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प्रिय महोदय/महोदया Dear Sir/Madam,

Our Reviewed Financial Results- Earning Conference Call

We are attaching a copy of `Earning Conference Call' Dated January 31, 2020 about reviewed financial results for the period ended December 31, 2019.

धन्यवाद / Thanking you.

भवदीय / Yours faithfully,

(राजीव भाटिया) / Rajeev Bhatia
कंपनी सचिव / Company Secretary

बैंक ऑफ इंडिया BANK OF INDIA प्र. का. H.O. निवेशक संबंध विभाग Investor Relations Dept.

Encl: As Above

"Bank of India Earnings Conference Call"

January 31, 2020

MANAGEMENT: **MR. A K DAS - MD & CEO – BANK OF INDIA**
MR. C G CHAITANYA - EXECUTIVE DIRECTOR – BANK OF INDIA
MR. K V RAGHAVENDRA - CHIEF FINANCIAL OFFICER – BANK OF INDIA

Moderator: Ladies and gentlemen, good day and welcome to the Bank of India Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

Let me introduce the management of Bank of India available for the conference call, Mr. A.K. Das, MD & CEO; Mr. C.G. Chaitanya, Executive Director, Mr. K V Raghavendra, Chief Financial Officer. I would now like to hand the conference over to Mr. A.K. Das, Managing Director & CEO. Thank you and over to you, Sir!

A.K. Das: Thank you. Good afternoon ladies and gentleman and all the analyst friends online now. I A.K. Das, welcome all of you for this meeting, sequel to the announcement of our Q3 Financial Results. I will give you a brief of the highlights of Q3 Results. The major highlights are that we had a moderate growth of about 7% in the domestic loan books. In the domestic front, we had a business growth of 9% and for the last four consecutive quarters, we have sustained our performance in the profit zone. We have achieved considerable improvement in key performance ratios and are near or above most of the benchmarks. We have been able to maintain our asset quality, not withstanding some major slippages in a few accounts. In fact we have brought down our Gross NPA levels and also maintained Net NPA Ratio @ 5.97%. Our net interest margin (NIM) is well above the benchmark of 3% which is another positive feature. In our liability side, we have registered a growth of about 10% in our deposits and maintained CASA at about 42.69%. This is in a nutshell about Q3 performance. We now would like to take questions from you. Thank you.

Moderator: Thank you very much. Ladies and gentleman we will now begin the question and answer session. The first question is from the line of Sidhart from SMC Global. Please go ahead.

Sidhart: Sir just wanted to know one thing. There has been a lot of stress, as you know from the telecom side. I just wanted to know from your side what is the outstanding exposure to the telecom company that was downgraded recently and how things are spanning out?

C G Chaitanya: Regarding the telecom sector, we do not have much of an exposure. We have a small nonfunded based exposure to one of the telecom company, which is not in the present AGR issue. Other than that, we have some exposure to accounts, where the government guarantee is available. Where the AGR issue is there, we do not have any exposure to such accounts.

Sidhart: Okay Sir. Thank you.

Moderator: Thank you. The next question is from the line of Bhavik Shah from B&K Securities. Please go ahead.

Bhavik Shah: Thanks for the opportunity. Sir we had a strong recovery this quarter of around 3200 Crores. Which are the accounts that have we recovered?

C G Chaitanya: If you are looking at recoveries, we have recoveries from the NCLT to the extent of around 2000 Crores and from outside NCLT, to the extent of around 1200 Crores.

Bhavik Shah: In other income we have strong recovery from written off accounts so what lies in there is from Essar Steel.

A.K. Das: Yes.

Bhavik Shah: Okay. What is the impact of Essar Steel on interest accretion to the net interest income?

A.K. Das: It is about 370 Crores

Bhavik Shah: 370 Crores net interest income. In slippages we have around 6700 Crores this quarter, out of which approximately 4000, would be Dewan. Can we have a broad breakup of where the other slippages come from ?

C.G. Chaitanya: Major slippages as you said is from NBFC.

A.K. Das: Out of about 6716 Crores slippages, about 5000 Crores is accounted for by three major NBFCs. So, effectively 1716 is the slippage figure, excluding this. These three accounts have been there in many banks' books. Compared to a slippage of 3166 in the previous quarter, this quarter it has been 1700, nearly a drop of 50%, I think that way slippage management had been quite good.

Bhavik Shah: Okay. Sir what would be our ICA standard time exposure and how many accounts, we have in that?

Bhavik Shah: Sir we have ICA signed accounts, I just wanted to know, how many accounts have we signed under ICA and in that how many are standard and how many accounts would be NPA and its exposure?

A.K. Das & C G Chaitanya: We have around 17 accounts with 12700 exposure levels and then we have provision in these accounts up to the extent of around Rs. 6000 Crores.

Bhavik Shah: In these 17 accounts how many accounts are on the verge of resolution. So basically the June 7 circular states that if it not resolved with 180 days, we will have additional provisioning, of 20%. Of these 12700 Crores, how much to be provided in the coming quarter?

C G Chaitanya : If you see the provision in respect of NCLT accounts, what I was talking about 6000 Crores takes care of the majority of the provision. And what kicks in the Q4, it depends upon the filing and admission to the NCLT so we may expect a provision of around 500 Crores may come depending upon the admissibility.

Bhavik Shah: 500 Crores would be with respect to the June 7 circular?

C G Chaitanya: Exactly.

Bhavik Shah: Sir we had a large SMA-2 exposure a while back with respect to Air India. Sir how is the account being performing?

C G Chaitanya: Performing well there is a reduction around 1000 Crores in that Account.

Bhavik Shah: So, have they paid everything or it is still like partly there?

C G Chaitanya: Partly paid - out of 2500 they have 1000 paid off.

Bhavik Shah: Why our SMA book jump this quarter?

A.K. Das: SMA 10161 jump is visible in our books. Compared to 9820 in March 2019, this 10161 includes one major government account of about 2800 Crores, which is already set right so in effect it is about 7000 only.

A.K. Das: 1500 Crores Air India.

Bhavik Shah: This 1500 Crores Air India plus 2800 one government account.

A.K. Das: Yes.

Bhavik Shah: In which sector does the government account gets classified ?

A.K. Das: Power distribution.

Bhavik Shah: Sir both the accounts in SMA-2.

A.K. Das: No, one SMA-O and another (Air India) SMA-2, one has already moved to SMA-0 in Q4. This was 31st December position.

Bhavik Shah: Both of them are SMA-0 now ?

A.K. Das: One SMA-0 one SMA-2 (Air India)

Bhavik Shah: Then the SMA-0 will not be a part of 1 and 2, right? SMA-1 and 2 is 1000 Crores.

A.K. Das: It was SMA-2 and presently SMA-0

Bhavik Shah: As of today, it has moved to SMA-0, okay Sir I got you, but Sir as on December 31, 2019 they were under SMA?

A.K. Das: Yes, SMA-1 another SMA-2.

Bhavik Shah: So, Air India would be?

A.K. Das: SMA-2.

Bhavik Shah: Sir excluding Air India also we have seen a sharp rise in SMA-2?

A.K. Das: That is only because of the other government guaranteed account whatever we have referred to, which is 2800 Crores, so in effect 4300 Crores only in two accounts

Bhavik Shah: Okay. Sir other banks have been rationalizing their exposure to India Bulls, have we done anything so far in that respect?

C G Chaitanya: We are also looking at from that angle because presently it is fine.

Bhavik Shah: Sir what would be our exposure approximately?

C G Chaitanya: 4000 Crores to India Bulls

Bhavik Shah: Sir, last question from my side, there have been lot of NCLT recoveries recently. Sir, for the next quarter do we see a healthy recovery pipeline and from the recovery pipeline, how much would be already written off and how much would be provided and how much would be the provision?

C G Chaitanya: We are looking at an NPA reduction of around 3000 Crores in the coming quarter. Plus from the NCLT we are looking at around 2000 Crores. No write off. Around 14 accounts of NCLT is what, we are looking at.

Bhavik Shah: 14 accounts and these are not written off. Like this quarter we had a lumpy recovery from written off accounts that would not happen next quarter so this will be internally in the NPA schedule?

C G Chaitanya: It is there right the way Q3 happened. In Q4 also, we are expecting recovery of around 600-700 Crores which reduces the NPA by 2000 Crores.

Bhavik Shah: Okay. Thanks a lot Sir. That's it from my side.

Moderator: Thank you. The next question is from the line of Jay Mundra from B&K Securities. Please go ahead.

Jay Mundra: First of all, Sir, congratulations to you on the elevation to MD & CEO. I just wanted to understand a few things on the asset quality side, first you have shared the SMA-1 and 2 number, but of that how much is corporate SMA-1 and corporate SMA-2 number, just to understand the corporate asset quality?

A.K. Das: So, excluding Air India and Rajasthan Vidyut, all the balance 4000 Crores are corporate only.

Jay Mundra: Any account which is more than 100 Crores of large corporate except PSU names that you said?

A.K. Das: No

Jay Mundra: Sir we also had some sort of bond provision to Dewan so I hope what is covered there because that could have also fallen to NPA. What is the provisioning that we are carrying for Dewan exposure?

C G Chaitanya: Actually, for the bond coverage we have made full provision. We have provision of around 600 Crores in DHFL for the loan book outstanding.

Jay Mundra: 600 Crores is around 15%?

C G Chaitanya: Yes.

Jay Mundra: Any signs on the pool buyout that we have or that has no impact whatsoever?

C G Chaitanya: Presently we do not find any sign of NPA in the pool buyouts. Can I get your question that what is that you are looking at?

Jay Mundra: I was wondering do we have any retail pool that we had purchased from Dewan?

C G Chaitanya: We have purchased. There is no stress in that. We do not find any stress at this point of time in pool buyouts.

Jay Mundra: Understood Sir. That is all from my side. Thank you so much.

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

Ashok Ajmera: Sir, Congratulations to you Sir for taking over as the MD and CEO of a great bank, Bank of India, we are with you for the last many years. We are looking forward for the bank to come back to past glories soon. Having said that Sir and one good thing is that still you are in profit despite of all the odds and all the problems and heavy provisioning and all that. Now for us the immediate question is that what is the roadmap ahead. I joined a little late because I was busy in interpreting the SBI results, today. So, what do you think now the scenario in future immediate, i.e. the current quarter, as well as maybe one year or so. What do you think, where are we heading?

C G Chaitanya: Ashok, we are presently growing at the rate of around 7% in the credit. We look at the guidance of around 8% to 10% growth in credit. Retail credit is our Focus Area. We are growing at 10% and that we may grow at 12% to 14%, in the retail side. Coming to slippages, you must have looked at the stabilization that happened on the slippages except on and off any big accounts and also the recoveries have geared up as you find it in the NCLT. In Q4 we find good recoveries and around 14 large accounts have been lined up for recovery. In addition to this, a few of the ARC Sales are also in the pipeline.

Ashok Ajmera: Sir ICA can you tell the total quantum of?

C G Chaitanya: ICA we have 12700 Crores.

Ashok Ajmera: 12700 Crores. What are the prospects of time horizon?

C G Chaitanya: It is a Top Priority for us. We have provision levels of around 60% in these accounts. We may get it resolved by Q4.

Ashok Ajmera: Okay Sir now coming back on this Dewan again I was late so as far as the bond is concerned, you said you have fully provided for isn't it?

C G Chaitanya: Yes.

Ashok Ajmera: On the remaining is around 15%?

C G Chaitanya: Yes, exactly.

Ashok Ajmera: So out of the overall exposure of about 4500 Crores?

C G Chaitanya: Around 4200.

Ashok Ajmera: 4200 Crores. So, going forward in the coming quarter you will be requiring another 25% from this account?

C G Chaitanya: It depends upon the way the Administrator looks. Because different transaction audits are taking place. How it pans out and how the call will be coming that is to be looked into.

Ashok Ajmera: Sir, in agricultural front what do you see ? I am not exactly aware of your bank situation, but SBI Chairman said that they are looking for some clarity from RBI on agricultural account and provisioning. Is there anything like that substantially in our bank?

C G Chaitanya: No, basically in the agriculture what is happening is because of all the debt payments, what the amounts that it is going to come and still some amounts are yet to be received. Also in the debt waiver, we do not know what SBI Chairman said ?

A.K. Das: I feel he would have spoken this in the context of recent divergence in the Bank.

Ashok Ajmera: Yeah divergence.

A K Das: Government is also keen to lend their supportive hand. But I think in many banks divergence is pointed out. Probably some special preferred treatment to this sector is expected, which I am sure tomorrow, when budget is announced, we will have a good pleasant surprise. This sector like never before deserves a lot of attention now and this is probably the only sector, which will revive a lot of demand than any other sector. So we will keep our fingers crossed and look forward to some good news.

Moderator: Thank you. The next question is from the line of Bhavik Shah from B&K Securities. Please go ahead.

Bhavik Shah: Sir I just want a broad update as in how do you envisage the next year at Bank of India in the sense how is the loan growth on what we anticipate, to what levels do we bring down net NPA and how about business strategy going forward and considering other PSUs are integration do we see healthy growth for Bank of India?

A.K. Das: See in the current year, we are already through with 10 months where we have had a growth of about 7% and we visualize by March we should be able to ramp it up in the range of 8% to 10%. With a lot of initiatives already taken, I think our GDP which is a key factor in creating demand of both capex and other activities in the next year maybe in Q1 or Q2 we should see the revival in sight. Accordingly between 12 to 13% steady growth on a base of about 380000 to 400000 Crores we envisage our focus segment will continue to be RAM i.e. Retail, Agri and MSME and a bit of mid cap (what we call star prime), good government backed accounts, and NBFCs which are backed by PSU. So these 5-6 segments where we will try to focus so as to have a 12 to 13% growth in the next year.

Bhavik Shah: Sir I understand this was like outlook on the growth front and Sir how would be the outlook on the asset quality front?

A.K. Das: As far as Asset quality is concerned, we are at about 16.3% of GNPA and you will also appreciate that this is affected by both the numerator and denominator. While in the numerator front, we have done reasonably okay, I think denominator, that is the overall loan book size, once we are able to clock that kind of growth 12% to 13% we can look forward to reduction or improvement in absolute and percentage numbers. So by next year end, we maybe around 14% to 15.5% gross NPA and in the range of 5% net NPA is what we are envisaging.

Bhavik Shah: So, we do not plan to write off chunky pools?

A.K. Das: Write off is always the last option.

Bhavik Shah: Sir what would be the slippages around roughly for the next quarter, in the sense outlook will it be more than this excluding Dewan and other four NBFCs that we had this quarter will it be around 16 to 1700 Crores?

A.K. Das: On a conservative basis I should say it would be in the range of 2000 to 2200 it is still possible to move it downward. But on a conservative basis 2000 to 2200 Crores so that we would like to contain our slippages.

Bhavik Shah: Are we very comfortable on a corporate book or you still getting surprises there?

C G Chaitanya: On corporate books as you understand it is good presently, after the AQR and after the time lapsed we have seen whatever it is moved off, but still on and off we will find things coming down.

Bhavik Shah: Okay Sir. All the best.

A.K. Das & C G Chaitanya : Thank you.

Moderator: Thank you. The next question is from the line of Shreya Shivani from CLSA. Please go ahead.

Shreya Shivani: I have two questions, first is simple bookkeeping question for your account filed by Bank of India at NCLT. Can you help me what is the coverage that you have kept here and the second question on your retail book while I see that the residential mortgage and auto finance book has been growing at 9%. I just wanted some qualitative commentary on the stress or lack of stress, any form of stress being seen in the segment?

C G Chaitanya: Shivani, coming to your first question of the NCLT. The coverage what we find on the total NCLT is 78%.

Shreya Shivani: Okay it was 87% last quarter, right?

C G Chaitanya: **Yes, i**t is 78 at this point of time.

Shreya Shivani: Thank you and next.

C G Chaitanya: Retail side of it, we have seen that previously we were growing at the levels of around 20% came down to 18%. We are presently showing a growth of retail of around 10%. We are focused more on that and we have opened many processing centers. Also we have qualitatively improved on the CIBIL score mechanism and we want to grow more. We are looking at 12 to 14% growth levels in retail and on the stress, we do not find much of the stress and we have put in place, all the measures and monitoring measures.

Shreya Shivani: Okay Sir something like CVCE segment or any particular segment of auto according to you is not seeing the stress is it?

C G Chaitanya: We have not seen much stress. In the Auto Sector also decently we have grown, we have not seen the stress.

Shreya Shivani: Okay. Thank you.

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

Ashok Ajmera: I just wanted something on capital raising is there any plan or the question is covered earlier I do not know, what are your plans and timeline for that?

A.K. Das: Now work in progress, we are contemplating to go for a QIP hopefully this quarter or next quarter and still it is work in progress.

Ashok Ajmera: Maybe around 1500 to 2000 Crores?

A.K. Das: Yes, that is the range we are looking at. We will soon decide about that.

Ashok Ajmera: Coming back on this loan growth and advances other than the retail, retail of course is the main focus and it is growing also but in the other cases there are certain concerns about new introduction of an account or an account existing even the external rating is a great concern these days and everybody is trying to increase the quality of the book by taking the better rated accounts. But what is the internal feeling or your own internal sort of decision on this matter that if the loan can be priced properly in spite of rating being down ? If the other other parameters are good, is there any such rethinking or opening in the advances to take the double B plus or triple B accounts or some takeovers from the other banks or something like that ? Is there any such thought?

C G Chaitanya: Ashok as you know, we look it in external rating but our credit call mainly depends upon our internal rating that is where we take majority of the credit call even if it is a double B, we look at internal rating.

Ashok Ajmera: Because you know Sir, I have heard some of the branch heads saying no if it is double B, Don't even approach us or don't even come to us. So something like that I mean in some of the banks. In your bank you say that the cases are being accepted but only thing as far as the internal rating they are again looked at?

C G Chaitanya: Mainly our call lies on the internal rating and even the takeovers what you are talking about we are very bullish on the takeovers. Also, because whatever we could not do during our prompt corrective action where people have moved out. We are taking them back, those people we are targeting and taking them back.

Ashok Ajmera: That is a great idea actually and it will definitely increase the book also and at the same time you can get the quality account also. Thank you very much Sir.

A.K. Das & C G Chaitanya: Thank you.

Moderator: Thank you. Ladies and gentleman that seems to be the last question for today, I would now like to hand the conference over to the A.K. Das, Managing Director and CEO for his closing comments.

A.K. Das: Thank you very much. I would thank all the analysts who took interest and asked very pertinent questions. I believe we have been able to answer the questions to their satisfaction. And if at all any other questions that analysts' friends would like to post, we welcome them to touch base with any of our team members and we will be glad to respond to the questions. Thank you once again.

Moderator: Thank you. On behalf of Bank of India, we conclude this conference. Thank you all for joining and you may now disconnect your lines.