बैंक ऑफ़ बड़ौदा
Bank of Baroda

BANK OF BARODA ANNOUNCES FINANCIAL RESULTS FOR QUARTER 1 OF FY 2017

Press Release

Highlights (Standalone Basis)

- **Operating profit of INR 2,669 crore, the highest in the last 5 quarters.**
- **Profit after Tax of INR 424 crore moving from a loss position in the previous two quarters.**
- **Total Business of INR 9,24,940 crore as at June 30, 2016 was lower from INR 10,01,475 crore as at June 30, 2015 and INR 9,57,808 crore as at March 31, 2016 on account of planned and structured rundown of low yielding assets and high cost liabilities.**
- **Improved deposit mix leading to reduction in the cost of domestic deposits from 6.93% as at June 30, 2015 and 6.61% as at March 31, 2016 to 6.21% as at June 30, 2016.**
- **Domestic CASA grew on an average by 12.79% (on y-o-y basis) and 9.40% (on q-o-q basis) driven by Savings bank deposit growth of 14.08% and 9.85% (on y-o-y and q-o-q basis respectively).**
- **Domestic CASA on average basis stood at 33.00% as compared to 29.09% as at June 30, 2015 and 29.43% as at March 31, 2016. On terminal basis, Domestic CASA stood at 33.83%.**
- **Conscious rundown of certain unprofitable assets in the International business, leading to improvement in Net Interest Margin from 0.92% to 0.98% on y-o-y and q-o-q basis.**
- **Gross NPA at 11.15% & Net NPA stood at 5.73%.**
- **Provision Coverage Ratio stood at 60.17%.**
- **CRAR (Basel III) stood at 13.07% and CET 1 stood at 10.19%.**

Bank of Baroda announced its audited results for the Q1 of FY 2017, following the approval of its Board of Directors on August 11, 2016.

Results at a Glance (Standalone Basis)

All figures in INR crore

Particulars	Quarterly Results		
	Q1 FY 17	Q4 FY 16	Q1 FY 16
Total Income	11,878	12,789	12,244
Interest Income	10,434	11,014	11,276
Interest Expenses	7,062	7,684	7,817
Net Interest Income	3,372	3,330	3,460
Other Income	1,444	1,775	967
Total Expenses	9,208	10,217	10,042
Operating Expenses	2,146	2,533	2,225
of which, Employee Cost	1,108	1,434	1,345
Operating Profit	2,669	2,572	2,202
Provision for NPA	1,986	4,880	568
Provision for Tax	242	(1,055)	550
Net Profit	424	(3,230)	1,052

BUSINESS

The Bank's **Total Business** stood at **INR 9,24,940 crore** as at June 30, 2016 down from INR 10,01,475 crore as at June 30, 2015 on account of planned and structured rundown of assets and liabilities.

Total Deposits stood at **INR 5,62,174 crore** as at June 30, 2016 as against **INR 5,93,087 crore** as at June 30, 2015. Corresponding figures for Average Deposits (based on daily averages) were **INR 5,57,817 crore** and **INR 5,75,856 crore**.

The Bank has rundown high cost liabilities to improve the deposit mix leading to reduction in cost of domestic deposits from 6.61% as at March 31, 2016 to 6.21% as at June 30, 2016 and also **improvement in ratio of domestic CASA deposits on average basis at 33.00%** as compared to an average of 29.09% as at June 30, 2015 and 29.43% as at March 31, 2016. On a terminal basis, Domestic CASA was at 33.83%. Domestic Savings bank deposit saw a robust growth of 14.08% y-o-y on an average basis.

Total Advances (Net) were **INR 3,62,766 crore** as at June 30, 2016 against **INR 4,08,388** crore as at June 30, 2015. Average Advances (Gross - based on daily averages) were **INR 3,96,123 crore** and **INR 4,05,533 crore** respectively. The Bank has undertaken a conscious rundown of certain unprofitable assets resulting in improvement in yield on advances as well as Net Interest Margin.

The Bank's **International Business** continues to occupy a significant position. As at June 30, 2016, the International Operations contributed **30.37%** to the Bank's Total Business. As a part of rebalancing of the International book, a portion of low yielding assets have been substituted with higher yielding local credit.

INCOME

The Bank's **Total Income** stood at **INR 11,878 crore** in Q1 FY17. **Net Interest Income** stood at **INR 3,372 crore**. **Other Income** increased by **49.33%** (y-o-y basis) to **INR 1,444 crore,** driven by improved trading gains.

EXPENSES

The Bank's **Total Expenses** declined by 8.30 % (y-o-y basis) to **INR 9,208 crore** in Q1 FY 17 driven primarily by reduction in cost of deposits. The interest expenses reduced by 9.66% (y-o-y basis) from INR 7,817 crore as at June 30, 2015 to INR 7,062 crore as at June 30, 2016. Operating expenses were contained with a reduction of 3.55% during the corresponding period.

PROFIT

Prudent management of assets and liabilities as detailed above has led to improvement in profitability. The Bank's **Operating Profit** was **INR 2,669 crore** in Q1 FY17 (as against **INR 2,202 crore** in Q1 FY 16), which is the highest in the last five quarters.

The Bank **returned to profitability** and posted a **Net Profit of INR 424 crore** for Q1 FY 17.

NET INTEREST MARGIN

The Net Interest Margin (NIM) for Domestic operations has improved from 2.70% to 2.80% sequentially while the NIM for International operations has improved from 0.92% to 0.98%.

ASSET QUALITY

Gross NPA (GNPA) of the Bank stood at **INR 42,991 crore** as atn June 30, 2016 as compared to INR 40,521 crore as at March 31, 2016. The Gross NPA ratio stood at 11.15**%** as compared to 4.13% as at June 30, 2015 and 9.99% as at March 31, 2016. The corresponding figures of the **Net NPA ratio** stood at **5.73**%, 2.07% and 5.06%

respectively. The ratios have increased partly on account of the conscious reduction in the asset base during the year.

Total Restructured Standard Assets of the Bank were **INR 14,164 crore** as atn June 30, 2016. The total Stressed Assets (GNPA + Restructured Standard Assets) were 14.83% of the Gross Advances.

PROVISIONS AND CONTINGENCIES

Provisions and Contingencies (excluding tax provisions) made by the Bank stood at **INR 2,004 crore** in Q1 FY17. **Provisions against NPAs/ Bad Debts written off** stood at **INR 1,986 crore** in Q1 FY17. The **Provision Coverage Ratio (PCR)** was **60.17%** as at June 30, 2016. Provision for tax was INR 242 crore.

CAPITAL ADEQUACY

The **CRAR** on standalone basis **(Basel III)** is **13.07%** as at June 30, 2016. Out of this, the **Tier 1** capital was 10.70% and **CET 1** Capital was 10.19%.

TRANSFORMATION OF THE BANK

The Bank has launched Project Navoday - a comprehensive transformation spanning business strategy, products and services, processes, digitization and capability enhancement of our people, delivering a differentiated world-class experience to our customers.

The transformation will enable the Bank to realize improved market share, quality growth of balance sheet, diversified portfolio, enhanced fee income, strengthened internal controls and compliance, enabled by cutting-edge digital technology. While this transformation exercise will be completed over a period of 18 months, the early benefits should start flowing from Q4 FY 17.

August 11, 2016
Mumbai

Sd/-
V.S. Narang
Chief Financial Officer

About Bank of Baroda

Bank of Baroda ("The Bank") established on July 20, 1908 is an Indian state-owned banking and financial services organization, headquartered in Vadodara (earlier known as Baroda), in Gujarat, India.

Bank of Baroda is one of India's largest banks with a strong domestic presence spanning 5,351 branches and 10,354 ATMs and Cash Recyclers supported by self-service channels. The Bank has a significant international presence with a network of 106 branches/ offices subsidiaries, spanning 24 countries. The Bank has wholly owned subsidiaries including BOBCARDS and BOB Capital Markets. Bank of Baroda also has joint ventures for life insurance with IndiaFirst Life Insurance and for asset management with Baroda Pioneer Asset Management. The Bank owns 98.57% in Nainital Bank. The Bank has also sponsored three Regional Rural Banks namely Baroda Uttar Pradesh Gramin Bank, Baroda Rajasthan Gramin Bank and Baroda Gujarat Gramin Bank.

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