

## Press Release

### BANK OF BARODA ANNOUNCES FINANCIAL RESULTS FOR Q2 FY 2020\*

**Net profit at INR 737 crore and Operating profit at INR 5,336 crore; sequential improvement in margins led by higher CASA ratio at 37.9%; Cost to income ratio declined to 45.84%; realization of revenue and cost synergies is in progress**

- Domestic advances increased by 2% on Y-o-Y basis led by retail loans which increased by 16.2% on Y-o-Y basis as on September 30, 2019.
- Domestic deposits increased by 4% on Y-o-Y basis as on September 30, 2019 led by 7.5% Y-o-Y increase in CASA deposits. Domestic CASA ratio increased to 37.9% as on September 30, 2019 compared with 36.6% as on 30<sup>th</sup> June 2019.
- Net Interest Income (NII) grew at 10.1% to INR 7,028 crore. Net interest margin improved by 19bps to 2.81% in Q2FY20 from 2.62% the previous quarter.
- Standalone Operating Profit stood at INR 5,336 crore for Q2 FY20, a Y-o-Y increase of 23.2%. Treasury trading gains were higher at INR 942 crore compared with INR 138 crore in same period last year.
- Gross NPA ratio came down to 10.25% as on September 30, 2019 as against 10.28% last quarter. Net NPA also declined marginally to 3.91% from 3.95% last quarter.
- Provision coverage ratio (PCR) excluding TWO increased to 64.42% as on September 30, 2019 compared with 58.42% as on September 30, 2018. PCR including TWO increased to 77.88% as on September 30, 2019 from 76.34% as on September 30, 2018.
- Standalone Net Profit for the amalgamated bank stood at INR 737 crore for quarter ending September 30, 2019. On a comparable basis, the aggregate net profit of the three banks for quarter ending September 30, 2018 was INR 149 crore.
- Consolidated (including subsidiaries) Operating and Net Profit stood at INR 5,623 crore and INR 853 crore respectively for quarter ending September 30, 2019.
- Capital Adequacy Ratio (CAR) and CET-1 at 12.98% and 9.84% versus 11.50% and 8.49% as on June 30, 2019. Consolidated CAR and CET-1 in September 2019 at 13.45% and 10.38% respectively.

*\*Figures, Ratios and other information are based on the amalgamated audited numbers for September 2019. Historical Data has been arrived at by aggregating the audited numbers of the erstwhile Dena Bank, Vijaya Bank and Bank of Baroda for comparison purposes.*

Bank of Baroda announced its results for the Quarter ended September 30, 2019, following the approval of its Board of Directors on November 8, 2019.

### Results at a Glance – Amalgamated entity (Standalone Basis)

*All figures in INR crore*

Particulars	Quarterly Results		
	Q2 FY 19	Q2 FY 20	% Change
Interest Income	17,892	19,274	7.72
Interest Expenses	11,508	12,246	6.41
<b>Net Interest Income (NII)</b>	<b>6,384</b>	<b>7,028</b>	<b>10.09</b>
Customer Fee Income	1,402	1,253	-10.63
Customer Income (NII + Fee Income)	7,786	8,281	6.36
<b>Other Non-Interest Income</b>	<b>605</b>	<b>1,571</b>	<b>159.67</b>
a) Trading Gains – Profit from Sale of Investments	138	942	582.60
b) Recovery from TWO	371	465	25.34
<b>Operating Income (NII + Other Income)</b>	<b>8,391</b>	<b>9,852</b>	<b>17.41</b>
Operating Expenses	4,060	4,516	11.23
<i>of which, Employee Cost</i>	2,000	2,281	14.05
<b>Operating Profit</b>	<b>4,331</b>	<b>5,336</b>	<b>23.20</b>
<b>Total Provisions (other than tax) and contingencies</b>	<b>3,934</b>	<b>4,209</b>	<b>6.99</b>
<i>of which Provision for NPA</i>	2,679	3,425	27.85
<b>Profit before Tax</b>	<b>397</b>	<b>1,127</b>	<b>183.9</b>
Provision for Tax	248	390	57.26
<b>Net Profit</b>	<b>149</b>	<b>737</b>	<b>394.63</b>

## **BUSINESS**

- Domestic CASA deposits registered a growth of **7.5%** Y-o-Y. Share of CASA deposits to total domestic deposits stood at **37.9 %** as on September 30, 2019.
- Domestic Deposits stood at INR **7,83,492** crore as on September 30, 2019 up by **4.0%** from INR **7,53,046** crore as on September 30, 2018.
- Domestic advances grew by **2.0%** to INR **5,33,174** crore as on September 30, 2019 from INR **5,22,949** crore as on September 30, 2018. The increase was led by retail loans which grew by **16.2%**.
- Contribution of Bank's International Business at the end of September 30, 2019 was **14.2 %** compared with **14.6%** as of September 30, 2018 due to effect of rationalisation of overseas operations setting in.
- Modified duration of AFS investments as on September 30, 2019 was **1.18**. Modified duration of HTM securities was **5.12** and of total investment was **3.96**.
- The Bank's Total Business stood at INR **15,31,470** crore as on September 30, 2019 up by **2.5%** from INR **14,94,695** crore as on September 30, 2018.

## **OPERATING PERFORMANCE**

- The Operating Profit stood at INR **5,336** crore as against INR **4,276** crore in the previous quarter, thus increasing by **24.8%** mainly due to lower interest expense.
- Net Interest Income (NII) increased to INR **7,028** crore.
- Net Interest Margin (NIM) increased to **2.81%** in September 2019 from **2.62%** in September 2018.

## **ASSET QUALITY**

- Fresh slippage for the quarter was at INR **6,001** crore.
- Provision for NPAs was at INR **3,425** crore for the quarter.

- Gross NPA (GNPA) was INR **69,969** crore as on September 30, 2019 compared to INR **69,714** crore as on June 30, 2019. GNPA ratio declined to **10.25** % from **10.28** % as on June 30, 2019.
- Net NPA ratio declined to **3.91**% as on September 30, 2019 from **3.95**% as on June 30, 2019.
- Exposure in accounts under NCLT 1 list was INR **5,825** crore and NCLT 2 list was INR **6,785** crore as on September 30, 2019.
- Provision coverage under NCLT 1 and NCLT 2 list was **98.7**% and **84.4**% respectively.

### **CAPITAL ADEQUACY**

Capital Adequacy Ratio of the Bank stood at **12.98** % and CET-1 at **9.84** % as on September 30, 2019.

### **TRANSFORMATION OF THE BANK**

The Bank's transformation journey is now being progressively extended to the amalgamated entity by establishing commonality of processes/functions across the three banks. More than 1,134 Branches of eDena Bank have been added to centralized account opening process flow at GIFT city. This will drive productivity in those branches. All 44 branches of eDena Bank have been centralized for Trade Finance. All Zones have been covered for centralized processing of mortgage Loans.

Processes have been streamlined for agriculture loans for more than 1,800 branches through the Shared Services Centre. The recovery process has been strengthened through collections call-center especially for SMA borrowers. For SME borrowers, credit administration has been launched on pilot basis. On the liability product front, centralized opening of fixed deposit/recurring deposits is being implemented after initial success in pilot runs.

The end-state would culminate into a state-of-the-art centralization set-up for the amalgamated entity with optimal processes/functions leading to lower TAT and cost. This will free up time of branch staff to focus on Sales and Service and thus lead to higher productivity.

Accounts opened through TAB Banking crossed the 31 lakh milestone and continues to be a game changer in ease of banking. Tab Banking has been launched in ~500 branches of eDena and eVijaya Branches to garner new clientele base and customer delight.

Queue Management System pilot launched in select branches in Mumbai to enhance customer experience across the high footfall branches. The purpose of the exercise is to reduce waiting time/service time for customers by proactively taking corrective midcourse correction at the branches.

**November 8, 2019**

**Mumbai**

## About Bank of Baroda

Bank of Baroda (“The Bank”) established on July 20, 1908 is an Indian state-owned banking and financial services organization, headquartered in Vadodara (earlier known as Baroda), in Gujarat, India. Under the ‘Alternative Mechanism’ scheme, the Government announced the amalgamation of Vijaya Bank and Dena Bank with Bank of Baroda which came into effect on April 1, 2019.

Bank of Baroda is one of India’s largest banks with a strong domestic presence spanning 9,449 branches and 13,153 ATMs and Cash Recyclers supported by self-service channels. The Bank has a significant international presence with a network of 100 overseas offices spanning 21 countries. The Bank has 6 wholly owned domestic subsidiaries namely BOB Financial Solutions Limited (erstwhile BOB Cards Ltd.), BOB Capital Markets Ltd, Baroda Asset Management India Limited, Baroda Trustee India Private Limited, BarodaSun Technologies Ltd and Baroda Global Shared Services Limited. Bank of Baroda also has joint ventures with India First Life Insurance Company Limited for life insurance and India Infradebt Limited engaged in infrastructure financing. The Bank owns 98.57% in The Nainital Bank. The Bank has also sponsored three Regional Rural Banks namely Baroda Uttar Pradesh Gramin Bank, Baroda Rajasthan Gramin Bank and Baroda Gujarat Gramin Bank.

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