

- **Net Profit** up <u>17.1</u>% to Rs <u>2,198.93</u> crore in H1, FY12
- **Net Profit** up **14.4**% to **Rs 1,166.08 crore** in Q2, FY12
- Total Business up <u>22.9</u>% to Rs <u>5,68,306</u> crore
- Total Income up <u>36.4</u>% to Rs <u>15258.42</u> crore in H1, FY12
- **Total Income** up <u>36.7</u>% to Rs <u>7,985.78</u> crore in Q2, FY12
- **NII** up **24.8**% to **Rs 4,864.10 crore** in H1, FY12
- **NII** up **25.9**% to **Rs 2,566.91 crore** in Q2, FY12
- Net NPAs at 0.47% on 30 Sept, 2011
- Capital Adequacy Ratio at 12.73% on 30 Sept, 2011
- **NIM (Domestic)** at <u>3.67</u>% in Q2 & at <u>3.53</u>% in H1, FY12
- NIM (Global) at 3.07% in Q2 & at 2.97% in H1, FY12
- **ROAA** at <u>**1.18**</u>% during H1, 2011.12
- **ROAA** at **1.23**% during Q2, 2011-12
- ROE at 19.60% (annualized) during Apr-Sept, 2011

Bank of Baroda has announced its reviewed results for the second quarter of 2011-12 (Q2, FY12) and for the half year ended September 30, 2011 (H1, FY12), following the approval of its Board of Directors on October 31, 2011.

Results at a Glance

| | Quarterly Results | | | Half-Yearly Results | | |
|-------------------|-------------------|----------|--------|---------------------|-----------|--------|
| Particular | Q2:FY12 | Q2:FY11 | % | H1:FY12 | H1:FY11 | 0/0 |
| | (Rs cr) | (Rs cr) | Change | (Rs cr) | (Rs cr) | Change |
| Total Income | 7,985.78 | 5,839.96 | 36.7% | 15,258.42 | 11,184.16 | 36.4% |
| Interest Income | 7,251.44 | 5,158.66 | 40.6% | 13,883.21 | 9,885.62 | 40.4% |
| Interest Expenses | 4,684.53 | 3,120.52 | 50.1% | 9,019.11 | 5,989.49 | 50.6% |
| NII | 2,566.91 | 2,038.14 | 25.9% | 4,864.10 | 3,896.13 | 24.8% |
| Other Income | 734.34 | 681.30 | 7.8% | 1,375.21 | 1,298.54 | 5.9% |
| Total Expenses | 5,845.81 | 4,183.22 | 39.7% | 11,287.17 | 7,999.55 | 41.1% |
| Operating | 1,161.28 | 1,062.70 | 9.3% | 2,268.06 | 2,010.06 | 12.8% |
| Expenses | | | | | | |
| Operating Profit | 2,139.97 | 1,656.74 | 29.2% | 3,971.25 | 3,184.61 | 24.7% |
| Provision for Tax | 477.54 | 451.95 | 5.7% | 871.91 | 869.33 | 0.3% |
| Provision (other | | | | | | |
| than tax) & | 483.35 | 185.49 | 160.6% | 874.40 | 436.82 | 100.2% |
| contingencies | | | | | | |
| Net Profit | 1,166.08 | 1,019.30 | 14.4% | 2,198.93 | 1,878.46 | 17.1% |

Profits

Despite steadily deteriorating economic scenario, the Bank's **Operating Profit** grew healthily by **24.7%** (**y-o-y**) to **Rs 3,971.25 crore** in H1, FY12. Its **Operating Profit** for Q2, FY12 also grew decently by **29.2%** (**y-o-y**) to **Rs 2,139.97 crore**. The **Net Profit** for H1, FY12 and Q2, FY12 too grew in line with the guidance given by the Bank, notably, by **17.1%** and **14.4%** respectively, to **Rs 2,198.93 crore** in H1, FY12 and to **Rs 1,166.08 crore** in Q2, FY12. The growth in profits was supported by a

relatively stronger growth in Net Interest Income, Core Fee-based Income, and continuation of vigorous control over Total Expenses.

Income

During H1, FY12, while **Interest Income** of the Bank grew richly by **40.4**% to **Rs 13,883.21 crore**, its **Interest Earned on Advances** grew at a pace of **42.6**% (to **Rs 10,559.58 cr**) reflecting the Bank's continued thrust on lending. The Bank's **Interest Income** grew at **40.6**% to **Rs 7,251.44** crore in Q2, FY12 and within this, the **Interest Earned on Advances** was up **42.8**% to **Rs 5,482.35 crore**.

The Bank's efficient loan pricing and prudent management of liabilities enabled it to expand its **Net Interest Income** by **25.9**% (to **Rs 2,566.91 crore**) in Q2, FY12 and by **24.8**% (to **Rs 4,864.10 crore**) in H1, FY12 despite difficult credit conditions. As a result, the Bank's **Net Interest Margin** (as % of interest earning assets) improved from 2.87% in Q1, FY12 to 3.07% in Q2, FY12 in global operations. Moreover, the Bank's **Net Interest Margin** in domestic operations improved from 3.39% in Q1, FY12 to **3.67**% in Q2, FY12.

Expenditure

During H1, FY12, the Bank's **Interest Expended** (at **Rs 9,019.11 cr**) reflected a strong growth of **50.6**% on the back of elevated term deposit rates for around eleven months in the system. However, its **Employee Cost**, grew at the controlled pace of **4.8**%. Factoring in both the effects, its **Total Expenses** grew by **41.1**% and reached the level of **Rs 11,287.17 crore** in H1, FY12.

During Q2, FY12, the Bank's **Interest Expended**, **Employee Cost** and **Total Expenses** stood at **Rs 4,684.53 crore**, **Rs 646.61 crore** and **Rs 5,845.81 crore** respectively.

Provisions and Contingencies

Provisions and Contingencies (excluding tax provisions) for the Bank have nearly doubled during H1, FY12 on y-o-y basis to **Rs 874.40 crore** on account of much higher provisions against investment depreciation as well as NPLs. During Apr-Sept, 11, while the yield on the 10-year GoI benchmark paper hardened by 44 bps, the benchmark stock index (Sensex) lost more than 15.0%.

The Bank's **Loan Loss Coverage Ratio** stood at the comfortable level of **67.12**% (without technical write-offs) and at **81.97**% (with technical write-offs) at end-September 2011. The **Bank's Provisions for Tax** increased by just **0.30**% during H1, FY12 to **Rs 871.91 crore.** During Q2, FY12, the Bank's **Tax Provisions** increased by **5.7**% to **Rs 477.54 crore.**

Business Expansion

On a y-o-y basis, **Total (Global) Business** of the Bank increased by **22.9**% to **Rs 5,68,306 crore** in H1, FY12 from **Rs 4,62,619 crore** in H1, FY11. While **Total Deposits** increased by **22.1**% to **Rs 3,29,185 crore** as at end-September, 2011 from **Rs 2,69,660 crore** as at end-September 2010, **Total Advances** increased by **23.9**% to **Rs 2,39,120 crore** at end-September, 2011 from **Rs 1,92,959 crore** at end-September, 2010.

The Bank's **Retail Credit** increased by a modest **9.9% (Y-o-Y)** in H1, FY12 to **Rs 29,885 crore** (primarily due to the increased cost of borrowings) and formed **17.4%** of the Bank's **Gross Domestic Credit**. On year-on-year basis, while the Bank's **Credit to SMEs** expanded by **28.3%** to **Rs 30,149 crore**, its **Farm Credit** was up **4.9%** and attained the level of **Rs 22,619 crore** by end-Sept, 2011.

Asset Quality

Gross NPAs of the Bank stood at **Rs 3,402.10 crore** at end-Sept, 2011 and as "per cent to gross advances" it was at a comfortable level of 1.41%. The **Net NPAs** (%) too were in line with the expectations at 0.47% (or at **Rs 1,118.58 crore**). The **Cash Recovery** (from **NPA** plus from the written off Accounts) during H1, FY12 stood at the healthy level of **Rs 421.55 crore**.

Capital Adequacy

The Bank's **Capital Adequacy Ratio** was at **12.73**% (as per Basel II) as of September 30, 2011 despite a growth of 23.9% in the Bank's loan book on year. Its **Tier 1** too was at the healthy level of **8.82**%. Kindly note that these ratios do not reflect the profits earned by the Bank during Apr-Sept, 2011, as per the RBI's new norms. If added, the Bank's actual CRAR & Tier 1 would go up sharply by 86 bps.

Overseas Business

Currently, the Bank is present in 25 countries through its **86** offices. During the financial year so far, the Bank has opened a branch in Uganda at Ovino Market on June 2, 2011. The Bank has received an approval in principle from the Russian regulator to set up a subsidiary in Russia. Besides, it has received approvals from the RBI but waiting to receive approvals from the host countries to open offices in various places like UAE, Mauritius, Australia, Qatar, Oman and China.

During H1, FY12 the Bank's **Overseas Operations** contributed **27.20**% to its **Total Business**, **20.09**% to its **Operating Profits** and **35.98**% to its **Core Fee-based Income**.

Awards and Accolades

The Bank has received several prestigious awards during the current financial year so far like (1) Best Public Sector Bank by the CNBC-TV18 & MCX, (2) Golden Peacock Award for Excellence in Corporate Governance (received at London), (3) Dainik Bhaskar India Pride Award for 2011, (4) Most Efficient Bank in Kenya, (5) Best Initiatives in Inclusive Banking-FIBC Banking Award, (6) Dun & Bradstreet's Leading Public Sector Bank in "Global Business Development Category" and (7) National Award for Performance under SME Business.

Besides, the Bank's Chairman & Managing Director too received several esteemed awards like (1) Outstanding Financial Professional-2010 by CNBC-TV18 & MCX, (2) Best Banker Award (T. A. Pai Memorial Award) by Karnataka State Open University and (3) Lifetime Achievement Award by Dainik Bhaskar India Pride Awards during the half-year ended September, 2011.

October 31, 2011 Mumbai

M. D. Mallya Chairman & Managing Director