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The country's second largest lender Bank of Baroda on Thursday posted a profit after its merger with Vijaya Bank and Dena Bank in the June quarter but failed to meet estimates. Net profit stood at Rs 710 crore compared to a net loss of Rs 49 crore in the year-ago period.

The bank said that results were not comparable with immediately preceding quarter and corresponding previous year as Vijaya Bank and Dena Bank had merged with it, effective from April 1, 2019.

Net interest income or the difference between interest earned on loans and that paid on deposits increased to Rs 6,496 crore compared with 6,331 crore last year,



an increase of 2.6 per cent year on year basis resulting in a drop in NIM to 2.73 per cent in Q1FY20 from 2.78 per cent (adjusted for income tax refund) in the previous quarter. The same can be attributed to high cost deposits of erstwhile Vijaya Bank.

The bank's operating income was up 4.3 per cent over the year at Rs 8,413 crore.

The bank's gross non-per-

forming assets stood at Rs 69,174 crore. Gross NPA ratio was at 10.28 per cent compared to 10.02 per cent in the March quarter. Net NPA ratio rose 30 basis points sequentially to 3.95 per cent in Q1. The bank sees loan recoveries improving from the second quarter of this fiscal, the bank said.

The bank's watchlist, a source of potential stressed assets was worth Rs 16,500

crore, which includes 10,760 crore from Bank of Baroda on a standalone basis, Rs 2,884 crore from Dena Bank, and Rs 2,856 crore from Vijaya Bank. The bank's fresh slippages worth Rs 5,583 crore in Q1 and made provisions worth Rs 3,168 crore. It said that an IL&FS road project worth Rs 430 crore slipped in the quarter.

"We should see growth by better account planning in corporate banking," Jayakumar said, adding that the lender wants to get in more MSME loans, trade finance and supply chain financing. "Exposure in accounts under NCLT 1 list was Rs 5,820 crore and NCLT 2 list was Rs 6,957 crore as on June 30, 2019. The Provision coverage under NCLT 1 and NCLT 2 list was 97.42 per cent and 84.86 per cent respectively".

