बैंक ऑफ इंडिया
Bank of India BOI

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Sub: Q2 FY 2022-23 Earnings conference call with Ananlysts/ Investors – Transcript.
Ref : Our Letter HO/IRC/SVM/2022-23/283 dated 31.10.2022

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 Q2 FY 22-23 held on 03.11.2022.

The transcript of Q2 FY22-23 Earnings conference call is uploaded on Bank's website and the same can be accessed through below link :

https://www.bankofindia.co.in/AnalystConferenceCallTranscript

This is for your information and records.

भवदीय Yours faithfully,

RAJESH VENKATA RAJ UPADHYA

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(Rajesh V Upadhya)
कंपनी सचिव Company Secretary

"Bank of India Q2 FY'23 Earnings Conference Call"

November 03, 2022

MANAGEMENT: **SHRI. A. K. DAS – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, BANK OF INDIA.**
SHRI. P. R. RAJAGOPAL – EXECUTIVE DIRECTOR, BANK OF INDIA
SHRI. SWARUP DASGUPTA – EXECUTIVE DIRECTOR, BANK OF INDIA.
SHRI. M. KARTHIKEYAN – EXECUTIVE DIRECTOR, BANK OF INDIA.
SMT. MONIKA KALIA – EXECUTIVE DIRECTOR, BANK OF INDIA.

Moderator: Ladies and gentlemen, good day and welcome to Bank of India 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.

We have with us Shri. A.K. Das – MD & CEO; Shri. P R Rajagopal – Executive Director; Shri. Swarup Dasgupta – Executive Director; Shri. M Karthikeyan – Executive Director; Smt. Monika Kalia – Executive Director and other top management team from Bank of India.

I now handover the conference to Shri. A. K. Das – MD & CEO. Thank you, and over to you, sir.

A.K. Das: Thank you very much. Good afternoon to all members of analysts fraternity. Ladies and gentlemen, I extend a warm welcome to each one of you for today's interactive session. I will give the financial results of the Bank for the Q2 of FY 22-23.

Global growth is facing headwinds from continuation of tightening monetary policy environment. As per IMF, global inflation is forecast to rise from 4.70% in 2021 to 8.80% in 2022. To curb inflationary trends, the Central Banks have gone ahead with rate increase and control of money supply.

In the latest GDP growth projection, RBI has reduced GDP growth rate of India to 7.00% from earlier 7.20%. There has been a gradual appreciation of USD vis-à-vis major currencies including Rupee. Current Account Deficit also widened especially due to higher oil prices, and more importantly expansion in economic activities.

In the overall present world scenario, India, however, continues to be a relatively high growth country with exchange rate stability and high forex reserves as part of the overall financial stability. The Banking industry during 2022-23, as per RBI report of September, witnessed a comparatively lower deposit growth of 9.20% and higher advances growth of 16.40%. This reflects a continued increase in credit creation and business activities despite monetary tightening and high inflation.

Incremental CD ratio for Banking system has gone up to 130% corroborating and need to garner more deposits to fund this advances growth. This is expected and not unusual, especially at the time when the revival of economic activities overpowers majorly relevant other adverse factors.

With an eye on the evolving global and domestic scenario, we are continuing with strategies launched in the beginning of the year. Deposit growth has been muted due to tight liquidity situation in the market. We are reinforcing our connect with the liability customers to improve CASA as well as retail deposits. RAM segment continues to be our area of focus following the strategy of increasing RAM share in total advances. Mid segment advances are being targeted to boost our MSME advances and improve the portfolio yield.

SMA management and slippage containment remains high priority areas on the Bank's agenda with continuing measures for improving the collection efficiency and NPA recovery. I am happy to announce that the Bank's net profit for Q2 FY23 stood at Rs. 961 crores up by 71% QoQ from Q1 of FY23 figure of Rs. 561 crores.

NIM stood at 3.04% improving by 62 basis points YoY. Net Interest Income stood at Rs. 5,083 crore up by 44.28% YoY. Asset quality further improved with reduction in gross NPAs, both amount wise and percentage wise. The gross NPA ratio was brought down to 8.51% and net NPA to 1.92%.

Slippage ratio for Q2 FY23 was at 0.30% as compared to 0.69% in the 1st Quarter. Similarly, credit cost improved from 1.21% in Q1 FY23 to 0.60% in Q2 FY23. Cost to Income Ratio also improved to 48.10% from 58.20% in the 1st Quarter of the year.

During this quarter, the Bank expanded its global credit growth to 17.89% YoY, with increase in RAM advances share to 54.25% as compared to 52.51% in Q2 of FY22. However, domestic advances growth was relatively less at 12%.

During current year, with our ongoing IT initiatives, credit offtake is expected to improve further from current levels. We expect credit growth of 11% to 12% during the current year.

For augmenting yield on advances and NIM, the Bank is continuing with its strategic focus on RAM advances. Along with increasing size and yield of credit portfolio, managing asset quality is also of paramount importance. We expect gross NPA ratio to be contained below 8% and credit cost at less than 1% going forward. We aim to maintain NIM at around 3% thus ensuring sustainable growth in profits. NIM, credit cost, NPA ratios and CIR have shown significant improvement in this quarter and we are committed to sustain and improve upon the levels in the quarters ahead.

I will again thank you for your continued support and guidance. Now the floor is open for discussion and question and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have a first question from the line of Ashok Ajmera from Ajcon Global. Please go ahead.

Ashok Ajmera: Congratulations Mr. Das and the entire top management team of the Bank for the fantastic results. In fact, the results are much better than our expectation, I mean profit coming to Rs. 960 crore in one quarter as against Rs. 561 crore in the earlier quarter. Even the asset quality has also improved tremendously, a lot of good points in this quarter. The Bank has done in spite of the difficult times.

Having said that, I have a couple of questions and some observations. Slippages are also under control, but now looking at the interest rate going up and the inflation going up and some kind of pressure being seen especially in the RAM and even retail books also, what is your views that going forward in the October - December quarter, will there be a pressure on the SMA 2 book going up or some more slippages into NPA?

Another question is the Cost to Income Ratio has definitely improved a lot to 48.10%. So, what is the further plan for reducing the cost a little more, I mean downside maybe 40% to 42%, is there any target for that?

I have observed that there was a divergence as per the Note #11 A&B. As per that, the provisions for the standard asset, can you elaborate a little more on that note what is the effect which has happened in this quarter. And I think some carry forward is also going to be there in the next two quarters as per the note. So, a little more details on that.

In case of the borrower accounts of 24 borrowers account with Rs. 6505 crore outstanding, you have done the additional provision of Rs. 1291 crores, out of which Rs. 601 crore in this quarter. Now, going forward, I mean, these are the accounts where the resolution plan could not be completed in 180 days. So, going forward, how do you see the further provisioning to be done on this account?

And the last one is on the family pension you have further carried forward Rs. 428 crore. When there was a good profit in this quarter, was it not prudent to provide little more on this account? So, these are my few observations and question in the first round of questioning.

A.K. Das: I don't think there should be any undue worry about that pressure on SMA book, because we are rational, all customers, consumers are rational. They have leveraged the low interest regime, so they will also take the high interest regime into their stride. There should not be any problem. These are ups and downs part of business cycle. So, I don't think there is anything to worry about that. In fact, in a low interest regime, also our SMA numbers sometimes were higher than what it is today. I remember, December 2020, it was Rs. 85,000 crores. So, there is no thumb rule as such, only thing is that we will keep engaging with the customers wherever stress is visible, we will try to handhold and do as good as we have done in the Q2 as far as slippage management is concerned.

M. Karthikeyan: One thing you should note that our roll forward was 17% during last quarter. It has reduced to 7% this quarter, and our roll backward, which was 62%, we are planning to take it to 75%. So, there are strategies already lined up.

A.K. Das: Second part is Cost to Income Ratio which was 58%. In fact, for the last few quarters, it was above 55%. And we had also been given a mandate by the regulator to bring it down to 47% or a peer group average. I know 40% is a global benchmark, and very few are living up to that kind of a benchmark. So, with a lot of difficulties, and a lot of efforts, we have brought it down from 58% to 48%. We will be happy if we can maintain that 48% or 47%, because gradually it will happen, it may not happen overnight. So, our effort is to bring it down further, let's see going forward what happens there.

M. Karthikeyan: Ashok ji, for the standard accounts, some small aberrations such as out of order for few days, to follow the sanctity of the 7/6/19 circular of RBI, we have made a provision of Rs.473 crore which is again going to be the same amount of provision coming in Q3 and Q4. Total it was Rs.1,419 crore, which you rightly pointed out. And the other accounts say, totally in the book, we are having about 377 accounts which are Rs. 1500 crore exposure. We have individually analyzed all these accounts and found that nearly 20 to 25 accounts only are into a bit of strain and stress. We have engaged with those companies very closely. And now our engagement will be much closer every week. We will be doing close coordination and they have been advised that the health of their asset should always be regular. So, the management of such companies have also seized of this matter. And we don't think that we will have any pain points there.

P. R. Rajgopal: The family pension, we have already taken the dispensation from RBI, so we have to provide, we would need to go back again to RBI. And added to that, how much would materialize in this family pension, we do not know.

Ashok Ajmera: Point taken, since you are on the line Rajgopalji can I just take the liberty of asking about that super App, the progress on the digital super App, like first tranche you had released last time. So, now what is the progress there going forward?

S R Padhi, GM: We have completed the requirement gathering stage, we have started building it now. We are getting the phase wise deliveries, from this month onwards for testing and we will be ready for release by 28th of February, during first week of March, we will be in a position to release this.

Ashok Ajmera: That is the final means, I think the earliest deadline for entire implementation was September '23, isn't it?

S R Padhi GM: This is for retail customers and we have lined up phase II for corporate customers, for that the time line is 1st of December, that will be making as well. As of now the project is on track and we are progressing satisfactorily.

Ashok Ajmera: May I ask a last question on the Treasury, that the rates are going up now, the Fed has also increased 75 basis yesterday. So, now, going forward, we also see some pressure coming up again I mean maybe 50 to 60 basis point more by RBI. From the Treasury point-of-view of mark-to-market pressures and also the Treasury income opportunity for trading, where do we see this current quarter and next quarter going forward, how much hit, I mean up to what level we are cushioned like even the U.S. the bond yields now has gone now I think 4.75% or 4.80%. So, going forward, how are we placed?

S. B Singh, GM: Yes, we are comfortably placed. Our total exposure in AFS is approximately to the tune of Rs. 29,000 crores out of which Rs. 14,000 crores we have FRBs and close to Rs. 8000 crores we have T-bills. So, minimal amount is left there. And whatever the high we have seen already 7.75%-7.80%, we are expecting at 7.90% to 8.00% to be on the upper side. So, there is not much of worry at our level and we are well protected against the fluctuations of the rate of interest on that.

Treasury income, yes, there will be some hit on the exchange income because the swap premiums are coming down, otherwise, in other segments we would be having decent income.

Ashok Ajmera: Even on the deployment on foreign exchange front?

S.B. Singh, GM: Yes basically that is because of foreign branches overseas. So, that will not be a worry for us.

P. R. Rajagopal: That is one thing, another thing is traditionally the yield there in the overseas book has been very narrow. And we will also start expanding now because of the Fed increases, so we will get a better margin. So, if you see our margin expansion is good on global basis by 60 bps compared to other Banks. So, it will be further increasing if the Fed increases the rates. Only thing is, as you rightly pointed out, Forex income that we used to get because of the high premiums that has narrowed down. We have already seen the narrowing in the last two quarters, it has already come down despite that our balance sheet is very strong. So, we are not dependent on that. Now, it will be in the range of Rs. 150 crores to Rs. 200 crores it will continue like that.

Ashok Ajmera: So, Mr. Das, on the whole, the ROA, we expect about 65 basis, I mean 0.65% or 0.70% for the whole year.

P. R. Rajagopal: It should be that.

Ashok Ajmera: Annualized is 0.47%. So, do we expect next two quarters doing well when there is not much worry on the Treasury also and your credit book is also going up and as you say that the interest rate benefit is also there in the global international book and even locally also even if the credit rates suddenly goes up, EBLR and MCLR, whereas the deposit rate do not, I mean, there the lag period. So, I think next two quarters also should be good for us. So, ROA might go to 60 or 65 basis points for the whole year.

A.K. Das: Yes. ROA we will definitely improve with a higher operating profit pool and the net profit also accordingly. Because from recovery also good amount is expected in the 3rd and 4th quarters. So, from 0.47% if we can go upto 0.65% that should be good enough.

Moderator: Thank you. We have a next question from the line of Jai Mundra from Batliwala and Karani Securities India Private Limited. Please go ahead.

Jai Mundra: So, on this RBI divergence on the standard assets, you had mentioned six accounts and we have the provisioning as well some Rs. 1400 to Rs. 1500 crore. So, wanted to check, this has not come for other Banks. So, far so, and these accounts look fairly big right. So, if you can tell us, was this specific to Bank of India, or what was the nature of lapses there?

M Karthikeyan: These accounts are all prevalent in the ecosystem and it's not only for us. And such accounts are showing a bit of going into default and out of default and based on RBI circular of 07/06/19, if you could see the review date and the 180 day norm and on the reckoning day it was into default and out of default post 180 days, the spirit of 07/06/19 circular warrants provisioning. So, it is there in some 7 or 8 Banks in various assets, that’s the issue there. And we are addressing that. We are now engaging with these companies and they have already, if you could see, in three or four of the assets, it's about 20 days, they are not in default continuously. In some two other assets from August onwards, they are continuing to be in regular category. So, as per circular, going forward 180 days, if they continue to be in the regular category for 180 days, we will be taking out those provisions back.

Jai Mundra: And what would be the provisioning requirement here? So, let's say it would be like 10% or around 20% on the standard assets?

P. R. Rajagopal: It's 35%, right now it's 20%. Jai, it's such that, all these accounts, under the 7th June circular that you are aware, 180 days resolution plan is not implemented, then additional provision has to be made. So, basically these are all SMA accounts, there is a interpretational issue of 7th June IRAC circular between RBI and the Bank. And this is there with all the Banks. And the matter has been escalated to RBI also for clarification, we are waiting. It has been taken up at the IBA level also saying that the interpretation put forward by inspection team of RBI, we are contesting it, wait and then we will see.

Jai Mundra: These would be sovereign, quasi sovereign, PSU account only, none of these would be private account?

P. R. Rajagopal: Yes there is no financial difficultly, our issue is these things have to be provided for only when there is a difficulty, but they have a different view. We are still engaging with everybody who matters. We will see at the industry level, not at our Bank level alone.

Jai Mundra: Second question is on growth. So, far the growth has been 17% to 18% YoY and if you are saying that you are hopeful of 12% to 13% then is it fair to say that from here onwards it could be like flattish kind of a loan book till the end of the year. I mean, mathematically, that looks possible, right?

A.K. Das: Mathematically, that's correct, you are saying. We are at 12% now, domestic and 18% global. There are the inflows-outflows happening. What we are seeing is a conservatively minimum 12%. And we can't say at this point in time, like in the beginning of the year, we had stated that 8% to 10%. Now, we have revised to 12%. Going forward, let's see, by December end how the trend looks like. So, it's not a question of stagnant thing.

P. R. Rajagopal: We will continuously review the annual plan that we have, basically this 12% that we are talking about in the annual plan, corporate plan that we have in place. So, anyway, we have to review depending upon what kind of numbers that come out in terms of credit growth in the external economy. So, we will see what happens, because last fortnight has been very robust in terms of growth of 17%, even retail growing at a very healthy manner and MSME also growing at 36%. So, naturally, it will have an effect on our book also. So, we will also continue to grow higher. So, we will see. So, we will come back to you. It's too early for us to say now, we will have to watch for another one month and see how it picks up.

Jai Mundra: And lastly on margin. So this quarter has been a very strong jump across global and domestic margins. Is there any one off in terms of maybe interest recovery that has come in NII or something, some technical thing interest, IT refund etc. or this is purely organic.

P. R. Rajagopal: See I will tell you, if you see the margin expansion is around 60 bps, so around 1.5 to 2 bps is on account of the income tax refund which I can tell you straight away okay. Remaining 55% to 56% margin expansion is because of organic growth in the book. If you see our retail book it has grown very robust manner 23% is the growth in retail where our margins have become better because of the RBLR rate increase. And added to that, if you see our spreads across the advances book, around 54% to 55% of my book has interest rate in the range of 10% to 12% after the RBLR increase. So, I am getting a good margin over there. And around Rs. 134,000 crores of advances book is in the range of 9% to 10%. So, most of the advance accounts which used to be in the range of 6.50% to 7.50% has gone up to 8.50% to 9.50% on an average basis. So, therefore, the margin expansion is very good and it gives us sustainability. Added to that another thing is my international spread also is increasing because of the tightening of the Fed rates. There may be some good margin expansion we may get in the international book also going forward. So, in that aspect, the margins are sustainable margins. 40 to 50 bps margin expansion will continue to be retained.

A.K. Das: To cap it all, September ‘21 our CD ratio was 68%, which has gone up by 8% to 76% at September ‘22. So, that also helped because average advances growth also was quite reasonable. So, that also helped interest collected on advances.

Jai Mundra: And this is despite cost of deposits will rise over the next one or two quarters. You are expecting that the margins will at least be staying on right so you are saying 3% for full year, we did 3% in this quarter and last quarter we did 2.55%. So, I mean despite increase in deposit and cost of funding you are expecting margin should inch up even further from here.

P. R. Rajagopal: Actually, what we are saying is if you look at the spread as a measure of the proxy for margin expansion, my spread has increased by 50 bps, on year-on-year basis, because even though the cost of funds have gone up at the same time yield on advances has also gone up significantly to 7.26%. So, naturally, whatever margin expansion happens so spread expansion also has happened. And spread expansion will continue to happen. So, if there is a deposit rate increases automatically we see rate increase in the advances also. So, the spread will be maintained at 3.5 to 3.4 spread that we are talking about, will continue to be maintained in that context, my NIMs also will be there at 3% to 3.50%, that's what I am saying.

Jai Mundra: And what is your principal for this EBLR our rate hikes. So, if let's say September 30th RBI had done repo rate increase, when would you have passed on? I mean, when would your RBLR have changed with how much lag?

P. R. Rajagopal: Instantaneously yes.

Moderator: Thank you. We have a next question from the line of Bhavik Shah from Morgan Stanley. Please go ahead.

Bhavik Shah: Just three questions from my side. Firstly, so what would be our outstanding DTA (Deferred Tax Assets) and when do we plan to shift to the New Tax Regime?

Sankar Sen, CFO: Our Deferred Tax Asset is now Rs. 8,200 crore and since we have the MAT credit available, so, unless the MAT credit decision comes and it is already there in the High Court level, decision is pending. So, unless the decision comes appropriately, we would not take any decision of this. As such there is no outside deadline also within which we need to shift to the new regime.

Bhavik Shah: When do you expect the decision by, is there any timeline?

Sankar Sen, CFO: Yes, it is actually industry level. One or two Banks, the matter is pending in the High Court. And two Banks cases are also pending at the Tribunal level also. So, decision is yet to come.

Bhavik Shah: And what would be the LCR that we would be holding, liquidity coverage ratio?

P. R. Rajagopal: Liquidity coverage ratio is 190%

Bhavik Shah: Last quarter it was 187% aprox.

P. R. Rajagopal: It will continue to be like that, we always maintained at that range, 160 to 180 is the range that we maintain.

Bhavik Shah: So, I mean current would be in the range of 160 to 180.

P. R. Rajagopal: Yes.

Bhavik Shah: And of the restructured book of Rs. 14,000 odd crores, COVID-1, COVID-2 and MSME. How much is still under moratorium?

M Karthikeyan: The total outstanding in the RFCRS-I is Rs. 1,961 crores, and moratorium is completely over. 3% of that amount for total delivery of Rs. 7,714 crores, 15% has become an NPA. And in terms of RFCRS-II the balance outstanding is Rs. 7,617 crores. And moratorium is yet to be over.

Bhavik Shah: How has been the slippage run rate in the restructured book so far?

M Karthikeyan: It is 6% of COVID Framework-2 and 16% in resolution Framework-1.

Bhavik Shah: I didn't catch this correctly. So, what is the amount which is still under moratorium in RF2?

P. R. Rajagopal: Around Rs. 3,000 crores.

Bhavik Shah: What could be outstanding security receipts and whether our CET1 ratio, does it include first half profit or it does not?

P. R. Rajagopal: Doesn't include that. Rs. 3,300 is the SR portfolio. It is provided fully 100%.

Moderator: Thank you. We have a next question from the line of M. B. Mahesh from Kotak. Please go ahead.

M. B. Mahesh: Just a couple of questions, one, this growth that you are seeing in these foreign loans, if you could give us some color on what is the nature of this growth that you are putting out here in this particular book.

Monoj Das, CGM: Basically, we go for trade finance as well as term funding. And the term funding comprises of primary as well as secondary market as well as ECB loans. And the working capital funds is the trade finance that is purely buyers credits and discounting of bills.

M. B. Mahesh: Of this book that you have, is it possible for you to give us some breakups of this roughly about Rs. 80,000 odd crores of loans that you have?

P. R. Rajagopal: Exactly what, if you want a statistical data we can always give you.

M. B. Mahesh: Essentially, what would be the breakup between working capital loans and long-term loans that you would have here. If you could also probably kind of give us some color as to, are they related to corporates that are based out of India? Or would that be a local credits in the markets that you are operating?

P. R. Rajagopal: Most of them are local, because now hardly any corporate in India borrow there so most of them are local borrowers. And of course, multinational borrowers, many of them are in multinational Banks, many of them are multinational operators, especially in the Europe and U.S. and even Asia, so, big time MNCs. We are part of the APAC market.

M. B. Mahesh: One question, while you are allowed or we have restriction towards doing any form of acquisition financing in the domestic book, is there anything which prevents you from doing acquisition financing outside India?

P. R. Rajagopal: Acquisition financing, there is no prohibition as such, neither in the domestic nor overseas for acquisition financing. But there are some controls and restrictions that are there which we need to follow for acquisition finance. There is no prohibition aspect anywhere. So, many of us, domestically, we don't fund much, internationally it is a practice to fund acquisition finance. Typically pharma companies need acquisition finance, because they do a lot of acquisition finance.

M. B. Mahesh: So, the question is whether you have been doing acquisition financing in this book in the last few quarters ?

P. R. Rajagopal: We have not done much, it's a very small portion maybe in the secondary market we do that's all. Not much is there in that Rs. 80,000 crore book, very insignificant.

M. B. Mahesh: My second question is on the SMA book that you have that you report of about Rs. 30,000 odd crores, is it possible for you to give some color on what is the nature of these exposures here? This is in Slide #25 of the presentation where you have Rs. 31,000 crores pertaining to the corporate side.

M Karthikeyan: Yes, the above Rs 5 crore segment SMA-1 and SMA-2 portfolio refers to Rs. 2,415 crores during June has come down to Rs. 1,672 crores, with a reduction of 31%. If you see the same thing segment wise, Retail, MSME and Corporate, all these segments have shown a reduction in the SMA portfolio by 26%, 1% and 23% respectively. I think if you see the slippage ratio of our Bank it is now reduced to 0.3% which reflects effective collection management, I mean engagement with the borrower is happening and though it is in SMA 1 or 2 in retail and agri, we are not allowing it to slip into the NPA segment, our control has been very good.

M. B. Mahesh: The question is only around the corporate side, this Rs. 31,174 crores that you have on the corporate side, if you could just kind of give us some color as to what is the nature of these exposures that are currently at risk?

P. R. Rajagopal: Yes, your question is understood, it is like this, most of these accounts, where there is a lag in payment after interest demand is raised. For example, interest demand is raised on 31st of every month and there is a lag in payments say three days, four days in most of the quasi government and government companies, most of them they pay with a lag. So, most of the Banks, what they do is they give a specific due date for this kind of corporates which we are also trying to implement. Once we implement that specific due date principle in these accounts, this number will come down substantially. This is because as of 30th

September upon interest being charged to the account it is reflected like this.

M. B. Mahesh: One last question on the corporate NPA recovery for the second half including the NARCL outcomes. If you could just kind of give us some color on how much are you expecting in the near future on that?

V Anand, GM: As far as NARCL is concerned now, binding bids have been received in three accounts where we have exposure we are not the leader in those accounts. And in two of the accounts already the JLM has accepted the offer - swiss challenge process has to run and in the third account some negotiations are pending, which comes to around nearly Rs. 280 crores on book outstanding.

Apart from that in three big accounts where we are the leader one retail chain of accounts and another account based at Calcutta, where the JLM has already decided to give the consent for transfer of account to NARCL, the due diligence process by the NARCL is in progress there the total outstanding will come to around Rs. 1,600 crores. And of course, that may not happen in Q3, maybe in Q4. For this quarter, we are planning only around Rs. 280 crores.

M. B. Mahesh: And this Rs. 280 crores pertains to the amount that will either get reflected in the written-off or it will be reflected in the gross basis?

V Anand, GM: No, it will be the gross only, it's not written-off account.

M. B. Mahesh: And outside of this, any large resolution still that you have visibility?

V Anand, GM: Yes. In fact, I will tell that we are having nearly 24 accounts where the voting by the COC is already over and NCLT orders are expected, which includes some big accounts also. So, anytime any order is coming that will be a upside on the expected recovery for this quarter.

M. B. Mahesh: And you will be able to quantify that.

V. Anand, G.M: Our Bank's exposure maybe around Rs. 600 crores for 24 accounts.

M. B. Mahesh: This is a quantum which is expected to come in, not the exposure.

V. Anand, G.M: Expected recovery. Our outstanding maybe around Rs. 1,600 crores.

Moderator: Thank you. We have a next question from the line of Suraj Das from Batlivala & Karani Securities India Private Limited. Please go ahead.

Suraj Das: The question number one is, you have reported Restructuring 1 and 2, is there any other restructuring left that is earlier CDR, SDR or other legacy MSME restructuring?

M Karthikeyan: Nothing, we don't have anything, it's just RCFCR 1 and 2 which are only there, one-time restructuring which you know it's happened for corporate accounts where we have an outstanding of Rs.4589 crores which is also given in our presentation at slide number 26.

Suraj Das: So, the MSME restructuring number that is there in the BSE notes which is something around Rs. 2,700 crores so, that is also included in this restructuring number right, on your slides that you have given.

P R Rajagopal: Yes.

Suraj Das; And, also on the SMA-1 and 2, so if you can provide us the all inclusive SMA- 0, 1, 2 number as you were reporting till a couple of quarters back. What would be the total, all inclusive SMA 0, 1, 2 number.

A. K. Das: All inclusive SMA is Rs. 74,000 crore out of which SMA-0 is as high as Rs. 56,000 crore, 11.39%. SMA-1 is Rs. 8,300 crores, SMA-2 is Rs. 9,400 crores. So, SMA-1 and 2 constitute about 3.5%. SMA-0 we don't have any issue although as Mr. Rajagopal told we are tackling that preposition of one or two days default only. And the moment also is quite brisk there. So, SMA-1 and 2 put together is about 3.5%.

Suraj Das: And what would be the loan mix by benchmark how much would be the total floating rate loan and how much would be MCLR and Repo linked.

P. R. Rajagopal: MCLR is also floating only, MCLR RBL all are floating, we have only floating loans now. So, if you want distinctively in EBLR and MCLR it is you can take 47 EBLR and remaining MCLR and small portion is fixed rate.

Suraj Das: And for the last couple of questions, you have given the domestic yield and COD (Cost of Deposit) in your slides. Can you please provide the corresponding number for the last quarter as well if it is handy?

A. K. Das: Cost of Deposit in September '21 it was 3.75%, in June '22 it was 3.49%, and in September '22 it is 3.54%.

Suraj Das: That was the global I think, I was more asking about the domestic cost and yield that you have given on the Slide #22, so the sequential movement of that.

A K Das: We will give you.

Suraj Das: No problem, sir, we will take it offline. And the last question sir, what is your expectation on the total recovery updates in the second half given that the first half is quite good.

M Karthikeyan: We are anticipating a cash recovery of Rs. 1,500 crores and upgradation of Rs. 500 crores, similar performance will be repeated for Q4 as well.

Moderator: Thank you. We have a next question from the line of Himanshu Taleja from Aditya Birla. Please go ahead.

Himanshu Taleja: Just one question, given how we are seeing the credit growth panning out right now and we are also being healthy growth witnessing in the retail segments and all. So, can you just see for the next few quarters how you expect to close the year with a growth? And how you think over the next few quarters sustainable growth could be?

A. K. Das: See our guidance suggests that at the moment, we are looking at a credit growth of 12%. Although the global growth has been nearly 18% up to September, that too with moderate growth in corporate credit, but I am sure, domestic level the credit growth will improve further. And at the same time, there also will be repayments and all, we have to wait and watch, but very conservatively we can say that for the year ending 31st March '23, minimum 12% growth could be on the cards.

Himanshu Taleja: And just my last question, you have already pointed out the healthy base of the recoveries and upgrades that are in the pipeline, and we are seeing the benign slippages also. Anything that you want to guide or your target is to bring the gross NPA and net NPA by next two quarters, by probably the end of FY'23.

A. K. Das: So, our guidance in the beginning of this financial year was to bring down gross NPA ratio below 8%. It's now September, it is 8.51%. So, we are well on course to achieve that. I think, I mean substantially below 8% that is what is our aim. And the net NPA ratio, we also had a guidance of below 2% so by the year end we will try to bring it down to below 1.5%.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Shri. A.K. Das for closing comments. Over to you, sir.

A. K. Das: Yes, once again, I thank all the analysts friends who have been supporting us, guiding us for the very deep diving questions. And I hope we have been able to answer all your questions, in case there are any questions which need to be answered or any further clarification kindly get in touch with our finance department. They will arrange a proper revert on that, timely revert. So, once again, thank you very much and have a good day.

Moderator: Thank you, sir. On behalf of Bank of India, I announce that this conference concludes. Thank you for joining us and you may now disconnect your lines.