

- **Net Profit at Rs 1,168 crore in Q1, FY14- up 2.6% y-o-y & up 13.5% sequentially**
- **Operating Profit at Rs 2,452 crore in Q1, FY14 - up 8.8%, y-o-y & up 12.4% sequentially**
- **Total Business at Rs 7,88,340 crore at end-June, 2013 (up 17.9%, y-o-y)**
- **NIM (Domestic) at 2.84% & NIM (Global) at 2.41%**
- **Gross NPA at 2.99% & Net NPA at 1.69%**
- **Provision Coverage Ratio at 63.6%**
- **ROAA (annualized) at 0.85%**
- **ROE (annualized) at 14.33%**
- **CRAR at 12.70% with Tier 1 at 9.68%**

Bank of Baroda has announced its reviewed results for the first quarter of 2013-14 (Q1, FY14) following the approval of its Board of Directors on August 1, 2013.

Results at a Glance

Particulars	Apr-June 2013-14	Apr-June 2012-13	% Change
Total Income	10,717.49	9,328.41	14.89
Interest Income	9,486.94	8,557.61	10.86
Interest Expenses	6,597.84	5,759.54	14.55
Net Interest Income	2,889.10	2,798.07	3.25
Other Income	1,230.55	770.80	59.65
Operating Expenses#	1,668.03	1,315.69	26.78
Of which: Staff Expenses	1,013.98	760.99	33.24
Total Expenses #	8,265.87	7,075.23	16.83
Operating Profit #	2,451.62	2,253.18	8.81
Provisions & Contingencies (other than taxes)	1,017.86	893.80	13.88
Provision for Taxes	250.34	208.08	20.31
Net Profit	1,167.87	1,138.86	2.55

Note: #: excludes the exceptional items of Rs 15.55 crore for Q1, FY14 and Rs 12.44 crore for Q1, FY13 as a share of the total deficit of Rs 186.58 crore on account of the take-over by the Bank of the specified Assets & Liabilities of "The Memon Co-operative Bank Ltd." as per the approval granted by RBI vide letter no. DBOD.No.BP.1311/21.04.048/2010-11 dated 25th July 2011.

PROFIT

The Bank could keep in the positive growth zone both its **Operating Profit** (up **8.8%**, y-o-y and up 13.5% sequentially) and **Net Profit** (up **2.6%**, y-o-y and 12.4% sequentially) even as the economic environment worsened during Q1, FY14. During the first quarter of 2013-14, the Bank's **Operating Profit** stood at **Rs 2,451.62 crore**, while Net Profit at **Rs 1,167.87 crore**. It may be noted that the Bank has prudently made full provisions on its existing restructured accounts during Q1, FY14 itself, even though the RBI guidelines permit to distribute this burden over four quarters of FY14, whose impact works out to **Rs 92 crore**.

INCOME

The Bank's **Total Income** posted a healthy growth of almost **15.0%** (y-o-y) and attained the level of **Rs 10,717.49 crore** in Q1, FY14. Within this, **Interest Income** grew by **10.9%** (y-o-y) to **Rs 9,486.94 crore**, whereas **Other Income** grew by **59.7%** to **Rs 1,230.55 crore** primarily due to the excellent performance put out by the Bank's Treasury Division. However, stronger growth of interest expenses kept the growth in **Net Interest Income (NII)** muted at **3.3%**, which attained the level of **Rs 2,889.10 crore** in Q1, FY13.

EXPENSES

The Bank's **Total Expenses** grew by **16.8%** (y-o-y) to **Rs 8,265.87 crore** in Q1, FY14 primarily on the back of a strong growth of **33.2%** (y-o-y) in **Staff Expenses** to **Rs 1,013.98 crore** and a growth of **14.55%** (y-o-y) in **Interest Expenses** to **Rs 6,597.84 crore**. A sharp increase in Staff Expenses was on account of higher provisions against AS-15 requirements and a wage hike. **Other Operating Expenses** (other than Staff Costs) grew at the pace of **17.9%** (y-o-y) to **Rs 654.05 crore** in Q1, FY14 – in line with the past trend.

PROVISIONS AND CONTINGENCIES

Provisions and Contingencies (excluding tax provisions) made by the Bank stood at **Rs 1,017.86 crore** in Q1, FY14 versus Rs 893.80 crore in Q1, FY13. An increase in these provisions was primarily on account of higher provisions against standard advances in line with the RBI's revised restructuring guidelines. **Provisions for Taxes** too increased from Rs 208.08 crore to **Rs 250.34 crore** reflecting a y-o-y growth of **20.3%**.

BUSINESS EXPANSION

The Bank's **Total Business** expanded by **17.9%** (y-o-y) to **Rs 7,88,340 crore** in Q1, FY14. Out of this, **Total Deposits** increased by **22.0%** (y-o-y) to **Rs 4,67,026 crore**, whereas **Total Advances** increased by **12.4%** (y-o-y) to **Rs 3,21,314 crore** in Q1, FY14. **Domestic CASA Deposits** share stood at the decent levels of **31.2%** in terms of Total Deposits and **33.4%** in terms of Core Deposits despite continued elevated interest rates on term-deposits. The Bank's **Retail Credit** increased by **16.0%** (y-o-y) to **Rs 38,191 crore** and formed **17.3%** of the Gross Domestic Credit of the Bank as on 30th June, 2013. While the Bank's **Farm Credit** marginally declined by **2.3%** (y-

o-y) to **Rs 27,142 crore**, its **Credit to MSME** sector grew by **37.04%** (y-o-y) to **Rs 47,068 crore**. A decline in **Farm Credit** was mainly due to the continued effect of re-classification of priority sectors by the RBI last year.

ASSET QUALITY

Gross NPA of the Bank increased to **Rs 9,762.55 crore** as on June 30, 2013 from Rs 7,982.58 crore as on March 31, 2013 driven by continued weaknesses in economic activity. The **Gross NPA ratio** stood at **2.99%** as on 30th June, 2013. The Bank's **Net NPA ratio** stood at **1.69%** in Q1, FY14. In relative terms, the Bank's **Provision Coverage Ratio** was better at **63.6%** as on 30th June, 2013.

CAPITAL ADEQUACY

The Bank's Capital Adequacy Ratio (Basel II) was at **12.70%** as on 30th June, 2013. Out of **12.70%**, the share of Tier 1 capital was **9.68%** and that of Tier 2 Capital was **3.02%**.

KEY FINANCIAL RATIOS

- The Bank's **Net Worth** expanded by **16.9%** (y-o-y) to **Rs 32,598 crore** as on 30th June, 2013.
- In annualized terms, the Bank's **Return on Equity (%)** stood at **14.33%**.
- Its **Return on Average Assets (%)** stood at **0.85%**.
- The Bank's **Book Value per Share** improved to **Rs 773.83** as on 30th June, 2013 from Rs 678.37 as on 30th June, 2012 (up **14.1%** y-o-y).

OVERSEAS BUSINESS

The Bank's Overseas Business continued to remain a major support to its Overall Business. It posted a y-o-y growth of 27.7% in Q1, FY14 out of which around 8.0% was contributed by the currency depreciation. During Q1, FY14, the Overseas Operations contributed **31.5%** to the Bank's **Global Business**, **22.2%** to its **Gross Profit** and **33.3%** to its **Core Fee Income**. The **Gross NPA (%)** in overseas business marginally increased from 1.37% in Q4, FY13 to **1.56%** in Q1, FY14.

As on 30th June, 2013 the Bank's Overseas Operations were spread across **24** countries through **100** offices. During FY14, the Bank proposes to open **five** offices in its own overseas operations in Abu Dhabi, Shaijah and U.K. and **four** offices in its overseas subsidiaries.

MAJOR STRATEGIC INITIATIVES in Q1, FY14

- The Bank has shed **Preferential High-Cost Deposits** to the extent of **Rs 22,363 crore** in Q1, FY14 to control the pressure on cost of funds.
- To give a boost to **Retail/MSME** businesses, it brought down the **effective cost of borrowing** not just for the new borrowers but also for the existing borrowers.

- It significantly strengthened its **Credit Monitoring** process and the system for “**Early Detection of Stress Accounts**” to enable it to take suitable follow-up actions.
- Furthermore, it also strengthened its **Loan Factory** set up with marketing people. Its **Central Sales Offices** (CSOs) have been streamlined at the Zonal (or State) level to help create a “**Sales and Service Culture**” in the Bank.
- It opened **13** new branches in its **Domestic Operations** and set up **370** new **ATMs** and **109** new **POS** machines (Point of Sale Machines) in Q1, FY14. The Bank has set for itself the target of 6,000 ATMs from the current level of 3,000 ATMs and 25,000 POS machines from the current level of 5,622 POS.
- During Q1, FY14, its HR initiative of Project Sparsh was taken forward for **Talent Identification** and **Succession Planning**.
- The Bank converted **11** more Metro and Urban branches into **Baroda Next** branches during Q1, FY14.
- Its **Corporate Financial Service** branches and the newly created **Mid-Corporate** branches have been strengthened significantly during Q1, FY14 to contribute to credit growth.

August 1, 2013
Mumbai

S. S. Mundra
Chairman & Managing Director