

- Operating Profit at Rs 6,892 crore in Apr-Dec, FY13 (up 4.7%, yoy)
- Operating Profit at Rs 2,256 crore in Q3, FY13 (dn 13.5%, yoy)
- Net Profit at Rs 3,452 crore in Apr-Dec, FY13 (dn 1.1%, yoy)
- Net Profit at Rs 1,012 crore in Q3, FY13 (dn 21.6%, yoy)
- NII at Rs 8,501 crore in Apr-Dec, FY13 (up 13.1%, yoy)
- NII at Rs 2,841 crore in Q3, FY13 (up 7.0%, y-o-y)
- Total Business at Rs 7,14,051 crore (up 17.1%, yoy)
- Net NPAs at 1.12% as on 31 Dec, 2012
- Book Value at Rs 733.78 (up 18.9%, yoy)
- Capital Adequacy Ratio (Basel II) at 12.66% & Tier 1 at 9.33%
- ROAA at 0.98% in Apr-Dec, FY13 & 0.84% in Q3, FY13
- ROE at 15.3% (annualized) in Apr-Dec, FY13
- NIM (Domestic) at 3.17% & NIM (Global) at 2.73% in Apr-Dec, FY13

Bank of Baroda has announced its reviewed results for the third quarter of 2012-13 (Q3, FY13) and for the first nine months ended December 31, 2012 (Apr-Dec, FY13), following the approval of its Board of Directors on February 4, 2013.

Results at a Glance

	Quarterly Results			Results for Nine Months		
	Q3:FY12 (Rs cr)	Q3:FY13 (Rs cr)	% Change	Apr-Dec FY12 (Rs cr)	Apr-Dec FY13 (Rs cr)	% Change
Total Income	8,821.32	9,685.51	9.8	24,079.74	28,564.78	18.6
Interest Income	7,671.99	8,844.92	15.3	21,555.20	26,125.08	21.2
Interest Expenses	5,016.48	6,004.02	19.7	14,035.59	17,623.81	25.6
Net Interest Income	2,655.51	2,840.90	7.0	7,519.61	8,501.27	13.1
Other Income	1,149.33	840.59	-26.9	2,524.54	2,439.70	-3.4
Operating Expenses	1,196.65	1,425.51	19.1	3,464.71	4,049.23	16.9
Staff Expenses	674.03	798.15	18.4	1,966.02	2,310.35	17.5
Total Expenses	6,213.13	7,429.53	19.6	17,500.30	21,673.04	23.8
Operating Profit	2,608.19	2,255.98	-13.5	6,579.44	6,891.74	4.7
Provision for Tax	468.60	202.61	-56.8	1,340.51	833.03	-37.9
Provisions (other than tax) & contingencies	836.74	1,029.31	23.0	1,711.14	2,569.52	50.2
Net Profit	1,289.85	1,011.62	-21.6	3,488.78	3,451.87	-1.1

Note: As Bank had taken over the specified Assets & Liabilities of the Memon Co-operative Bank Ltd. on 18th April, 2011, it has proportionately charged Rs 12.44 crore to the Profit & Loss A/c during Q3, FY13 as per the approval granted by the RBI [See Note 4 of the SEBI Statement].

Profits

The Bank's **Operating Profit** and **Net Profit** stood at **Rs 2,255.98 crore** and **Rs 1,011.62 crore**, respectively in Q3, FY13 on the back of a faster rise in interest expenses versus interest earnings (primarily due to elevated inflation & subdued credit demand) and on lower trading gains. While, **Operating Profit** for the first nine months of FY13 posted a gain of **4.7%** to attain **Rs 6,891.74 crore**, the **Net Profit** remained at **Rs 3,451.87 crore** during Apr-Dec, FY13 almost at the same level as in the comparable period of previous year.

Income

During Q3, FY13, the Bank's **Interest Earnings** increased by **15.3%** (y-o-y) to **Rs 8,844.92 crore**, whereas **Interest Expenses** grew by **19.7%** to **Rs 6,004.02 crore**. As a result, the **Net Interest Income (NII)** posted a modest growth of **7.0%** (y-o-y) to **Rs 2,840.90 crore**. The Bank's **Other Income** during Q3, FY13 posted a decline of **26.9%** (y-o-y) primarily due to the lower trading gains. However, in sequential terms, **trading gains** improved for the Bank from **Rs 112 crore** in Q2, FY13 to **Rs 136 crore** in Q3, FY13.

In overall terms, the Bank's **Total Income** increased by **9.8%** (y-o-y) to **Rs 9,685.51 crore** in Q3, FY13.

During the first nine months of FY13, the Bank's **NII**, **Other Income** and **Total Income** stood at **Rs 8,501.27 crore**, **Rs 2,439.70 crore** and **Rs 28,564.78 crore**, respectively.

Despite continued macro headwinds and subdued credit demand, the Bank could protect its **Net Interest Margin (NIM)** in domestic operations around **3.08%** during Q3, FY13 and at **3.17%** during Apr-Dec, FY13.

Expenses

During Q3, FY13, the Bank's **Interest Expended** (at **Rs 6,004.02 crore**) posted a growth of **19.7%** (y-o-y), as interest rates on deposits continued to stay elevated on account of sticky inflationary pressures. **Employee Cost**, too increased by **18.4%** (y-o-y) to **Rs 798.15 crore** partly due to the ad hoc provisions for wage revisions. During Apr-Dec, FY13, the Bank's **Interest Expended**, **Employee Cost** and **Total Expenses** stood at **Rs 17,623.81 crore** (up **25.6%**), **Rs 2,310.35 crore** (up **17.5%**) and **Rs 21,673.04 crore** (up **23.8%**), respectively.

Despite challenging economic environment, the Bank has maintained its **Cost-Income Ratio** at the level of **37.35%** during Apr-Dec, FY13 – one of the best amongst peers.

Provisions

Keeping up with its prudent practices, the Bank has maintained its **Provision Coverage Ratio** at the healthy level of **70.9%** during Apr-Dec, FY13. This will act as a cushion against the stricter regulatory norms, going forward.

The Bank's **Provisions (other than Tax Provisions)** increased by **23.0%** (y-o-y) in Q3, FY13 to **Rs 1,029.31 crore** and by **50.2%** (y-o-y) in Apr-Dec, FY13 to **Rs 2,569.52 crore**.

Business Expansion

On y-o-y basis, **Total (Global) Business** of the Bank posted a growth of **17.1%** to **Rs 7,14,051 crore** as at end-Dec, 2012 from **Rs 6,09,867 crore** as at end-Dec, 2011. While **Global Deposits** increased by **18.8%** (y-o-y) to **Rs 4,14,733 crore** at end-Dec, 2012, **Global Advances** increased by **14.8%** to **Rs 2,99,318 crore** during the first nine months of FY13.

Despite elevated interest rates on retail term deposits, the Bank could protect its **Domestic CASA share (%)** around **32.22%** as on 31st December, 2012.

The Bank's **Retail Credit** increased by **14.0%** (y-o-y) and reached **Rs 35,392 crore by end-Dec, 2012**. The Retail Loan-book formed **17.2%** of the Bank's **Gross Domestic Credit**. While the Bank's **Credit to SMEs** expanded by **21.7%** to **Rs 39,083 crore**, its **Farm Credit** was up **10.7%** to **Rs 28,716 crore** by end-Dec, 2012.

Asset Quality

Gross NPA of the Bank increased to **Rs 7,321.45 crore** as on Dec 31, 2012 from **Rs 5,879.01 crore** as on Sept 30, 2012 primarily due to continued weaknesses in both agriculture and manufacturing sectors during the quarter. However, as % to gross advances, the **Gross NPA** stood at **2.41%** as at 31st Dec, 2012 – one of the lowest amongst peers. The ratio of **Net NPAs (%)** too was contained at **1.12%** as at end-December, 2012. During the first nine months of FY13, the Bank recovered **Rs 222.07 crore** from its written off accounts.

Capital Adequacy

The Bank's **Capital Adequacy Ratio** stood at **12.66%** as at end-Dec, 2012 with the **Tier 1 Capital** ratio at **9.33%** (without including the first nine months' profit earned during FY13). Both the CRAR and Tier 1 ratios will go up by 114 bps, if we add the profits earned during Apr-Dec, FY13 to the Bank's Capital.

The Bank did not raise any "Capital" during the first nine months of FY13, given a muted growth in credit demand and the adequate level of Bank's **Capital Adequacy**.

Overseas Business

As on 31st December, 2012, the Bank was present in **24** countries (other than India) with **97** offices. During the first nine months of FY13, the Bank opened **nine new branches in its overseas territories**, out of which two belonged to New Zealand, two to Uganda and one each was opened in Mauritius, Ghana, Oman, Kampala and Australia.

During the period Apr-Dec, FY13, the Bank's **International Business** contributed **30.4%** to its **Global (Total) Business**, **24.4%** to its **Global Gross Profits** and **37.7%** to its **Global Core Fee Income** defined as "Commission, Exchange & Brokerage."

Important Initiatives

During Apr-Dec, 2012, the Bank opened **231** new branches in its domestic operations and **276** new ATMs. With this, the Bank's domestic branch network has reached the level of **4,134** and its ATMs have increased to **2,288**.

Bank has been hiring people in a focused fashion year on year to cater to the challenges of superannuation and sustained business growth led by branch expansion. During the first nine months of FY13, the Bank has hired **2,700** new employees in various cadres. The Bank has undertaken massive skills up-gradation programmes for its existing employees and also a few structured programmes for its new employees to train them in various specialised banking skills pertaining to credit, forex, marketing, etc. The Bank has made further progress in its Business Process Re-engineering Project that is underway for the last couple of years.

In the domain of Financial Inclusion, around 4,535 villages having population more than 1,000 were allotted to our Bank in two phases i.e. 2,839 in the first phase and 1,696 in the second phase. Our Bank has achieved 100.0% coverage of all 2,839 villages of the first phase well before March 2012 and it is in preparedness to cover new 1,696 villages by March 2013. Our Bank has also established 2,734 Ultra Small Branches across the country as on 31st December, 2012.

Awards and Accolades

The Bank has received several prestigious awards this year so far for its consistent and qualitatively superior performance under various business heads. To name a few, it received the Bloomberg UTV Financial Leadership Award – Best PSU Bank; Best CIO Award of BFSI Sector from Institute of Public Enterprises, 2012; Dun & Bradstreet – Polaris Financial Technology Banking Awards – Best PSB under the Global Business development & Overall Best PSB; Banking Technology Award- 2011 by IBA for various categories such as Technology in Training & e-Learning, Best CRM, Best Business Intelligence, Best Mobile Technology & Best Risk Management & Security Initiatives; Business India Best Bank Award 2012; Forbes India Leadership Award- Best CEO of Public Sector; CNBC TV18 “India Best Bank & Financial Institutions Award – Best PSB, etc.

Mumbai
February 4, 2013

S. S. Mundra
Chairman & Managing Director