

Press Release

BANK OF BARODA ANNOUNCES FINANCIAL RESULTS FOR Q1 FY 2020*

Net profit at INR 710 crore; merger on track with management structure in place; products and processes harmonized; Synergies to be realised; Bank of Baroda growth intact and eDB and eVB will grow with adoption of common strategy

- Common organization structure put in place for amalgamated bank. Synergy benefits realised from reduction in common administrative offices. Bank is working on realising cost and revenue synergies.
- While Y-o-Y credit growth of amalgamated entity moderated to 6.4%, Bank of Baroda (solo) continued to grow in-line with its trend rate of growth. Lending to erstwhile customers of Dena Bank has resumed. With adoption of common business strategy, processes and unified organization structure, eDB and eVB are also likely to show traction in the coming quarters.
- Standalone Operating Profit stood at INR 4,276 crore for Q1 FY20, an increase of 3.8%. Treasury trading gains were higher at INR 338 crore from INR 151 crore in same period last year. Customer fee income increased by 7.9% Y-o-Y to INR 1,276 crore.
- Net Interest Income (NII) increased to INR 6,496 crore compared with 6,331 crore last year, an increase of 2.6% on Y-o-Y basis resulting in a drop in NIM to 2.73% in Q1FY20 from 2.78% (adj. for IT refund) in the previous quarter. The same can be attributed to high cost deposits of erstwhile Vijaya Bank. Domestic margins in BoB (solo) stable at 2.87% from 2.98% in the previous quarter.
- Gross NPA at 10.28% as on June 30, 2019 against 10.02% last quarter. Net NPA at 3.95% from 3.65% last quarter. Fresh slippages fell on Q-o-Q basis.
- Consolidated and Standalone net profit for the amalgamated bank increased to INR 834 crore and INR 710 crore for quarter ending June 30, 2019 respectively. On a comparable basis, the amalgamated bank (standalone) made a loss of INR 49 crore in June 30, 2018.
- Capital Adequacy Ratio (CAR) and CET-1 at 11.5% and 8.5% versus 11.8% and 8.6% as on April 1 2019. Consolidated CAR and CET-1 in June 2019 at 12.12% and 9.2% respectively.

****Figures, Ratios and other information are based on the amalgamated audited numbers for June 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 June 30, 2019, following the approval of its Board of Directors on July 25, 2019.

Results at a Glance – Amalgamated entity (Standalone Basis)

All figures in INR crore

Particulars	Quarterly Results		
	Q1 FY 20	Q1 FY 19	% Change
Interest Income	18,943	17,339	8.87
Interest Expenses	12,447	11,069	12.45
Net Interest Income (NII)	6,496	6,331	2.61
Customer Fee Income	1,276	1,183	7.86
Customer Income (NII + Fee Income)	7,772	7,514	3.43
Other Non-Interest Income	641	552	16.12
a) Trading Gains – Profit from Sale of Investments	338	151	123.84
b) Recovery from TWO	203	267	(23.97)
Operating Income (NII + Other Income)	8,413	8,066	4.30
Operating Expenses	4,137	3,947	4.81
<i>of which, Employee Cost</i>	1,939	2,000	(3.05)
Operating Profit	4,276	4,118	3.84
Total Provisions	3,566	4,167	(14.22)
<i>of which Provision for NPA</i>	3,168	3,553	(10.84)
Profit before Tax	991	174	469.54
Provision for Tax	281	223	26.01
Net Profit	710	-49	-

BUSINESS

- Domestic CASA deposits registered a growth of 6.94% Y-o-Y. Share of CASA deposits to total domestic deposits stood at 36.55% as on June 30, 2019.
- Domestic Deposits stood at INR 7,85,861 crore as on June 30, 2019 up by 8.87% from INR 7,21,885 crore as on June 30, 2018.
- Domestic advances grew by 5.18% to INR 5,33,054 crore as on June 30, 2019 from INR 5,06,779 crore as on June 30, 2018. The increase was led by retail loans which grew by 20.54%.
- Contribution of Bank's International Business at the end of June 30, 2019 was 13.72% compared with 14.39% as of June 30, 2018 due to effect of rationalisation of overseas operations setting in.
- Modified duration of AFS investments as on June 30, 2019 was 1.30. Modified duration of HTM securities was 5.14 and of total investment was 3.99.
- The Bank's Total Business stood at INR 15,28,723 crore as on June 30, 2019 up by 5.73% from INR 14,45,930 crore as on June 30, 2018.

OPERATING PERFORMANCE

- The Operating Profit stood at INR 4,276 crore as against INR 3,182 crore in the previous quarter, thus increasing by 34.38% mainly due to controlled opex growth. Customer fee income increased by 7.86% YoY to INR 1,276 crore.
- Net Interest Income (NII) increased to INR 6496 crore.
- Net Interest Margin (NIM) declined to 2.62% in June 2019 from 2.69% in June 2018.

ASSET QUALITY

- Fresh slippage for the quarter was at INR 5,583 crore.
- Provision for NPAs was at INR 3,168 crore for the quarter.
- Gross NPA (GNPA) was INR 69,714 crore as on June 30, 2019 compared to INR 69,924 crore as on March 31, 2019. GNPA ratio increased to 10.28% from 10.02% as on March 31, 2019.

- Net NPA ratio declined to 3.95% as on June 30, 2019 from 3.65% as on March 31, 2019.
- Exposure in accounts under NCLT 1 list was INR 5,820 crore and NCLT 2 list was INR 6,957 crore as on June 30, 2019.
- Provision coverage under NCLT 1 and NCLT 2 list was 97.42% and 84.86% respectively.

CAPITAL ADEQUACY

Capital Adequacy Ratio of the Bank stood at 11.50% and CET-1 at 8.49% as on June 30, 2019.

TRANSFORMATION OF THE BANK

The Bank's transformation journey continues with standardization of processes/ functions of erstwhile Dena and Vijaya Bank to the Bank of Baroda platform. Treasury has already been merged. Corporate Banking is being centralised for eDB and eVB so that customers can be offered broader range of products and services.

Shared Services Centre, the first of its kind in public sector banking space is being leveraged to upscale/migrate back office functions of the erstwhile Vijaya and Dena Bank branches. This has its own benefits in terms of economies of scale and scope. This will also ensure common underwriting standards across all branches. With migration of back office processes, employees will be in a position to spend more time on micro marketing initiatives at the branch level.

As part of digitization of onboarding customer, the Bank has achieved an important milestone with paperless accounts opened through TAB Banking crossing the 25 lakh mark. Now more than 70% of savings accounts are opened through TABs and the same are immediately activated. TAB based account opening will be started in erstwhile Vijaya Bank and Dena Bank branches soon so as to ensure uniformity in customer experience and convenience.

While the three banks are on common technology platform, though different versions of Finacle, the products and processes are different. Products and processes have been harmonized. Still a lot of training is required to be imparted to staff at the branch level. For this, a Branch-in-Branch concept has been launched so that technology interface of all the three banks is available at a single branch. Incremental accounts will be opened in Finacle 10, the latest version.

In order to preserve the rich heritage of all the three brands, museums are being planned at heritage sites to showcase the rich history of the entities.

Amalgamation requires our employees to be trained on the products and processes of the amalgamated bank. For the same, employee engagement and customized capsule program has been launched across the Baroda Academies.

On the technology front, the Centre of Excellence for AI continues to make strides in adoption of advanced analytics and improving cross-sell penetration in the bank.

July 25, 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 9,444 branches and 13,158 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 wholly owned subsidiaries including BOB Financial Solutions Limited (erstwhile BOB Cards Ltd.), BOB Capital Markets and Baroda Asset Management India Limited. Bank of Baroda also has joint ventures for life insurance with India First Life Insurance. 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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