Bank of Baroda – Q2FY27 (31.10.2026)

Result Update

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

"Record Operating Profit; Upgraded Growth Guidance with Strong Credit Pipeline and Improving NIM Outlook"

Ajcon Global's observations & views:

1 The Bank upgraded its FY27 credit growth guidance to 13-15% from 12-14% and deposit growth guidance to 11-13% from 10-12%. The ₹60,000 crore RAM growth opportunity and ₹60,000 crore corporate credit pipeline provide visibility for achieving the revised credit growth target.

2 Operating profit stood at ₹11,430 crore, among the Bank's highest-ever levels. Excluding the one-off NSE-related cash profit and valuation gains of approximately ₹3,200 crore, underlying operating profit remained strong. The Bank also maintained its NIM guidance at 2.75-2.95%, with management expecting an improvement in margins during H2FY27.

Q2FY27 RESULT ANALYSIS

1) **Global Deposits** rose by 6.8% QoQ to Rs. 17,45,435 crores in Q2FY27 against Rs.16,33,559 crores in Q1FY27 and rose by 16.4% YoY from Rs. 15,00,012 crores in Q2FY26.
2) **Global Advances** increased by 6.7% QoQ to Rs. 15,12,448 crores in Q2FY27 against Rs. 14,16,898 crores in Q1FY27 and increased by 18.30% YoY from Rs. 12,78,847 crores in Q2FY26.
3) **Total Business** increased by 6.80% QoQ to Rs. 32,57,883 crores in Q2FY27 against Rs. 30,50,457 crores in Q1FY27 and surged by 17.24% YoY from Rs. 27,78,859 crores in Q2FY26.
4) **Net Interest Income** grew by 4% QoQ to Rs. 13,026 crores in Q2FY27 against Rs. 12,524 crores in Q1FY27 and was up by 9% YoY from Rs. 11,954 crores in Q2FY26.
5) **Operating Profit** rose by 40.64% QoQ to Rs. 11,430 crores in Q2FY27 against Rs. 8,127 crores in Q1FY27 and was also up by 50.9% YoY from Rs. 7,576 crores in Q2FY26.
6) **Net Profit** rose by 411% QoQ at Rs.6,532 crores in Q2FY27 against Rs. 1,278 crores in Q1FY27 and was also up by 35.8% YoY from Rs. 4,809 crores in Q2FY26.

KEY FINANCIAL INDICATORS - Q2FY27

CMP (30.10.2026)	: Rs.238.60
Face Value	: Rs. 2.00
Book value per share	: Rs.
Market Capitalisation	: Rs. 1,23,388.70 Crs.
Capital Adequacy Ratio	: 16.61%
CASA ratio (Domestic)	: 36.37%
Net Interest Margin (Global)	: 2.74%
Cost / Income ratio	: 42.58%
Gross NPA	: 1.78%
Net NPA	: 0.37%
PCR	: 94.65%
Slippage ratio	: 0.69%
Credit cost	: 0.55%
Return on Assets	: 1.26%
Return on Equity	: 19.28%

7) **Net Interest Margin (NIM)** was down to 2.74% in Q2FY27 against 2.77% in Q1FY27 and 2.96% in Q2FY26.
8) **Global Cost of Deposit** increased to 4.71 % in Q2FY27 against 4.66% in Q1FY27 and fell against 4.91% in Q2FY26.
The global yield on Advances rose to 7.41% in Q2FY27 against 7.37% in Q1FY27 but fell against 7.81% in Q2FY26.
Total Non- Interest Income increased by 98.3% QoQ to Rs.6,881 crores in Q2FY27 against Rs. 3,470 crores in Q1FY27 and was also up by 95.8% YoY from Rs. 3,515 crores in Q2FY26.
9) **Fee-Based Income** increased by 26.8% QoQ to Rs. 1,637 crores in Q2FY27 against Rs. 1,291 crores in Q1FY27 but decreased by 8.5% YoY from Rs. 1,790 crores in Q2FY26.
10) **Treasury Income** rose sharply QoQ to Rs. 4,093 crores in Q2FY27 against Rs. 893 crores in Q1FY27 and Rs. 1,086 crores in Q2FY26.
11) **Cost/Income Ratio** fell to 42.58% in Q2FY27 against 49.19% in Q1FY27 and 51.02% in Q2FY26, respectively.
12) **CASA ratio** marginally decreased to 36.37% in Q2FY27 against 37.72% in Q1FY27 and 38.42% in Q2FY26, respectively.
13) **Return on assets (ROA)** rose to 1.26% in Q2FY27 against 0.25% in Q1FY27 and 1.07% in Q2FY26, respectively.
14) **Fresh Slippages** decreased to Rs. 2,392 crores in Q2FY27 against Rs. 3,183 crores in Q1FY27 and Rs. 2,669 crores in Q2FY26, respectively. **Recovery + Upgradation** was up to Rs. 2,255 crores in Q2FY27 against Rs. 1,694 crores in Q1FY27 and Rs. 1,897 crores in Q2FY26, respectively.
15) **Gross NPA Ratio** decreased to 1.78% in Q2FY27 against 1.99% in Q1FY27 and 2.16% in Q2FY26, respectively. Net NPA ratio fell to 0.37% in Q2FY27 against 0.50% in Q1FY27 and 0.57% in Q2FY26, respectively.
16) **Credit Cost** increased to 0.55% in Q2FY27 against 0.29% in Q1FY27 and Q2FY26, respectively.
17) **Provision Coverage Ratio** increased to 94.65% in Q2FY27 against 93.28% in Q1FY27 and 93.21% in Q2FY26, respectively.

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Management Comments

19) In his opening remarks, Dr. Debadatta Chand, MD & CEO, highlighted that the Bank has upgraded its FY27 credit growth guidance to 13-15% from the earlier 12-14% and deposit growth guidance to 11-13% from 10-12%. The Bank maintained its NIM guidance at 2.75-2.95%, although management expects an improvement in margins during Q3 and Q4FY27, supported by the prevailing interest rate environment and asset-liability structure. Credit cost guidance remains below 0.6%, while slippage guidance is maintained at 1-1.25%. Management expects RoA to remain above 1% over the remaining quarters, with full-year RoA likely to be around 1%, considering the lower profitability in Q1. Despite the current RoE of 19.28%, the Bank has retained its FY27 RoE guidance at 15-16%.

20) On profitability and balance sheet strengthening, Dr. Chand stated that the Bank reported an operating profit of ₹11,430 crore, among its highest-ever levels, supported by healthy NII growth. He highlighted that the Bank recognised a one-off cash profit of ₹1,349 crore from the sale of NSE shares, along with additional valuation gains. Excluding the entire NSE-related impact, operating profit remained strong at ₹7,749 crore.

21) He further highlighted that the Bank had undertaken approximately ₹1,300 crore of prudential provisioning towards NPAs and standard assets, along with ₹3,000 crore of contingency provisions to mitigate potential fluctuations in bond and equity valuations. Additionally, the Bank holds ₹2,500 crore in floating provisions to strengthen its balance sheet and provide a buffer against future ECL-related and other provisioning requirements.

22) In response to an analyst's query on the Bank's ability to achieve its revised credit and deposit growth guidance, Dr. Chand clarified that the incremental credit growth requirement of approximately ₹1.30 lakh crore over the remaining six months is achievable, supported by an expected ₹60,000 crore incremental growth in the RAM segment and a corporate credit pipeline of ₹60,000 crore. He highlighted that the Bank has adequate liquidity and funding resources, with FCNR(B) mobilisation providing additional unutilised liquidity to support future credit growth. Management remains confident of achieving its revised guidance, supported by the upcoming busy season and strong asset quality.

23) On technology and cybersecurity preparedness, Dr. Chand highlighted that the Bank has significantly strengthened its cybersecurity architecture, systems, oversight, controls and governance following an earlier security incident. He stated that the Bank has earmarked around 10% of its operating profit for IT investments, with the flexibility to increase the allocation to 15%. The Bank is also strengthening its IT workforce and engaging with leading global technology companies to further enhance its cybersecurity framework. He emphasised that cybersecurity remains a key management and Board priority, with continuous monitoring required to address evolving cyber threats.

24) Elaborating on the prudential buffers, Dr. Chand explained that out of the total ₹1,935 crore provisioning, ₹1,300 crore represents additional prudential provisions towards NPAs and bad debts, while ₹300 crore has been recognised under other provisions as a contingency buffer against potential volatility in bond and equity valuations. He added that the contingency provision is intended to cushion the Bank against fluctuations in investment valuations, particularly those arising from the NSE stake.

25) On the drought situation and potential loan restructuring, Dr. Chand stated that any restructuring measures would be guided by schemes formulated by the respective State Level Bankers' Committees (SLBCs) in consultation with state governments. As of now, no such scheme has been announced by the drought-affected states. The Bank will follow the prescribed guidelines once announced.