, Sir.

Shri Rajneesh Karnatak, MD & CEO:

Thank you so much. Ladies and gentlemen, good evening and welcome to today's Analyst Meet. On behalf of the entire Top Management here from Bank of India, I share with you the financial results of the Bank for Q2 FY26.

It is my pleasure to welcome each one of you for the interaction. Thank you for joining us. As we advance into the second half of FY26, the country has delivered the fastest quarterly real GDP growth in five years.

For emerging markets like India, H1 FY26 has highlighted remarkable resilience and policy discipline. The RBI's calibrated monetary stance has played a pivotal role in sustaining the economic stability. It has rolled out a series of forward-looking measures including new digital payment initiatives and facilitating the rupee-denominated cross-currency trading.

With domestic GDP growth estimated at 6.80% for FY26, the Government, through its GST 2.0 reforms and the new Income Tax 2025, has been instrumental in shielding India from the international macroeconomic challenges. This will support the economy in sustaining its growth momentum and strengthening its fiscal stability. In response to market developments, the Indian banking sector is emerging more resilient with stronger balance sheets and lower NPAs while effectively supporting businesses and households.

Our Bank is committed to balancing credit growth while increasing the low-cost deposits and ensure margin stability. At the same time, we are expanding our technology infrastructure to enhance operational efficiency and customer experience. This dual approach will position us to drive consistent profitability and build resilience in an evolving economic landscape.

My speech has three parts for coverage.

Initiatives towards Banking for Viksit Bharat

The first part being the various initiatives that the Bank has taken during the quarter.

1. Bank of India has launched BOI TradeEasy, a cutting-edge supply chain finance platform, aiming to significantly enhance access to working capital for MSMEs. The platform leverages the digital credit engine that automates the onboarding, conducts

real-time risk assessment, and ensures regulatory compliance, enabling MSMEs to secure loans within 30 minutes.

2. We have implemented a policy to waive off the minimum balance charges on all Saving accounts effective July 2025, promoting financial inclusion and convenience to account holders, especially women, farmers, and low-income households.

3. The 'Star Pravasi Deposit' scheme at the International Banking Unit (IBU) in GIFT City is now offering NRIs a specialized fixed deposit product designated to cater to their unique investment needs. This scheme provides NRIs with tax-efficient, secure, and flexible deposit options in foreign currency or Indian Rupees.

4. The Bank has recently obtained clearance for establishing a Testing Center of Excellence to centralize and standardize the quality assurance processes as well as ensuring strict compliance with regulatory standards. This initiative will enhance the bank's ability to deliver high-quality, secure, and compliant banking ecosystem.

5. Employee Wellness Program has been introduced to offer 24x7 professional counselling that supports employees' emotional well-being.

6. As the first in the industry, generative AI tutors have been developed and launched at our Center of Excellence. It has been designed to simplify complex learnings and test policy concepts of officers through gamified lessons and quizzes and also real customer pitch simulations.

As regards the business initiatives, the global business has grown by 11.83% on a YOY basis from Rs. 13,97,000 crore in September 2024 to Rs.15,62,000 crore in September 2025 with incremental growth of nearly Rs. 1,65,000 crore. Global gross advances have increased by 14.03% on a YOY basis from Rs. 6,22,000 crore in September 2024 to Rs. 7,09,000 crore in September 2025 with incremental growth of nearly Rs. 87,000 crore.

Global deposits increased by 10.08% on a YOY basis from Rs. 7.75 lakh crore in September 2024 to Rs. 8.53 lakh crore in September 2025 with incremental growth of nearly Rs. 78,000 crore. Domestic gross advances have increased by 14.73% on a YOY basis from Rs. 5.21 lakh crore in September 2024 to Rs. 5.97 lakh crore in September 2025.

RAM advances have increased by 17.02% on a YOY basis from Rs. 2.97 lakh crore to Rs. 3.40 lakh crore in September 2025, constituting nearly 58% of the advances in the September 2025 quarter.

Domestic deposits have increased by 8.53% on a YOY basis from Rs. 6.73 lakh crore in September 2024 to Rs. 7.30 lakh crore in September 2025. CASA has increased on a YOY basis from Rs. 2.76 lakh crore in September 2024 to Rs. 2.86 lakh crore in September 2025 with an incremental growth of more than Rs. 10,000 crore in September 2025 and CASA ratio stood at 39.39%.

As regards the profitability and asset quality in the Bank, the Operating Profit stood at Rs. 3,821 crore for Q2 FY26.

Net Profit increased by 8% on a YOY basis and stood at Rs. 2,555 crore in Q2 FY26 against Rs. 2,374 crore in Q2 FY25.

Net profit for half year ended September 25 increased by over 18% on a YOY basis and touched Rs. 4,800 crore as against Rs. 4,076 crore in half year September 24.

Global NIM stood at 2.41% in Q2 FY26. Slippage ratio improved to 0.14% in Q2 FY26 as against 0.44% in Q2 FY25. Gross cash recovery in Q2 FY26 has been 1.9x of the slippages during the quarter. Credit Costs improved to 0.28% in Q2 FY26 as against 0.97% in Q2 FY25.

Non-interest income for half year September 25 increased by 15% on a YOY basis to Rs. 4,386 crore as against Rs.3,820 crore in FY24. Non-interest income stood at Rs. 2,220 crore for Q2 FY26.

There has been improvement in the asset quality with reduction in both Gross NPA and Net NPA ratios. Gross NPA ratio improved by 187 basis points to 2.54% in Q2 FY26. The Net NPA ratio improved to 29 basis points on a YOY basis to 0.85% only. Provision Coverage Ratio improved to 93.39% in September 25 as against 92.22% in September 24. As on 30th September 25, Banks' CRAR has improved to 16.69% from 16.63% as on 30th September 24.

In tune with growth of global economy, the guidance for global advances growth will be around 12-13% and the global deposit growth will be around 10-11% for FY26.

Banks' core objective will be to mobilize low-cost deposits to safeguard our NIM while simultaneously increasing yield on advances to drive the sustainable growth. Our concerted efforts will be to bring and improve the asset quality. The Bank's firm resolve is to enhance efficiency and profitability while maintaining strict compliance and better corporate governance practices.

This will ensure sustainable value for all our stakeholders. I thank you all of you for your continued support. The floor is now open for discussion and question and answer. Thank you.

Moderator:

Thank you, Sir. We would now like to open this Analyst Meet for questions. Please raise your hands if you would like to ask a question.

We will proceed in an orderly fashion, allowing each person to ask up to three questions at a time. If you wish to ask additional questions, you will have the opportunity to do so after others have had their turn. Thank you for your kind cooperation.

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 analyst asking the question will be unmuted. You will get a notification on your screen to unmute yourself. Kindly click on the unmute icon, identify yourself and the organization before asking the question.

For those who have joined us through audio call, request you to kindly WhatsApp my colleague Maimuna, Gauri or Viraj from AdFactors PR team, if you would like to ask a question. We will ensure that your questions are taken. Allow us a moment for the queue.

Moderator:

First, the first question is from the line of Mr. Nitin Dharmawat. Sir, you may unmute yourself and proceed. Nitin Sir, you may proceed.

Mr. Nitin Dharmawat:

Thank you for the opportunity. Sir, as we can see that there was some pressure on Net Interest Margin in this quarter. So what is the trajectory from quarter three onwards? And you have actually indicated this in the previous quarter. So can you please indicate that considering the changes in the interest rate that has happened from the regulator side?

Shri Rajneesh Karnatak, MD & CEO:

So as far as the NIM is concerned, if you see our NIM was 2.55%, global NIM, as on 30th of June 2025, which has come down to 2.41% as on 30th September 2025. However, if you see our half yearly NIM, it is still at 2.48%. For the simple reason that the entire pricing change had to happen because of the Repo rate cut. The last cut of 50 bps which had happened in the Repo rate cut has been taken in this quarter, basically in the September quarter. However, on the liability side, the full repricing in the term deposit is yet to happen. And we feel that the entire repricing should happen in this quarter, in the Q3 quarter of FY26.

So, I think that the NIM should start improving from the Q4 quarter onwards once this repricing in the liability side gets over, particularly as far as the term deposit segment.

Mr. Nitin Dharmawat:

Got it, Sir. So Q3 onwards, we'll see some improvement and full impact will be from Q4 onwards. Is that a correct understanding, Sir?

Shri Rajneesh Karnatak, MD & CEO:

That is the correct way.

Mr. Nitin Dharmawat:

Okay, Sir. My next question is about ROA because that's one of the points we discussed this earlier. This quarter, we have seen some improvement in that. So what will be the trajectory once we see the improvement in NIMs towards the end of the quarter? If you can give some guidance on ROA for the financial year, Sir.

Shri Rajneesh Karnatak, MD & CEO:

So as far as the ROA is concerned, we have closed the ROA at 0.82% as on June 2025. And during this quarter, we have improved it by nearly 9 basis points to 0.91%. And if you see on the half yearly basis, it is also at 0.87%. There also the improvement has been there. Considering the fact that the full impact of the improvement in the NIM may happen in the Q4, we are giving a guidance of around 0.90% of ROA for FY26.

Mr. Nitin Dharmawat:

Okay. Don't you think, Sir, this is little conservative considering the fact that we will be improving on NIMs in Q4. And we are already at ROA beyond 0.91%.

Shri Rajneesh Karnatak, MD & CEO:

That's correct. But just to be on the conservative side, it is better to give a low estimation and overachieve that.

Mr. Nitin Dharmawat:

I got it, Sir. And, Sir, overall guidance for the financial year, if you can reiterate that, is there any change or we continue to maintain the same?

Shri Rajneesh Karnatak, MD & CEO:

So as far as the top lines are concerned, we will continue to remain the same. As I said in my opening remarks, the credit growth will be at around 13% to 14% and the global deposit growth will be at around 10% to 11%.

Mr. Nitin Dharmawat:

Got it. And my final question is, Sir, about the growth. Where are we witnessing the growth, in which sectors we are observing growth, domestic as well as global. And is there any sector where you see some stress is happening?

Shri Rajneesh Karnatak, MD & CEO:

As far as the growth is concerned, we have a pipeline of more than Rs.70,000 crores, global pipeline, which is there. So if you see in terms of the global advances book of the bank, it is more than 10% of the global book, which is there. So as far as the segmentation of that is concerned, I can say that more than Rs.50,000 crores is coming from the corporate credit.

And we also have a healthy pipeline as far as the international book is concerned. And also RAM book also has a pipeline, a healthy pipeline of say of around Rs.20,000 crores. So we are seeing growth which is coming in the corporate book also.

If you see our presentation, we have grown double digit in the corporate book and nearly 19% as far as the RAM growth is concerned. So in all segments, whether it is Retail, Agriculture, MSME, Corporate, we are seeing healthy growth, which is coming. And with this kind of growth, which has already happened in the H1, we expect that the H2 should be even better.

Mr. Nitin Dharmawat:

Got it, Sir. Thank you so much. In case I have any additional question, I'll come back in the queue.

Moderator:

Thank you. Next in line, we have Mr. Bimal Panchal. Sir, if you could unmute yourself and proceed.

Mr. Bimal Panchal:

Yeah, my name is Bimal Panchal from Bimal Panchal & Associates. Congratulations for the robust performance and very good guidance for the current year. And just two or three questions.

What is the planned IT expenditure for this current year? And is there any plan of capital raising for equity?

Shri Rajneesh Karnatak, MD & CEO:

As far as the equity capital raising is concerned, we presently do not have any Board approval. Neither are there any plans for raising any fresh equity capital in this financial year FY26. As of now, there is no Board approval for that.

As far as the IT expenditure is concerned, we have an IT budget approved for nearly Rs.2,000 crores for this financial year FY26. And we estimate that with the kind of technology transformation that we are going through, both in the IT for digital and also for cyber security, we'll be utilizing most of the budget.

Mr. Bimal Panchal:

Thank you, Sir.

Moderator:

Thank you. Sir, next question is from the line of Mr. Sushil Choksey. Sir, you may proceed.

Sushil Sir, you're unmuted. You may please proceed. We've lost him, Sir. We will join him back in the queue shortly. Next question is from the line of Mr. Vansh Solanki.

Mr. Vansh Solanki:

I am Vansh Solanki from RSPN Ventures. Sir, on NIM. You told that the Q3 will be still stable and there will be a much improvement in Q4. So, the guidance for 2.50% and 2.60%, which you have given in earlier conference will be maintained, right? Is there any chance that we will be more than the guidance?

Shri Rajneesh Karnatak, MD & CEO:

2.41%, we are already there as far as the global NIM is concerned. Half yearly NIM is at 2.48% for this H1 FY26. And as I said that the transmission on the liability side should get completed in this quarter in Q3 of FY26. And the improvement in the NIM should certainly start from the Q4 onwards.

Mr. Vansh Solanki:

Okay. And from last many quarters also, we are having a credit growth of 14%-15% from many quarters. But still, we are giving the lower guidance of 12%-13%, right?

Shri Rajneesh Karnatak, MD & CEO:

So, we are taking into account certain geopolitical things which are there. As far as the international scenario which is panning out, we are factoring that while we are giving the guidance. Because the guidance is for 6 months and hence that is for March 26. Because still the war situation is there at some of the places and geopolitical situation which is there. And tariff situation is also there. So, keeping in mind all these things, we are giving a guidance which is a conservative guidance though we are growing more than that. Since this is an annual guidance, we are giving a guidance of around 12%-13%.

Mr. Vansh Solanki:

Okay. And the last one is on Credit Cost. In this quarter, we have very good reduction in the Credit Cost. So, will this momentum will continue or is there any one-off in Credit Cost?

Shri Rajneesh Karnatak, MD & CEO:

So, Credit Cost is a derivative basically of the fresh slippages and the slippage ratio which is there. So, if you see our fresh slippages, this time they are within Rs.900 crores. So, because of slippage ratio which has improved substantially in this quarter, the Credit Cost has also come down to 0.28% in this quarter. Because, whatever the provisions are required, they are required for only those Rs.900 crores of fresh slippages which was there and which was much higher in the earlier quarter. That is why you see there has been a continued improvement in the Credit Cost from 0.76% which was there in FY25 to 0.68% in Q1 of this financial year. And now coming down to 0.28% and in fact for the half year it is 0.47% only. And we estimate that this Credit Cost should continue to improve for us. And the annualized Credit Cost should be somewhere at around 0.60% as against the FY25 which was at around 0.76%.

Mr. Vansh Solanki:

Okay, Sir. And the last question is on PSB mergers which the Government has recently announced. So, is Bank of India getting some notifications from the Government?

Shri Rajneesh Karnatak, MD & CEO:

We have no idea about that. Whatever we are reading is we are reading from the press only. So, as far as that is concerned, we have no idea about that. It is the Government which has to take the decision on this.

Mr. Vansh Solanki:

So, as of now there is no communication from the Government or any other things, right?

Shri Rajneesh Karnatak, MD & CEO:

Not at all.

Mr. Vansh Solanki:

Okay. Thank you. That's from me. I will join if needed. Thank you.

Moderator:

Thank you. Sir, we have Mr. Sushil Choksey back on the call. Sir, if you can unmute yourself and proceed, please.

Mr. Sushil Choksey:

Sir, Happy Diwali to Team Bank of India again. First question is, Sir, RBI came up with few notifications recently allowing M&A financing, share advance financing, IPO financing and many such enablers are there in place.

If I look at traditional Bank of India many decades back, Bank of India had a large share where this business was concerned. And today this business of share advance and IPO financing is almost a double-digit yielding products. Is our Bank looking at this and this financing through Gift City and international and domestic branches?

Shri Rajneesh Karnatak, MD & CEO:

Thank you, Sushil ji. RBI has come out with the M&A guidelines. Earlier they were not allowing the M&A funding. Now that they have allowed that, definitely for a Bank like us which is into corporate lending, we are definitely interested in financing these merger and acquisition transactions not only from the domestic book but also from the international book. And why only Gift City, we may also do it from some of our international branches, like New York, London, and Singapore, and the rest. So as far as this share funding and IPO is there, there also RBI has relaxed the guidelines and put some enablers for increased funding, as far as loan against shares and IPO is concerned. Since this is quite a safe advance, the way the equity market is improving over the quarters, definitely, we see opportunity for lending in this segment also.

Mr. Sushil Choksey:

So this product should be a CASA enabler, cross-sell in mutual funds, and also our own products in mutual fund and third-party products. So the thing is that my personal belief is that if bank of your size and esteem capitalizes in it, I think, you will have almost incremental CASA growth, as well as business growth, where fee is concerned. So, in fact, I see a robust profit coming from this segment, because private banks and NBFCs are charging 10%, 11%, and borrowing from you at 7 1/2 and 8%, because they are AAA or AA rated companies.

Shri Rajneesh Karnatak, MD & CEO:

Thank you for your suggestion, Choksey ji. We are looking into these guidelines, and we'll be coming out with some product.

Mr. Sushil Choksey:

The third question is, what is your outlook on Treasury? Is a Repo rate cut estimated, whether by December or March, based on the current WPI and CPI inflation?

Shri Rajneesh Karnatak, MD & CEO:

So the current situation, which is there with the interest rate scenario, we do not see much of the income coming from the Treasury segment. As far as the further Repo rate cut is there, we would not like to speculate on the RBI decision, what would come. But presently, we feel that in Q3, we may not see much of Treasury income coming.

Mr. Sushil Choksey:

No, I'm asking from a year-end point of view. I'm not looking at any particular quarter. As it is, I don't like to see quarter to quarter numbers. I would rather see FY26 and FY27 outlook from today's call, because GST cut, many such enablers which have come from RBI and Government, I personally see consumption may drive Capex as well as infrastructure growth for you. And that's why I personally feel it may be early indicators, but I see a robust pipeline because the team is quite aggressive on business.

Shri Rajneesh Karnatak, MD & CEO:

Yeah, as far as the sale from Treasury instruments is concerned, if you see our results, here also on the half yearly basis, we have increased on a YOY basis by nearly 26%, from Rs.896 crores to Rs.1,134 crores. So if this trend continues, definitely it will be more on a financial year basis. In FY26, should be much better on the 12-month side over FY25.

Mr. Sushil Choksey:

And second, my last question on your digital spend, what kind of digital initiatives you have taken for co-lending and RAM? Because your RAM and retail growth is showing a very positive sign, and this can be a big game changer for Balance Sheet numbers where Bank of India is concerned.

Shri Rajneesh Karnatak, MD & CEO:

So far as digital is concerned, see, we are investing a lot in technology and IT. So when we say IT, it includes both IT, Cybersecurity, and also digital. So as far as the loan book, which we have created already on the retail side, Retail, Agriculture and MSME side is, out of the total domestic book, which is the RAM book, which is of nearly Rs.3,47,000 crore as on September, our digital book is somewhere around Rs.1,20,000 crores, which constitutes nearly 20% of our domestic loan book.

So, we are doing quite well as far as the products which are there. We have already given in the presentation, we have nearly 20 products which are there in Agriculture, Retail and MSME, in which we have gone digital. And a good book is getting created as far as the digital is concerned on the asset side.

Mr. Sushil Choksey:

Happy Diwali and best wishes for the year to come.

Shri Rajneesh Karnatak, MD & CEO:

Thank you, Choksey ji, from the entire Bank of India Top Management. Thank you.

Moderator:

Thank you, Sir. Next we'll take a question that's coming from the chat window from Mr. Vinod Agarwal. His question is, any view on offtake of gold loans as gold prices have zoomed at all time high?

Shri Rajneesh Karnatak, MD & CEO:

As far as the gold loan is concerned, RBI has changed the guidelines. Presently, our gold loan book is at around Rs.40,000 crores. And if you see our domestic loan book at around six lakh crores, it is a healthy number which is there. And growth also we have seen in the Q2, particularly in the Q2 in the loan book as far as the gold loan is concerned.

Moderator:

Thank you, Sir. So next question we'll take from the line of Mr. Bhavik Shah. Sir, you may unmute and proceed.

Mr. Bhavik Shah:

A few questions, Sir. In our other income schedule, there is this miscellaneous item called other income that was Rs.822 crores this quarter versus Rs.463 crores last quarter. So why is such a sharp increase?

Shri Rajneesh Karnatak, MD & CEO:

Yes. Other non-interest income. Our CFO, Mr. Kumar is explaining this item.

Shri B. Kumar, C.F.O:

Sir, actually this other non-interest income, Rs.506 crore increased to Rs.822 crore mainly because, in this quarter, we sold the PSLC and the income, that is given in our notes to account, is around Rs.124 crore. That has been added in this other non-interest income. Besides this, the penal interest which was collected earlier, is now being classified as penal charges, which have been there, now it got stabilized, that also has been steadily increasing. As the advances increase, to that extent the penal charges also has increased in this particular rate. Because of that, other non-interest income has increased quarter on quarter as well as YoY also.

Mr. Bhavik Shah:

I understood, Sir. And Sir, can I get SMA 1 and 2 number including accounts which are of ticket size below 5 crore?

Shri Rajneesh Karnatak, MD & CEO:

SMA 1 and 2 numbers including accounts below 5 crore? We will share that separately, because, at present we have given in the presentation only the Rs.5 crore and above numbers. There, if you see that we have reduced those numbers from Rs.7,000 crore of last quarter, it has improved to Rs.6,100 crores. And in percentage terms, it is only 0.89% of the total standard asset.

Mr. Bhavik Shah:

Understood, Sir, how should we think about ECL transition? On transition, how much will be the impact?

Shri Rajneesh Karnatak, MD & CEO:

Our team is studying these guidelines. They have recently come and certain clarifications will also be called from the RBI because there are certain issues which are interpretation issues. But as far as the ballpark number is concerned, we feel that the impact on our CRAR should be at around 1% only.

We are having a healthy CRAR of 16.69%. And this year, we have already made a half-year profit of around Rs.4,800 crore. Our estimated net profit is around Rs.10,000 crores. With 1% CRAR equalling to around Rs.4,700 crore, we feel that the incremental increase in the CRAR would be at around 2% in this financial year. And this would be at around 1% only because the effective date is 1st April, 2027, and the end date is 31st March, 2031. So five years has been given to the banks. So we feel that as a ballpark number, the impact should be at around 1% on the CRAR. That is our initial thought only.

Mr. Bhavik Shah:

Sir, are we looking to front-load the transition impact by higher Credit Costs over the next couple of years? Front-load the transition impact by way of higher provisioning over the next few years.

Shri Rajneesh Karnatak, MD & CEO:

Okay, transmission of that. We are yet to take any call on that because it is too early to say on this thing, actually.

Mr. Bhavik Shah:

Understood, Sir. And Sir, if I look at your cost of deposits, it was 4.85% this quarter and 4.85% last quarter. But if I see your cost of funds, that has gone up sharply from 4.66% to 4.84%. Sir, what drove this? Sir, this is very unusual.

Shri Rajneesh Karnatak, MD & CEO:

So cost of fund, our September cost of fund is 4.85% on a quarterly basis. And it was earlier also at around 4.85% only. And if you see on the half-year side, earlier it was for half-year September 24, it was 4.88%. It has come down by three basis point to 4.85%. But the cost of fund is also at similar number at 4.84% only, but for the half-year, it is further down at 4.67%.

Mr. Bhavik Shah:

Sir, what explains the difference on a quarterly basis from 4.66% to 4.85%, cost of funds?

Shri Rajneesh Karnatak, MD & CEO:

Our General Manager at Treasury is explaining the exact numbers.

Shri Uddalok Bhattacharya, GM, Treasury:

This is because of the CDs and refinance, cost of CDs and refinance, which we are paying.

Mr. Bhavik Shah:

Sir, I mean, this is like incremental CDs that we have taken this quarter, or how should I understand? What exactly happened?

Shri Uddalok Bhattacharya, GM, Treasury:

It has decreased. Half Year wise it has decreased, but quarter-wise, it has increased.

Mr. Bhavik Shah:

Understood. And last question. Sir, we saw a strong increase in your NBFC portfolio, quarter on quarter. Sir, any ballpark yield that you would be lending at AA, AAA-rated NBFCs on an incremental basis?

Shri Rajneesh Karnatak, MD & CEO:

Yeah, so as far as the NBFC is concerned, you are right that there has been incremental increase in the NBFC book outstanding at around Rs.93,000 crore for the global book. But to just give you a flavour, our NBFC book, which is BBB and above-rated, which is the investment book, is more than 99%. So only 1% is NBFC, which is below the BBB, and out of which, there is some NPA of only Rs.1,000 crore, and the entire book, other than that, is only Rs.1,300 crores. So within that component, just to give you a color, if I tell you that out of the entire book, our book to NBFC to the PSU NBFC and to the bank-floated NBFCs is nearly 50%. So, and majority of this book is AAA-rated and AA-rated book.

Mr. Bhavik Shah:

Okay. Sir, what was the yield we gave the loans on a blended basis to NBFCs on an incremental basis?

Shri Rajneesh Karnatak, MD & CEO:

That number, we are not having at this moment of time. We can share it separately with you. Definitely for AAA and AA, it is on finer side, but we can share it with you.

Mr. Bhavik Shah:

Sure, Sir. Thank you so much, Sir. And happy Diwali to everyone.

Shri Rajneesh Karnatak, MD & CEO:

Thank you, Bhavik.

Moderator:

Thank you, Sir. Sir, next question is from the line of Mr. Siddharth Rajpurohit. While we are unmuting him, participants feel free to hit the hand icon to raise questions. Over to you, Siddharth.

Mr. Siddharth Rajpurohit:

Thank you for the opportunity. Sir, first, we have taken a SB (Savings Bank) rate cut in September, but still our cost of deposits have remained same quarter on quarter. What could be the reason, Sir?

Shri Rajneesh Karnatak, MD & CEO:

Yeah, there has been a cut in the Saving deposit. In fact, we have cut that deposit rate by nearly 25 basis point, but the cost of deposit has remained same, because this is a blended cost of deposit, actually. This includes the interest rate that we are paying in Saving, the interest rate that we are paying to the retail depositors, the interest rate that we are paying also to the bulk deposits. So it's a blended thing, and as I said earlier in my remark that the entire transmission on the term deposit side is yet to happen. I think the entire transmission would happen by Q3. So there are certain fixed deposits where the transmission is yet to happen. That is the reason why you do not see much of the reduction as far as the cost of deposit is concerned.

Mr. Siddharth Rajpurohit:

But on the SB book, you can have some benefit, right? Because the benefit is immediate, and we have, say, 30% SB book. So some benefits should have flown on the cost of deposit, as we see. There is a one-month impact too. So it means what? There is some change in bulk deposit rate or any other deposits where the cost has gone up?

Shri Rajneesh Karnatak, MD & CEO:

No, see, SB deposit rate, we have cut by only 25 basis point. That also has been recently cut from 2.75% to 2.50% we had cut, right? The SB book is, you are right that SB book is substantial book, and 39% of our book is CASA book.

Out of that, 36%, 37% should be the SB book. But as far as the term deposits are concerned, those rates have not come down significantly. And as I said, there is a big chunk of deposit where the repricing is yet to take place. Transmission will take place in the Q3 quarter.

Mr. Siddharth Rajpurohit:

Okay, Sir. And so how will our MCLR book play out in the coming quarters? The transmission in the MCLR?

Shri Rajneesh Karnatak, MD & CEO:

So as far as the MCLR book is concerned, if you see the presentation that we have given, majority of our book is in the Repo linked book, which is around 60%. MCLR is 28%. That makes all efforts to increase our MCLR book, particularly giving to the mid corporate borrowers.

And we have 20 branches now, which are into the segmentation of Emerging Corporate Credit. So there we are trying to give MCLR linked loans, and we are trying to increase that book. Once that book increases, definitely the yielding advances should be better.

Mr. Siddharth Rajpurohit:

But Sir, how will the repricing play out in the MCLR book in the coming two quarters?

Shri Rajneesh Karnatak, MD & CEO:

So as far as the MCLR repricing is concerned, you are aware that the RBI circular is very clear, that is the marginal cost of lending. So as the deposit rate is decreasing, only then we can reduce the MCLR. So as far as the reduction in MCLR rates are concerned, we have reduced our MCLR by 20 bps over the last six to eight months, both in terms of the one year MCLR and the one month MCLR and overnight MCLR is concerned. So definitely if the cost of deposit further comes down, we may lower the MCLR cost also.

Mr. Siddharth Rajpurohit:

But how much percentage of this book, MCLR book, will get repriced in say six months down the line? How much percentage of the MCLR book?

Shri Rajneesh Karnatak, MD & CEO:

I will share with you separately. If we reduce the one year MCLR book, say by 20 bps, it will not change the existing book because the existing book of one year MCLR will come to repricing only after the completion of that one year in those accounts. So that will be only the new book which will be repriced lower by 20 bps in this example.

So it's a complex thing for understanding the entire scenario, but we can definitely give you the data, separately.

Mr. Siddharth Rajpurohit:

Okay, Sir. So on the slippages number, which came out very good, were there some internal upgrade, which has kind of net out from these slippages, which has brought this number?

Shri Rajneesh Karnatak, MD & CEO:

No, there has not been much upgrade. So whatever the slippages have been there, the slippages have been like shown in this slide, which is there. So not much of upgradation is there. I think we have already given this in one of the slides.

Mr. Siddharth Rajpurohit:

Because the gross NPA number in the corporate book has come down sharply. So, has there been any upgrade there or any write off there?

Shri Rajneesh Karnatak, MD & CEO:

No upgrade has been there. See, gross NPA, which was Rs.19,640 crore has come down to Rs.18,014 crore. And if you see the fresh slippage, it is Rs.887 crores for us. And the debits in the existing NPA is Rs.8 crores. So total fresh slippage was Rs.895 crores only in the book. And we had a cash recovery of Rs.1,022 crores. Upgradation was Rs.418 crores. And the written off amount is only Rs.1,081 crores. So, the reduction happened was Rs.2,521 crore and incremental increase was Rs.895 crore.

And further to that, we had a recovery in our URI and UCI of nearly Rs.253 crores. All these things led to a final figure of Rs.18,000 crores in the Gross NPA and after the provisions, which were nearly Rs.13,484 crore, we have a Net NPA of Rs.4,530 crores.

It is there in the slide no.24 where the movement of NPA is depicted. And this is not only domestic NPA.

Mr. Siddharth Rajpurohit:

Okay. And so what will be our LTV in the Gold Loan Book in Agri. and Retail?

Shri Ashok Pathak, CGM

LTV. It is between the range of 65% to 75%.

Mr. Siddharth Rajpurohit:

Including Agri. also?

Shri Ashok Pathak, CGM

Agri. also.

Mr. Siddharth Rajpurohit:

Okay. And so lastly, how is the MSME environment currently panning out? Are we seeing any incremental stress in the MSME segments?

Shri Rajneesh Karnatak, MD & CEO:

So, if you see our SMA presentation, which is there, SMA numbers, which we have shown here in the presentation. So, our overall SMA numbers have come down from Rs.7,000 crores to Rs.6,100 crores in September. Within that, if you see the MSME book, it has come down from Rs.1,600 crore to Rs.1,200 crores for 5 crore and above SMAs for the MSME segment.

Within that Rs.1,200 crores of the MSME book SMA, the SMA 2 is only Rs.470 crores. And majority of this SMA, which is there in SMA 0 only. So we do not see much of stress, which is there in this book. And it's a normal SMA, which is there in the MSME book.

Mr. Siddharth Rajpurohit:

Okay. And lastly, Sir, what will be your recoveries target for the full year? From the collections of our NPA book?

Shri Rajneesh Karnatak, MD & CEO:

Yeah, so for recovery, we have kept an internal target of around Rs.10,000 crores for this financial year.

Mr. Siddharth Rajpurohit:

This would be including live accounts, right? Or only from the collections book?

Shri Rajneesh Karnatak, MD & CEO:

No, this will be from the book, which is the NPA book.

Mr. Siddharth Rajpurohit:

Okay.

Shri Rajneesh Karnatak, MD & CEO:

And the upgradation, which will be affected of the incremental slippages, which happened from where some upgradations happen, that will be also there.

Mr. Siddharth Rajpurohit:

Okay, okay. Thank you, Sir. Thank you very much for giving me this opportunity and wish you all a very happy Diwali. Thank you.

Shri Rajneesh Karnatak, MD & CEO:

Thank you so much. Happy Diwali to you, Siddharth, from Bank of India team.

Moderator:

Thank you. As there are no further questions, I would now like to hand the conference over to Sri Rajneesh Karnatak for closing comments.

Shri Rajneesh Karnatak, MD & CEO:

Well, thank you so much for patient listening and wishing you all the best. A happy Diwali to all of you from the Bank of India Top Management. Thank you so much.

Moderator:

Thank you. On behalf of Bank of India, I now announce that this conference stands concluded. Thank you for joining us. Have a good evening.