Bank of Baroda – Q2FY26 (03.11.2025)

Result Update

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

"The Bank's operating profit was under pressure due to lower treasury income, however the net profit improved marginally due to lesser provisions"

Ajcon Global's observations & views

1. The bank's profitability was impacted due to lesser treasury income. However, resilient core operations, stable margins and improving asset quality reflect underlying strength of the bank.
2. The management's prudent provisioning strategy and balanced loan mix provides visibility on earning stability in the coming quarters.

Q2FY26 RESULT ANALYSIS

1) **Global Deposits** surged by 4.5% QoQ at Rs. 15,00,012 crores in Q2FY26 against Rs. 14,35,634 crores in Q1FY26 and Also, increased by 9.3% YoY from Rs. 13,72,614 crores in Q2FY25.
2) **Global Advances** increased by 5.9% QoQ at Rs. 12,78,847 crores in Q2FY26 against Rs. 12,07,056 crores in Q1FY26 and Also, grew by 11.9% YoY from Rs. 11,43,039 crores in Q2FY25.
3) **Total Business** surged by 5.2% QoQ at Rs. 27,78,859 crores in Q2FY26 against Rs. 26,42,690 crores in Q1FY26 and Also, increased by 10.5% YoY from Rs. 25,15,653 crores in Q2FY25.
4) **Net Interest Income** surged by 4.5% QoQ at Rs. 11,954 crores in Q2FY26 against Rs. 11,435 crores in Q1FY26 and Also, went up by 2.7% YoY from Rs. 11,637 crores in Q2FY25.
5) **Operating Profit** declined by 8.0% QoQ at Rs. 7,576 crores in Q2FY26 against Rs. 8,236 crores in Q1FY26 and Also, decreased by 20.1% YoY from Rs. 9,477 crores in Q2FY25.
6) **Net Profit** increased by 5.9% QoQ at Rs. 4,809 crores in Q2FY26 against Rs. 4,541 crores in Q1FY26 and declined by 8.2% YoY from Rs. 5,238 crores in Q2FY25.
7) **Net Interest Margin (NIM)** improved to 2.96% in Q2FY26 against 2.91% in Q1FY26 and decreased from 3.11% in Q2FY25.
8) **Global Cost of Deposit** reduced to 5.07% in Q2FY26 against 5.22% in Q1FY26 and 5.16% in Q2FY25. **The global yield on Advances** declined to 8.31% in Q2FY26 against 8.61% in Q1FY26 and 8.93% in Q2FY25, respectively.

KEY FINANCIAL INDICATORS – Q2FY26

CMP (03.11.2025)	: Rs. 291.20
Face Value	: Rs. 2.00
Book value per share	: Rs. 241.56
Market Capitalisation	: Rs. 1,50,550.40 Crs.
Capital Adequacy Ratio	: 16.54%
C/D ratio	: 85.26%
CASA ratio (Domestic)	: 38.42%
Net Interest Margin (Global)	: 2.96%
Cost / Income ratio	: 51.02%
Gross NPA	: 2.16%
Net NPA	: 0.57%
PCR	: 93.21%
Slippage ratio	: 0.91%
Credit cost	: 0.29%
Return on Assets (Annualised)	: 1.07%
Return on Equity (Annualised)	: 15.37%

9) **Total Non- Interest Income** declined by 24.8% QoQ at Rs. 3,515 crores in Q2FY26 against Rs. 4,675 crores in Q1FY26 and Also, decreased by 32.0% YoY from Rs. 5,166 crores in Q2FY25.
10) **Fee-Based Income** increased by 10.4% QoQ at Rs. 1,790 crores in Q2FY26 against Rs. 1,622 crores in Q1FY26 and Also, inched up by 1.0% YoY from Rs. 1,773 crores in Q2FY25.
11) **Treasury Income** decreased by 51.2% QoQ at Rs. 1,086 crores in Q2FY26 against Rs. 2,226 crores in Q1FY26 but increased by 35.9% YoY from Rs. 799 crores in Q2FY25.
12) **Cost/Income Ratio** rose to 51.02% in Q2FY26 against 48.87% in Q1FY26 and increased from 43.60% in Q2FY25.
13) **CASA ratio** fell to 38.42% in Q2FYa26 against 39.33% in Q1FY26 and also, decreased from 39.52% in Q2FY25.
14) **Return on assets (ROA)** marginally increased to 1.07% in Q2FY26 against 1.03% in Q1FY26 and decreased from 1.30% in Q2FY25.
15) **Fresh Slippages** declined to Rs. 2,669 crores in Q2FY26 against Rs. 3,476 crores in Q1FY26 and also, declined from Rs. 2,788 crores in Q2FY25. **Recovery + Upgradation** rose to Rs. 1,897 crores in Q2FY26 against Rs. 1,560 crores in Q1FY26 and also, slightly increased from Rs. 1,837 crores in Q2FY25.
16) **Gross NPA Ratio** improved to 2.16% in Q2FY26 against 2.28% in Q1FY26 and 2.50% in Q2FY25. Net NPA ratio improved to 0.57% in Q2FY26 against 0.60% in Q1FY26 & Q2FY25, respectively.
17) **Credit Cost** reduced to 0.29% in Q2FY26 against 0.55% in Q1FY26 and 0.65% in Q2FY25, respectively.
18) **Provision Coverage Ratio** marginally increased to 93.21% in Q2FY26 against 93.18% in Q1FY26 and 93.61% in Q2FY25, respectively.

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Management Comments

19) Dr. Debadatta Chand, MD & CEO, clarified that the year-on-year comparison of operating profit appears subdued in Q1 FY26 due to a one-off NCLT recovery of Rs. 900 crore recorded in Q2 FY25. However, on a sequential basis, the bank delivered a healthy 6% QoQ growth in net profit to Rs.4,890 crore. He further mentioned that the bank has created an additional floating provision of Rs. 400 crore in preparation for the upcoming ECL framework, taking the total buffer to Rs. 1,000 crore, and reiterated the management's focus on further strengthening provisioning going forward.
20) In response to an analyst's query on credit growth, the MD & CEO, highlighted that the bank's credit growth continues to be led by the RAM segments, with retail, agriculture and MSME loans rising 17–18% YoY on the back of strong yields, robust collateral, and low risk. Corporate loan growth remained modest at 3% YoY, impacted by seasonal softness and the bank's cautious stance on low-margin lending. However, demand is showing signs of recovery, as seen in an 8% sequential corporate credit growth. He added that corporates are gradually returning from the bond and commercial paper markets to bank fundings. For FY26, the bank expects corporate credit growth to expand by 10–11%, enabling a more balanced loan mix while maintaining pricing discipline and protecting margins.
21) On Treasury front, the MD & CEO highlighted that the treasury income during the quarter reflected a normal run rate with no one-off gains. Operating profit has stabilized at around Rs. 7,500–8,000 crore per quarter, with any further upside dependent on bond yield movements or recoveries from written-off/NCLT accounts it may improve further. Overall, treasury performance remains steady, with future improvement contingent on market conditions.
22) Mr. Chand spoke on Deposit Repricing & NIM Outlook, stating that most of the deposit repricing cycle is complete, which is now supporting margins. While part of the benefit is reflected in Q1 FY26, the full impact of asset–liability repricing will flow through next quarter, keeping NIMs range-bound in the near term. He expects NIMs to improve in Q4 and reaffirmed the full-year guidance of 2.85%–3%, adding that deposit costs remain stable with no major pricing changes anticipated unless market conditions change.
23) Talking about the ECL transition & provisioning, Mr. Chand stated that, the bank has already created a Rs. 400 crore floating provision towards the upcoming ECL framework, taking the total buffer to Rs. 1,000 crore. Based on current draft guidelines, the eventual ECL impact is estimated to affect the CET1 by 75 bps (net of expected RWA benefit) & that too over five years, making it manageable. While the credit cost impact ranging between 20–35 bps, the bank with its strong profitability and capital base is sufficiently capable to absorb this transition comfortably, added MD & CEO.
24) In response to an analyst's query on IT refund impact, Mr. Chand stated that interest income from income-tax refunds is a recurring component. During the quarter, this income was higher by Rs. 300–350 crore compared to the previous quarter, taking the total to Rs. 700–750 crore. He added that this contributed around 6–8 bps to NIM, but even excluding this, core margins improved sequentially and such refund inflows are expected to continue in the normal course in future too.