Management Discussion

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
Good evening. Good evening, everyone, and welcome to the Analyst Meet to announce Bank of Baroda's financial results for the quarter ended 30th September 2026. Thank you all for joining us. We have with us today our MD and CEO, Dr. Debadatta Chand , and we are joined also by the bank's executive directors and our CFO. We will start with introductions, followed by a short PPT, followed by Chand sir's opening comments, and then we will move on to the Q&A session. Chand sir, would request you to please continue.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Thanks, Phiroza. Again, good evening to all my analyst friends who have joined on the call today. And thank you very much for joining for the call for the financial outcome of the bank for September quarter. Let me introduce the management team. I am D. Chand, MD and CEO, Bank of Baroda. With me, uh, we have Mr. Lalit Tyagi, uh, he's the Executive Director. He looks after the corporate credit, international banking, and treasury. And we have Mr. Sanjay Mudaliya, he is also Executive Director. He looks after the IT, the retail asset, and couple of other functions of the bank.

Then we have Mr. Lal Singh, Executive Director. He looks after the recovery, uh, the HR vertical, the MSME and agri vertical of the bank. And we have Madam Bina Waheed. She looks after most of the compliance control function, including the finance function on the CFO desk, and also the retail liability of the bank. And as you know, we have the CFO, Mr. IBL Sridhar, with us. So, uh, I would hand it over to Mr. Sridhar for a short PPT, and then I come back with my comments on the result. Mr. Sridhar.

Inumella V. L. Sridhar - Chief Financial Officer, Bank of Baroda Ltd
Thank you, sir. Uh, good evening everyone. It's my privilege to present before you the financial highlights of Bank of Baroda for the quarter and half year ended 30th September 2026. As at the end of Q2 FY 2027, The bank's global business has crossed a milestone of 32 lakh crore and stands at 32.58 lakh crore, registering a YOY growth of 17.2%. Our global advances have grown by 18.3%, with domestic advances growing by 13.5% and international advances by 39.7%. With the advances book within the advances book, the bank has continued to focus on RAM advances.

Our organic retail book grew by 18.6%, agriculture loans by 19%, and organic MSME by 21.3%. Corporate loans have grown by 6.3% YOY. Within the retail segment, we have seen a smart growth across the portfolio with auto loans growing by 27.8% YOY, mortgage loans by 20.3%, home loans by 14.6%, education loans by 9.9%, and personal loans by 6.8%. In terms of deposit growth, our total deposits have grown by 16.4% YOY, with international deposits grown by, uh, 14.9% YOY and domestic deposits by 16.6%.

The domestic cash and deposits have grown by 10.4% and term deposits have registered a growth of 20.5% YOY. As of 30th September 2026, the bank's domestic credit deposit ratio has reduced by 323 bps and stands at 80.08%. Bank's domestic CASA ratio stands at 36.37%. With regard to our profitability metrics, our operating profit for the quarter stands at 11,430 crores, registering a YOY growth of 50.9% YOY. Uh, this is the highest ever operating profit posted by the bank. Our net profit for the quarter grew by 38.8% YOY and stands at 6,532 crore.

Again, this is the highest ever quarterly profit posted by the bank. Return on assets stands at 1.26%, improving by 19 bps YOY. Return on equity stands at 19.28% for the Q2 FY 2027, increasing by 363

bps. With regard to our profitability metrics for the half year, our operating profit for the quarter stands at 19,557 crore, registering a growth of 23.7% YOY. Our net profit stands at 7,810 crore. Uh, return on assets stands at 75 bps for the half year. Return on equity stands at 11.63%. For the half year.

With regard to the key ratios, our yield on advances increases by 4 bps sequentially and stands at 7.41% for the quarter. It stands at 7.39% for the half year. Bank's cost of deposits for the quarter stands at 4.71%, and the same is at 4.68% for the quarter for the half year. Our net interest margin stands at 2.74% for the half year and 2.76% for the, uh, sorry, for 2.74% for the quarter and 2.76% for the half year. In terms of asset quality, uh, the asset quality of the bank continues, uh, to remain robust.

Our GNP ratio has improved by 38 bps YOY and stands at 1.78%. Our net NPA ratio also reduced by 20 bps and stands at 0.37%. Bank's balance sheet continues to be robust with the healthy provision coverage ratio. PCA with the TWR, that is technical rate of, improved by 144 bps YYY and to 94.65%. Our slippage ratio for Q2 2027 has reduced by 22 bps and stands at 0.69%. It has also reduced by 23 bps YYY for the half year and stands at 0.67%. Bank has made prudent provisioning to strengthen the balance sheet.

Therefore, the credit cost for Q2 stands at 55 bps. The credit cost for the half year stands at 42 bps. Credit cost without prudential provisioning for the quarter would have been 18 bps. Then coming to our SMA and collection efficiency, Our credit SMA 1 and 2 as percentage of our standard advances reduced to, uh, 6%, 0.06% as of September 26th, as against 0.39% for June 25th. Our collection efficiency excluding agriculture remains robust at 99.2%. In terms of our capital adequacy, our capital adequacy position continues to be strong with the CET1 at 14.20%.

Tier 1 at 14.7% and CRR at 16.61%. Our quarterly average LCR remains healthy at approximately 133.6%. Over to you, Phiroza.

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
Thank you, sir. Chand sir , would request you to make your opening remarks, please.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
So once again, uh, Thanks to all my analyst friends. And, uh, just to give a couple of qualitative, I mean, statements here, would have seen the, the growth, one of the strongest in many years now. Possibly I would have seen a similar growth somewhere in 2023. Otherwise, uh, I mean, the growth has been one of the strongest. And this growth has been obviously with the FCNR-B window, got a huge boost because of the FCNR-B. So let me give some data without FCNR-B because let's say number you'll be interested to know.

Uh, the global business, which is at 32.58 lakhs crore, excluding FCNR-B both on the liability and asset, uh, it is at 31.20 lakhs crore, which is still on a scale, uh, giving a growth of 12.3%, excluding FCNR-B both on asset liability. Similarly, uh, if I exclude the FCNR-B impact both on deposit and advances Still, the global deposit growth was at 11.2% and the global advances growth was at 13.5%, which was clearly in line with the guidance that we had given earlier. FCNRB, as we said, we have raised almost $8.08 billion USD, and, um, rather prudently, uh, we have not used the liquidity generated out of FCNRB in terms of immediate reduction in the old deposit or any other form of deposit.

Rather, we prudently parked this deposit rather, I would use a word called store deposit to take care of the future requirement of the liquidity for both busy season December and March quarter. CASA

is again one of the strong points. We have been growing for both the quarters now, June and September. The growth has been more than 10%. The CASA percentage, because I would have been articulating since long to have a high focus on the CASA percentage, And you would have seen, uh, the CASA this time at 37.37, precisely because we have raised a significant FCNR-B deposit which has gone to the term deposit.

So, uh, even if 37.37 is one of the absolute good number in the market, but, uh, if you exclude the FCNR-B, it would be in excess of 38.36. So our focus on CASA would continue. By articulating this number, I want to again put emphasis that our focus on CASA would continue in terms of service delivery, product bundling, and multiple other, I mean, service delivery points, so that the CASA remains one of the strong points as far as the bank is concerned. Uh, the NIA growth, if you would have seen, um, the NIA growth has been positive at 9% and happily 9.2%, and this is something I'm trying to, uh, I mean, give you a glide path saying that when you look at the margin of 2.74% for this quarter and 2.76%, uh, since the repo has been increased with effect from 5th October, already, uh, 38% of the book which is repo-linked has already seen an upsize in terms of the interest income.

Uh, non-MCLR book in the corporate also, we have significantly repriced this deposit in the recent past, like this September quarter. The full benefit of that is going to be felt in December quarter. Cost of deposit, although maybe slightly increased, but still because of the prevailing liquidity scenario, I think still it is contained. So in that scenario, the margin guidance are 2.75% to 2.95%, where I mean we are hopeful of achieving on the higher band of the margin going forward. Uh, the profit, again, uh, Mr.

Siddharth has told you that, uh, the operating profit is the NII, there is a positive growth. The operating profit of 11,430 crore is one of the highest ever in the bank. Uh, I mean, uh, on the profit side, uh, there is also one of impact of the NSE sales. The NSE sale of 1,349 crore was a cash profit that we got. At the same time, there is a valuation gain. So, uh, if you exclude the entire impact of the NSE on the profitability, uh, still the operating profit is strong at 7,749 crore. I mean, in that way, uh, the bank we have, uh, uh, I mean, if you look at the net profit again, uh, 6,652 crore, 532 crore, uh, this is after the as Mr.

Sridhar said, there is a prudential provisioning we have done in the balance sheet to buffer the balance sheet for future impact of ECL and similar other impact. So, uh, roughly around 1,300 crore of provisioning we have taken in on the NPA and standard asset. These are the need-based specific prudential provisioning, plus roughly 3,000 crore provisioning we have taken in the contingency provisioning, typically to take care of the fluctuation in the bond prices and the equity prices in the investment book.

So, uh, I think, uh, 2,500 crore is already floating provision we are holding in the books. So this is, uh, our efforts to strengthen the balance sheet both in terms of availability of provision so that future impact may be of ECL or any other impact, the bank's in a position to take it. The asset quality continues to be very strong. If you look at all the numbers, I'm not going to tell, but then this number, whether it is a slippage ratio, credit cost excluding, I mean, the prudential provisioning, is 0.18.

The credit data and the credit SMA 1 and 2 at 0.06. The collection efficiency has improved. The slippage has been lower than the last quarter, the Q1, and also the same quarter last year, the recovery has been better than the, uh, the, the last I mean, the same I mean, same quarter last year and also the previous quarter. The asset quality continued to be pristine in that way. But the provision increase, as I said, is not because of the asset quality issue. It is because of the prudential provisioning.

Well, let us be very clear on that. Otherwise, the bank's asset quality is very strong. And, uh, I mean, this quarter also, the asset quality is very strong, but then the provision, I mean, increases because of the prudential provisioning. Couple of things that I would like to highlight before I close, uh, is Bob World 2 is a new app that, uh, I mean, earlier also we talked about, and this app has multiple new features powered by AI. Also, there is a voice feature over there that is unique to mobile banking as on today.

At the same time, also there is a personal finance manager. I think app has come on a, on a totally different, uh, and also it's persona-based. So in that way, uh, this is one of the developments that between the quarter I wanted to highlight. At the same time, for cybersecurity, we have a mascot called Cyber Biru, and it's also creating the right digital literacy within the customer class. At the same time, we also venture into 2 new entities that we announced earlier also, the Bob the securities and gilt-edged limited on the PD business and the DCM business and also the pension fund business.

Let me again articulate the guidance now. The credit guidance earlier we had given, uh, 12 to 14%. We upsized the guidance to 13 to 15%. So as against 12 to 14%, we are now projecting at 13 to 15%. Deposit earlier we said 10 to 12%. We're now projecting at 11 to 13%. The NIM, we continue to maintain the same 2.75% to 2.95%, but as I articulated, I think there is an upside on the margin going forward as far as Q3 and Q4 are concerned, based on the prevailing interest and also the asset liability structure we do have.

The credit cost continues to be less than 0.6%. This quarter is 0.55%, but excluding the potential provisioning, it is at 0.18%. Slippage is Better than the, the Q1 of FY27 at 0.69, but you continue to hold 1 to 1.25. ROA, let me again articulate, uh, last time I put the ROA guidance on hold considering June we had a significant dip on the profitability because of the settlement issue. Uh, this quarter the ROA is 1.26. I think, uh, the next, uh, 2 more quarters, Q2, Q3, and Q4, I mean 3 quarters, we're expecting ROA to be more than 1.

On a full year basis, so because June we had a lower ROA, we still be hopeful of a near 1 kind of ROE. But as we go forward, we articulate more on the ROE. But Q2, Q3, Q4, based on the current profitability matrix, I think will be above 1. And the ROE continue to be, although we are at 19.28, but the guidance is at 15 to 16. So with this, I end my initial remark. Now we are open for question and answer.

Questions & Answers

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
Thank you, sir. If you have a question, please raise your hand and we'll come to you. You may also type your question in the Q&A box. In the interest of time, would request you to please keep your limit your questions to 2, and we will come back to you if there's more time. The first question is from Mr. Ashok Ajmera.

Ashok Ajmera - Analyst, Ajcon Global Services Limited
Thank you for giving me the opportunity, and, uh, congratulations, um, Chan Saab and the entire management of Bank of Baroda for the fantastic quarter. I mean, very good set of numbers, uh, prima facie on record. I mean, even if you take FCNRB, even if you take the NSE profit, whatever you say, but the profit which looks on the paper is to be believed. Uh, 11,430 crores of the operating profit, one of the highest. And total business is also going to 32.57 lakh crores. I mean, the first

public sector bank next to State Bank of India in terms of the broad and the gap between the next bank and our bank has increased, uh, substantially.

Uh, so bearing that last quarter, that one time, uh, that provisioning, that hit you had to take The results for the entire quarter and the half year are fantastic. Congratulations for the same. Uh, having said this, sir, I have got some few observations and some more clarifications, some elaborations on some of the points which you have covered in your initial address. One is that it's very good to know that you increase your credit growth target to 13 to 15%. So if I take 15% growth for the whole FY27, then 2,14,000 crores of credit growth should be there.

So out of that, what we have done is, because the first quarter was little sort of a minus or negative only as compared to the credit growth, so what we have done is 82,000 crore growth. So in order to achieve this target on the higher band, you need to look at 1,30,000 crores of the credit growth in the remaining 6 months period. So number one, uh, how prepared we are for that if we achieve this 15% growth? What is the pipeline, sanctioned pipeline, and from where do you see this business coming in?

Uh, and how comfortable you are on the credit adequacy and this to achieve these numbers? Uh, uh, similar thing is on the deposit side also. Because of the first quarter, uh, this little lagging, what we have achieved is only 96,000 crore. So there also we'll have to do substantial work to reach this target of 13%. So, uh, there also if you can a little bit now, uh, looking at the numbers which you were given, that but for NSE, so I believe that total, uh, the profit from the NSE, I mean on the revaluation, in the profit is around 3,680 altogether in the revaluation.

And this, if that you said 7,750 crore otherwise would have been the operating profit. So is that correct that 3,680 crore we got either by way of revaluation or by way of profit booked, uh, from the NSE, uh, transaction and because of the listing of the National Stock Exchange?

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Okay.

Ashok Ajmera - Analyst, Ajcon Global Services Limited
This is my first, uh, little bit observation and some clarification I would like to have from you, sir.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
So first of all, thank you so, so much, Azmera Sahab, for complimenting the bank, its growth I mean, a consistent, uh, business model and the performance, uh, excluding the last quarter that you've already said. So thank you so, so much for that. On the credit growth, as you said, uh, 1 lakh 30,000 is the, the kind of incremental, uh, credit that you need to do. And you would have seen the numbers both for the Q3 and Q4 of last year, it was almost the similar number. So in terms of ability on the RAM book, we are expecting almost 60,000 crore of incremental book.

At the same time, the corporate book already, the pipeline is 60-odd thousand. So as we go on a busy season both for December and March, I think, uh, this is achievable, quite achievable. And secondly, I use a word on liquidity that, uh, the entire the liquidity generated out of FCNRB is not utilized as on today. This is a stored liquidity for us as on today. So in terms of funding credit, I think there is enough resources, which was not the case in earlier years. So I think in both the front, I think the bank is quite comfortable to achieve the numbers that we are guiding and upsizing the growth guidance.

NSE, uh, the, the, the full impact of both the cash profit and also valuation, you said right, it's roughly

around 3,100-some-odd crore, taking it 3,200 crore. Out of 3,200 crore, 1,600 crore is a prudential provisioning that we have done in this quarter. To buffer the balance sheet for future impact of ACL and similar other activity. So in that way, uh, the balance sheet is cushioned. So we have not taken the full benefit of the post-tax of the remaining portion would have been significantly lower.

In that way, uh, both on the operating profit scale and the net profit also from the core operating business model continues to be strong. And as I said earlier, uh, the consistency and the sustainability is something the bank is working for last many years. So in that way, uh, I think the bank is well positioned, and I think, uh, the business model is consistent and, uh, the asset quality continues to be strong. And that is one of the strong points that I think, uh, the bank would be in a position to achieve its target. Thank you.

Ashok Ajmera - Analyst, Ajcon Global Services Limited
Sir. You touched on this ECL, uh, in the last quarter, uh, in the reply to a question, I think, or your submission, you had said that 110 bps, uh, CRR impact might be there, and in the absolute terms it can be around 12,000 odd crores. Out of that, you had 2,500 crore of the buffer last year itself, last quarter itself in this. So now with this M2M increasing and the overall interest rate going up, and in HTM book also now the provisions are required to be going up for the ECL provisioning. Number one, have you revised those numbers?

I mean, is there any revised calculation on that? And secondly, over and above the 2,500 crore, this year, this quarter, you said you have made already additional buffer provisioning. But when I see in the standard advance provisioning, it is just gone up to 424 crore. I mean, from the minus 283 crore. So, so that number which you are seeing is in addition to, uh, this, uh, because in the non-performing asset also the provisioning is 381 minus that is reversed rather so so 381 crore have been reversed 424 crore this additional standard asset provisioning so net net only 80-90 crore looks here in the figures so so the the provision extra provision extra question which you are saying have been shown under which head sir and what the total quantm now of the ECL requirement as well as the provision which we hold.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
There are 2 heads here. One head is with regard to provision of NPA and bad debts, right? So since we said there is a prudential loss concept, so some of the specific asset on the NPA side we can make additional provisioning that is prudential in nature, right? So the 1,935 crore does include 1,300 crore of the prudential provisioning on the NPA front, not on the standard asset provisioning. Other 300 crore is a contingency provision. We made it in other provision, which is the 403 number that you look at, where this provisioning is to take care of the fluctuation in the valuation of investment both on the bond and investment side.

So the 1,600 is, uh, 1,300 we kept on the, on the, on the loan side NPA, and another 300 on the contingency provision on the investment side. So because as you know The market fluctuating, and particularly the valuation gain we got because of the particular script that you are referring, that also can go up and down. So we made a, I mean, prudential contingency provision of 300 crore in the other provision head.

Ashok Ajmera - Analyst, Ajcon Global Services Limited
Okay, sir, point well taken. Sir, on the technology front, and especially what is happening, uh, you know, in the cyber side and the digital banking, lot of things are happening. Recently, one another bank got hit, you know, in the Reserve Bank credit and the transactions with them. And similarly, so

many new provisions are coming now. The DPDPS is also to be implemented and all that. So overall, on the technology front, and, you know, earlier we had that episode of when Bob I mean, so how prepared we are now to take all these future eventualities and contingencies And what are our preparedness for all such things?

And on digital and technology front, how are we placed? What kind of budgets we have? And what kind of more new journeys which we are introducing? Whether the systems are there to take care of those eventuality, those risks?

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
No, you said right. Actually, one area getting the both the management attention and the board attention since one of the small incidents that happened with us itself. So not only what is happening across the industry, not only in India, outside India also. So in terms of investment, actually post the incident that happened with us, we significantly strengthened the security architecture on the entire, I mean, cyber mechanism, strengthening system oversight, control, governance, everything we have strengthened.

That was almost like a, what you can say, uh, some kind of a wake-up call for us to revamp everything that we have done completely as of today. Similarly, as the issue that we are referring as of today, uh, we have almost 10% of the operating profit earmarked for IT, and we have said the IT department, you can go up to 15%. So in that way, uh, we are hiring big time on the IT resources. You would have seen in multiple newspapers with regard to Bank of Baroda hiring on the IT. So, uh, we have done everything, uh, within us, and we are discussing also globally large tech company with regard to how to strengthen it further.

But having said so, the issue that we are debating is a burning issue which, uh, not only impacting, uh, India, also globally the same situation. So in that, uh, yeah, we need to be alert at all point of time. We are on literally on edge in terms of how do you manage this situation. But then I will assure you, we are taking everything possible within us to manage, uh, the current scenario with regard to the cyber threat. Mr. Mudliar, would you like to comment anything on the cyber, any Specific point.

Sanjay Mudaliar - Executive Director, Bank of Baroda Limited
Thank you, sir. Sir, you mentioned almost everything. So we have got our preparedness in order. We have initiated a number of steps post the incident and looking into the scenario which is evolving. We have been kind of having a very tight kind of oversight on the entire infrastructure as well as the ecosystem, how it is developing. We are putting all efforts as well as the resources required to ensure that we and our customers are, are completely safe in this environment. Thank you.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Thank you.

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
Thank you, sir. Thank you, Mr. Ajmera. The next question is from Kunal Shah. Kunal, can you unmute yourself, please?

Kunal Shah - Analyst
Are you able to hear me?

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
Yes.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
good.

Kunal Shah - Analyst
Yeah, first is with respect to this entire utilization of FCNR, you said like still it's, uh, not used to either pay the bulk deposits and it's kept for the requirement of future. So should we see it now getting more, uh, would it be, if you can broadly make us understand whether it will be uh, towards the deposits, or this will actually be used towards the lending growth? Because this is again like 4% of the loan book, and if it gets utilized towards the growth, then in fact we should see a slightly better momentum getting into the, uh, second half.

Um, uh, so that's the first question. Second question is on provisioning. I understand you created the buffer, but that's again a specific provisioning. So is it related the same case as last quarter? Because there was some news that the demand has been slightly higher in that case now. And is there a specific provisioning towards that account, or it is purely ECL considered in the NPA provisioning? If you can clarify that. And thirdly, in terms of the gold loans, this quarter maybe hardly any growth out there.

So how you are pursuing the loan growth, maybe overall the gold loan growth, even like sequentially, last quarter it was like 8.5, now This quarter it slowed down, it's primarily flat. So how is your approach towards the gold loan? Yeah, thanks.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Yes, thanks, Kunal. With regard to deposit, as I use a word with regard to store deposit, the deposit can be used maybe for retiring if the bulk deposit market gets into very elevated rate structure. Obviously this deposit would be used towards liquidating those high-cost, I mean, on reprice, the elevated bulk rates. So obviously can be utilized towards that. If not, it can go to the credit need. So the impact would be the same in the bank's book, right? So in terms of a if you look at a growth for something, let's say around whatever 14-15% we are referring for the advance side, so this money is going to be utilized wherever I mean, the both way.

So in that way, the net impact on the books would be the same. So in that way, uh, what I meant to say by stored liquidity is that I have available liquidity which can be there to manage the requirement or resources for the quarter in that way. So we are well positioned on that count. Secondly, the, the provisioning, that prudential is, uh, loan asset specific provisioning, nothing to do with regard to the any account that you are referring. Absolutely not. It's a prudential provisioning just created on multiple loan assets based on the potential loss on the specific prudential provisioning.

So nothing with regard to any other account that you are referring. Gold, as you say, on an incremental scale, gold on if you look at the YTD on the retail gold, we have degrown. And, uh, the agri gold is a stable, uh, gold business which is quarter to quarter growing at 8%. So in that way, as I mean, uh, the GNPA of the gold loan book in with me has, uh, the GNPA has gone down. So in that way, as of today, I don't see any, uh, as far as we are concerned, we don't run a very large significant book, but we are concerned, we are mindful of the discussion happening on the gold loan in the market.

At the same time How do you pace your own gold loan book so that it doesn't put you into elevated stress? So absolutely, we are mindful of that. Thank you. Thank

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
you, sir. The next question is from Ankit Vihani.

Ankit Vihani - Analyst
Yeah, hi, sir. Can you hear me?

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Yeah, I can hear you, Ankit.

Ankit Vihani - Analyst
Yeah, congrats on the quarter. So my question is on the liquidity front. If I look at your cash and investments, the sequential increase on balance sheet figures period end, so that is at round about 18,000 crore, but we have mobilized 77,000 crore, and we are highlighting that, you know, most of the liquidity is there with us. Is there something incorrect with my understanding here?

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Look, I mean, the bank's liquidity is a dynamic flow. You can't, I mean, take it everything. There are multiple instruments where you can park this asset. One is, as you rightly said, there is increase in the investment book, right? Another increase in cash. Another can be that you get into a short-term repo. There are multiple ways you can park this deposit. If you look at, uh, reduction in bulk deposit outstanding, it is only around 10,000, right, vis--vis the last quarter. So the money, 77,000, obviously has not used towards liquidating that. Secondly, on the normal, uh, I mean, we, uh, when we run a money market operation, then we normally, uh, against SLR, we go for borrowing, right, in multiple markets. That's not there today because I do have the available liquidity.

In that way, entire 77,000 is with us. We have a significant, uh, excess SLR to mobilize liquidity at any point of time. So these are the way we need to park it in that way. So, uh, exactly the number you compare, you won't get the sense of where the money has gone. But the money is available within me to generate the similar kind of money for funding my asset growth.

Ankit Vihani - Analyst
Okay, sure. And my second question is, is there any interest on IT refund this quarter? And, and another clarity, the revaluation of investments that we are seeing on the treasury line, so that is related to NSE only or it is something else? And on the FDRI side, what kind of fee income you know, would, would be, would have been generated to that, or it would have largely the OPEX that we have made to mobilize this deposit, so it might have neutralized that. I just, uh, yeah, those were my questions.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
No, as far as IT, uh, this quarter I believe it is only, uh, 290 crore, right? So, uh, that's not significant as compared to the earlier quarters where we used to get the good amount of IT refunding. That way it's very, uh, I mean, minimal in this way. FCNR fee income, I don't think we have data any. Madam Beena, you have anything on the FCNR fee side?

Beena Vaheed - Executive Director, Bank of Baroda Limited
We'll have to come back, sir. We'll come back.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
We'll come back to you. Thirdly, on the treasury valuation, the valuation is considered as a book as a

whole. So with Mr. Ajmera, like 3,100 crore is the total effect of NSE. That consisting of 1,300 odd crore on the cash profit, remaining is the valuation. So when we look at the valuation, uh, whatever that is, 1,800, that's a combined book, everything including NSE. So obviously the NSE valuation has been higher than 1,800 crore. So that is what the number has been.

Ankit Vihani - Analyst
Okay, yeah, thank you.

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
Thank you, Ankit. Next question is from Jai Mundhra.

Jai Prakash Mundhra - Analyst, ICICI Securities Limited
Hi, good evening, sir, and congratulations on a rebound in earnings. Uh, so first question on your provisioning stance, right? So yeah, good evening, sir. So sir, this quarter you have created additional specific provision of 1,300, but you could have also done you could have also increased floating provisions, right, towards ECL. And this specific provision may or may not be used for ECL, right? So what, what, what is the thought process in utilizing towards specific provisions versus creating for ECL, which, which will definitely would have been, uh, you know, utilized for ECL?

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
See, on the ECL impact, if you look at, there are 2 impacts. One is a one-time on the CRR, another is with regard to recurring. So I need to buffer myself both in terms of one-time impact and also on the recurring. This provision what we have made is going to help us in the recurring, right? And multiple, uh, going forward, there is geopolitical, there may be, uh, impacts therein. So it's a it's there in the book. Floating provision can only be adjusted at a particular scenario, not at every scenario, right?

So that is how concept of floating I mean, prudential provisioning we have done this time. One good part also you would have seen that we have made also a 300 crore of contingency provisioning just to take care of the The, the valuation change that can happen going forward. As you see, a couple of market, both on the bond market and, uh, I mean the equity, have seen bit of correction there. So that is also trying to prepare an immediate Q3 impact and made a contingency provision of 300 crore on that,

Jai Prakash Mundhra - Analyst, ICICI Securities Limited
right? So sir, are you saying that if you carry higher than IRAC provisions, then you can use that provisions in a On a recurring basis, is, is that what, what, what is the implication? That if you carry more than IRAC, which is what we have done, 1,300 crore, then under ECL on a recurring basis you can utilize, right? Because you have already provided higher than IRAC,

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
that you can utilize for the ECL, that you can utilize also for Q3 and Q4. So depending upon headwinds that we see in the market, so in a prudent measure, I mean, that has been created. And since because the But a one-off because of NSC, so we thought it prudent to make those provisions.

Jai Prakash Mundhra - Analyst, ICICI Securities Limited
Right, right. Okay, sure. And secondly, sir, on drought situation, um, have you had any restructuring request? Do you what is the kind of restructuring request that you see over Q3 and maybe Q4 in select states which have got some drought impact?

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Look, uh, I mean, the banks don't decide with regard to the drought and the restructuring. It is Based on the SLBC, which in the consultation of the government design a scheme therein. So as of today, we don't have any scheme from the states which are impacted by the drought or the rainfall. So as they would announce, so we'll definitely be all the banks including us would be guided by that.

Jai Prakash Mundhra - Analyst, ICICI Securities Limited
But you would have made some preliminary assessment or as of now it is too early to suggest? Okay, sure. And last question, sir. Now ECL is approaching, I think if you have data point on, you know, what is your all-ticket size SMA 0-1-2 in rupees crore, and, you know, what is your, I mean, assessment of a standard assets provisioning only? We have done excellently on specific provisions, which is 18 basis points, and even last quarter was minuscule. But what would be your if you were to do standard assets provisioning under ECL, how much would that be?

And maybe SMA 012 number, rupees crore.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
SMA 012 book as a whole, I'll because I don't declare it publicly, but I can assure you, if I take the book as a whole this quarter, it is better than that of last quarter and better than of the same quarter last year. So in that way, asset quality is a very I mean, in a good shape as on today as we speak, touchwood on the matter. Uh, in terms of, uh, the other question, CFO, can you just answer, uh, The question now.

Jai Prakash Mundhra - Analyst, ICICI Securities Limited
Yeah, so the question is, uh, how, how much would, assuming a 15, 13 to 15% loan growth, uh, how should one, uh, I mean, what could be the standard assets provisioning for BOB under ECL?

Inumella V. L. Sridhar - Chief Financial Officer, Bank of Baroda Ltd
See, uh, this ECL framework is a total, uh, change in the framework of provisioning, so we cannot actually, uh, specify the numbers in terms of standard and non-standard. So the, uh, dispensation provided by RBI is that as on the date of migration, we can adjust whatever additional requirement is there against the reserves. And again, they have given the, uh, benefit of elongating it over a period of 5 years. So we will take advantage of it and go for it.

Jai Prakash Mundhra - Analyst, ICICI Securities Limited
Okay, sir, actually, I, I think I, I did not make it clear. So I was asking not for the transition, but assuming you were an ECL in this quarter and you had 8%, 7% QOQ loan growth What would have been standard assets provisioning that you would have done, right? You are running ECL accounts simultaneously. What would have been standard assets provisioning in this quarter in rupees crore?

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Yeah, actually we do compute on an ongoing basis, but this is not articulated as on today. We're only articulating the book as a whole. So maybe at a later stage, uh, we'll engage with you to make you more clarity with regard to this particular aspect. Right,

Jai Prakash Mundhra - Analyst, ICICI Securities Limited
sure, sure, sir. Thank you and all the very best.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Thank you very much.

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
Thank you. Uh, so we have a couple of questions in the chatbot from Lavish Porwal. Uh, first question is, recovery from TWA was 729 crores in the 2nd quarter. Any guidance for the 3rd quarter, 4th quarter, as well as for FY28 and FY29? And his 2nd question is, can we see similar absolute amount of fee income going ahead since the first quarter was muted?

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Yeah, lovely. So our normalized run rate on the recovery from TWA on average basis, 750 crore, and we, we said it earlier. So, uh, I think for Q other than the one-off that you can see in on the recovery from TWA, so going by our, what you can say, um, I'll not say pipeline on the NPA side, but we're still hopeful that this run rate would be achieved both for Q3 and Q4. Uh, but going forward beyond this financial year, slightly tough, we'll articulate at that point of time. Fee income, as you said, right, uh, I mean, through Q1 was a depressed one, but we have pulled back.

Still we are lower than the QTE of last year. I think this is one area we are trying to optimize or work more on that, and I think that work would continue. I understand there is a significant scope for us to optimize on the fee income side. Considering the size of book we carry. And if you compare the same book in other banks, including private sector banks, there is a good opportunity therein. I think that's a work in progress, and this quarter has given some positive outcome, and I am hopeful that we will continue on the journey.

I mean, that is what I can say. Uh, Madam Bina, anything you can say on the fee side, or any, any specific focus on that?

Beena Vaheed - Executive Director, Bank of Baroda Limited
Uh, actually, we're relooking at the entire fee structure of ours, so in the next 2 quarters, I think there should be an upside in this area, sir.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Okay,

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
thank you. Uh, the last question we'll be able to take today is from Gaurav Jhani. Gaurav, please unmute yourself.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Yes, Gaurav.

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
Okay, I think Gaurav Gaurav, are you there? Oh, uh, then the last question we'll take will be from Aman. Aman, please unmute yourself.

Aman - Analyst
Hi sir, thank you for the opportunity. I just wanted to ask what is the impact MTM impact of increase in yields on the bond portfolio, both in the P&L and in the AFS reserve for the quarter?

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
The overall impact you have given upon Mr. Tiagi, anything you have, or we can give the data later?

Lalit Tyagi - Executive Director, Bank of Baroda Ltd
Oh yeah, sir, we will prefer to give it later. Actually, I right now I do not have handy.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
So Aman, we'll revert back to you on this particular question, right?

Aman - Analyst
Okay, so thank you.

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
Nobody else? No one just now? Okay, so I think that is okay, Gaurav has again put up. Gaurav, can you unmute yourself? Yes.

Beena Vaheed - Executive Director, Bank of Baroda Limited
I think he's facing some technical difficulty.

Phiroza Choksi - Head of Public Relations and Corporate Communications, Bank of Baroda Ltd
Okay, I think no, sir, I think Gaurav is facing some issues. Uh, we will go to we will go to the vote of thanks by Shridhar, sir.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
You're on mute, Mr. Sridhar.

Inumella V. L. Sridhar - Chief Financial Officer, Bank of Baroda Ltd
Yes, sir. I would like to extend my sincere gratitude to all of you for joining us today for the announcement and discussion of the financial results. Should you have any further question, please feel free to reach out to me or to our investor relations team. Thank you once again for your time and continued support. Have a great evening ahead. Thank you very much.

Debadatta Chand - Managing Director, Chief Executive Officer, Bank of Baroda Ltd
Thanks all of you. Thank you very much.