



बैंक ऑफ़ बड़ौदा
Bank of Baroda

Bank of Baroda:
Weathering the Storm by Building Business Resilience
Performance Analysis: Q3 & Apr-Dec, 2014-15 (FY15)

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BOB's Results At A Glance



Results for Q3, FY15

<i>Performance Parameter</i>	<i>Rs crore</i>	<i>Growth (y-o-y)</i>
Net Profit	334	-68.1%
Operating Profit	2,339	6.4%
Total Business	9,58,230	11.9%
Total Deposits	5,64,600	12.1%
Total Advances	3,93,631	11.7%
Total Assets	6,57,042	11.9%
Net Worth	38,089	10.2%
Total Capital (Basel II)	46,035	9.8%
Tier 1 Capital (Basel II)	34,211	13.4%
Business per Employee	17.48	3.9%

Ratios for Apr-Dec, FY15

<i>Key Performance Ratio</i>	<i>(in %)</i>
Return on Average Assets	0.57%
Return on Equity	9.80%
Cost-Income Ratio	44.97%
Capital Adequacy Ratio (Basel II, Tier 1: <u>9.61%</u>)	12.94%
Capital Adequacy Ratio (Basel III, Tier 1: <u>9.09%</u>)	12.42%
Provision Coverage Ratio	62.37%
Gross NPA	3.85%
Net NPA	2.11%

BOB's Results At A Glance



Parameter	Q1, FY15	Q2, FY15	Q3, FY15
Net Interest Income	3,328	3,401	3,286
Fresh Slippages	1,881	1,758	3,042
Incremental Restructuring	986	1,175	1,598

Bank's Key Strategic Initiatives in Apr-Dec, FY15



- **During Apr-Dec, FY15, the Bank's term deposits with preferential rate of interest has declined** from Rs 11,792 cr at end-Mar, 2014 to **Rs 8,082 cr** at end-Dec, 2014; even the share of CDs to Term Deposits fell from 7.5% at end-Mar'14 to **2.51%** at end-Dec'14.
 - To give a boost to its Retail Business, **it launched loan campaigns in home/car/traders' loans, opened 15 new Retail Loan Factories (taking the network to 60)**, streamlined the schemes for housing/educational loans and strengthened its lending automation processing system (LAPS) for efficient processing of the proposals.
 - To promote the growth of its MSME loan-book, **it focused on micro/CGTMSE accounts and introduced area-specific schemes** for MSME units in the sectors like ceramic tiles, marbles, plastic, textiles, agro- based industries, automobile, RTO, minerals, brass, hosiery, tea processing, shoe-making, etc.
 - Strengthening of its **Credit Monitoring process thru' online monitoring** and improved system of "Early Detection of Stress Accounts" enabled the Bank to take timely follow-up actions and make strong gains in "Cash Recovery".
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Bank's Key Strategic Initiatives in Apr-Dec, FY15



- It opened 215 new branches in its **Domestic Operations** and set up 1,055 new **ATMs** and 2,270 new **POS** machines (Point of Sale Machines) in Apr-Dec, FY15. It also opened 7 new **e-Lobbies** during this period to offer 24*7 basic banking operations. In its overseas operations, it opened a new branch at **Meru** in its subsidiary in Kenya and **Mwanza** in its subsidiary in Tanzania.
 - During Apr-Dec, FY15, it focused on **massive recruitment and talent acquisition** to take care of the HR gap and further strengthened its systems of training & skill development for the existing as well as new employees.
 - The Bank converted 29 more Metro and Urban branches into **Baroda Next** branches during Apr-Dec, FY15 taking the total number of such high-tech branches to 1,464.
 - As on 31st Dec 2014, 21,946 villages were covered under the Bank's **Financial Inclusion** drive and the Bank set up 2,681 **Ultra Small Branches** across the country to support this initiative.
 - Under Prime Minister Jan Dhan Yojna (PMJDY), the Bank has opened 56.30 lakh accounts and issued 54.41 lakh RuPay cards.
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Bank of Baroda: Key Strengths



- Bank of Baroda is a 106 years old State-owned Bank with modern & contemporary personality, offering banking products and services to Large industrial, SME, retail & agricultural customers across the country.

Uninterrupted Record
in Profit-making and
Dividend Payment

Overseas Business
Operations extend across
24 countries
through 104 Offices

Modern & Contemporary
Personality

Pioneer in many
Customer-Centric
Initiatives

Strong Domestic
Presence through
5,054 brs & 7,309 ATMs

First PSB to receive & maintain
Corporate Governance
Rating (CGR-2)



Capital Ratios
in excess of
Regulatory
Requirements

A well-accepted &
recognised Brand in
Indian banking industry

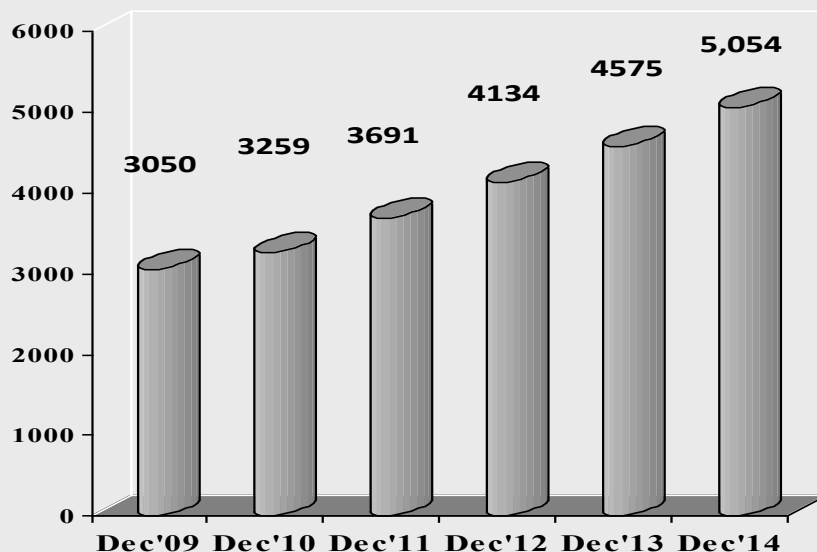
Relatively Strong Presence
in Progressive States like
Gujarat & Maharashtra

Globally Integrated
Advanced Technology
Platform

Domestic Branch Network (as on 31st Dec, 2014)



No. of Domestic Branches



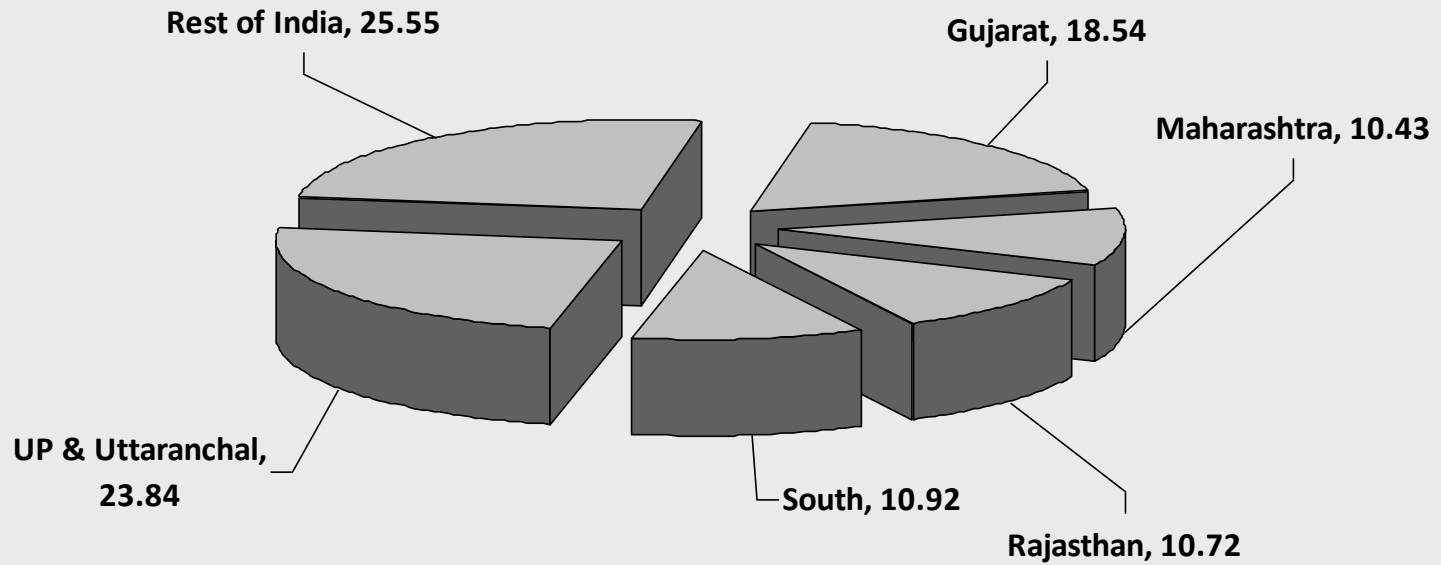
- During past **five** years, the Bank added **2,004** branches to its domestic network.
- In Apr-Dec, FY15, **22** service brs & **5** MICR brs were classified as offices instead of branches as per the new RBI guidelines and hence, they are not included in total no. of branches.
- During Apr-Dec, FY15, the Bank opened **215** new brs & merged **eight** brs in its domestic operations out of its plan to open 400 new brs in FY15.
- Out of the newly opened **215** brs during Apr-Dec, FY15, **55** belonged to 'metro & urban' areas; **76** to semi-urban areas & **84** to rural areas.
- The newly opened **215** brs in Apr-Dec, FY15 mainly belonged to U.P., Rajasthan & Gujarat.
- Around **36.72%** of the Bank's network at the end of Dec, 2014 was situated in rural areas.

Regional Break-up of

Domestic Branches as on 31st Dec, 2014

Metro	Urban	Semi-Urban	Rural
971	878	1,349	1,856

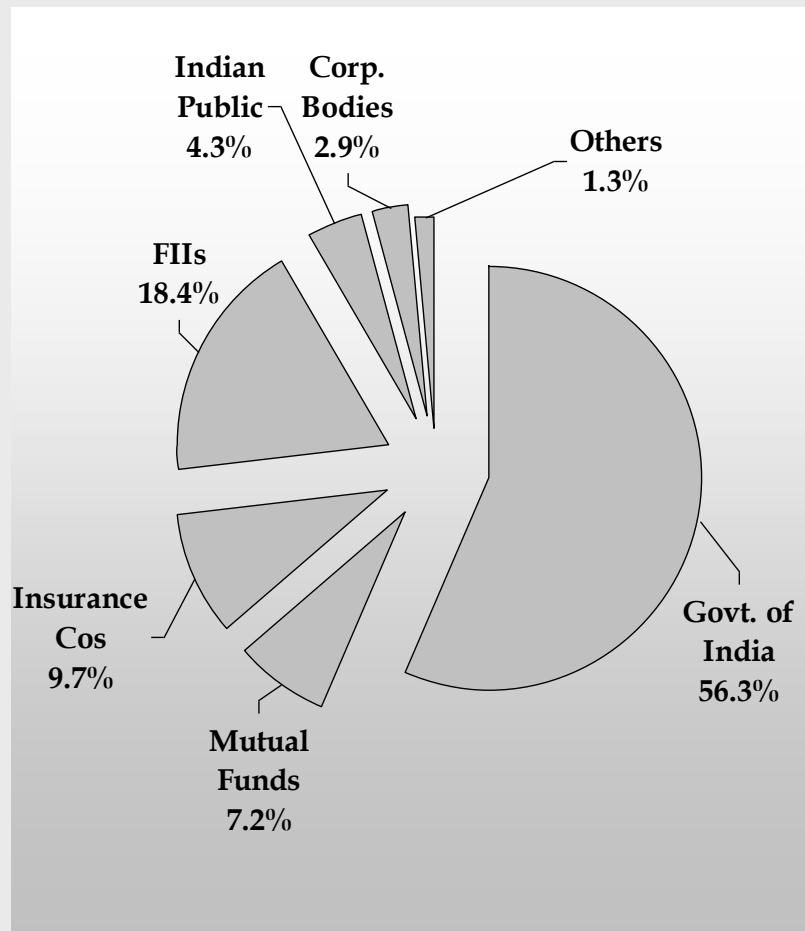
Concentration (%): Domestic Branch Network (As on 31st Dec, 2014)



Pattern of Shareholding: 31st December, 2014



As on 31st Dec, 2014



- **Share Capital:** Rs 430.68 crore
- **Net worth:** Rs 38,089 crore (up 10.2%, y-o-y)
- **B. V. per share (vs. F. V. per share: Rs 10):** Rs 887 (up 8.1%, y-o-y)
- **Return on Equity:** 9.80% in Apr-Dec, FY15

- **BOB is a Part of the following Indexes**
BSE 100, BSE 200, BSE 500 & Bankex
Nifty, BankNifty, CNX 100, CNX 200, CNX 500
- **BOB's Share is also listed on BSE and NSE in the 'Future and Options' segment.**

Macro Environment: Apr-Dec, FY15



- **Real Sector weaknesses continued** during Apr-Dec, 2014 as –
 - **Rainfall this year was deficient & unevenly distributed** and hence official estimates place the output of kharif grain 6.7% (yoy) lower at 120.3 mt. Even sowing of rabi crop until Jan 23, 2015 has been lower by 6.2% on year.
 - **Core or infrastructural industrial production growth continued to remain weak** at 4.6% during Apr-Nov, FY15 versus at 4.1% in Apr-Nov, FY14.
 - **Industrial production growth was also weak at 2.2%** in Apr-Nov, 2014 with capital goods growth at 4.9% and consumer goods growth at -5.7%.
 - **Unemployment rate for India continues to remain high** at 3.8%, with rural unemployment at 3.4% and urban unemployment at 5.0%, respectively.
 - **Headline exports growth has slowed** sharply from near double-digit level in the May-July, 2014 to -0.8% in Oct-Dec, 2014 due to global slowdown and over-valuation of rupee in REER terms.
 - **India's budget deficit has reached 99.0% of its full-year target** in just eight months on the back of a slippage in revenue collections triggered by weak economic growth.
 - **Growth in non-food bank credit plunged to 10.8% at end-Dec, 2014** versus a growth of 14.8% at end-Dec, 2013.
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Business Expansion



Particular (Rs crore)	Dec'13	Mar'14	Dec'14	Y-O-Y (%)	Change Over Mar'14 (%)
Global Business	8,56,218	9,65,900	9,58,230	11.9	-0.8
Domestic Business	5,78,616	6,51,223	6,43,380	11.2	-1.2
Overseas Business	2,77,602	3,14,677	3,14,850	13.4	0.1
Global Deposits	5,03,772	5,68,894	5,64,600	12.1	-0.8
Domestic Deposits	3,40,941	3,79,054	3,82,467	12.2	0.9
Overseas Deposits	1,62,831	1,89,840	1,82,133	11.9	-4.1
Global CASA Deposits	1,32,066	1,46,488	1,49,141	12.9	1.8
Domestic CASA	1,10,032	1,20,381	1,24,013	12.7	3.0
Overseas CASA	22,034	26,107	25,128	14.0	-3.7

• *Share of Domestic CASA in Total Deposits improved sequentially from 31.89% to 32.42% at end-Dec, 2014.*

Business Expansion



Particular (Rs crore)	Dec'13	Mar'14	Dec'14	Y-O-Y (%)	Change Over Mar'14 (%)
Global advances (Net)	3,52,446	3,97,006	3,93,631	11.7	-0.9
Domestic Advances	2,37,674	2,72,169	2,60,913	9.8	-4.1
Overseas Advances	1,14,772	1,24,837	1,32,717	15.6	6.3
Retail Credit Of which:	42,777	46,019	48,736	14.0	5.9
Home Loans	18,398	19,558	21,622	17.5	10.6
SME Credit	54,396	56,634	59,320	9.1	4.7
Farm Credit	26,488	31,672	35,335	33.4	11.6
Credit to Weaker Sections	18,112	20,599	22,810	25.9	10.7

CASA Position



Particular (Rs crore)	Dec'13	Mar'14	Dec'14	Y-O-Y (%)	Change Over Mar'14 (%)
Global Saving Deposits	90,398	96,437	1,02,844	13.8	6.6
Domestic Savings Deposits	87,579	93,381	99,449	13.6	6.5
Overseas Savings Deposits	2,819	3,057	3,395	20.4	11.1
Global Current Deposits	41,668	50,050	46,297	11.1	-7.5
Domestic Current Deposits	22,453	27,000	24,563	9.4	-9.0
Overseas Current Deposits	19,215	23,051	21,734	13.1	-5.7

Bank's Profits & Its Key Components: Apr-Dec, FY14 & FY15



Particular (Rs crore)	Apr-Dec, FY14	Apr-Dec, FY15	YOY (%)
Interest Income	28,651	32,202	12.4
Interest Expenses	19,810	22,186	12.0
NII (Spread)	8,841	10,016	13.3
Other Income	3,136	3,107	-1.0
Staff Expenses	3,100	3,333	7.5
Total Expenses	25,014	28,087	12.3
Operating Profit	6,774	7,222	6.6
Provisions	3,343	4,421	32.2
Net Profit	3384	2,800	-17.3

Deposit & Loan Costs: Q3,FY14 to Q3,FY15



Particular (in %)	Q3, FY14	Q4, FY14	Q1, FY15	Q2, FY15	Q3, FY15
Global Cost of Deposits	5.24	5.27	5.19	5.18	5.18
Domestic Cost of Deposits	7.10	7.18	7.13	7.23	7.12
Overseas Cost of Deposits	1.10	1.08	1.10	1.06	1.02
Global Yield on Advances	8.30	8.16	8.31	8.36	8.09
Domestic Yield on Advances	10.97	10.97	11.06	11.17	11.01
Overseas Yield on Advances	2.74	2.56	2.63	2.53	2.35

Investment Yields & NIMs: Q3,FY14 to Q3,FY15



Particular (in %)	Q3, FY14	Q4, FY14	Q1, FY15	Q2, FY15	Q3, FY15
Global Yield on Investment	7.78	7.81	7.91	8.00	7.94
Domestic Yield on Investment	7.98	7.99	8.09	8.19	8.13
Overseas Yield on Investment	3.62	4.00	4.12	4.26	4.22
Global NIM	2.37	2.29	2.35	2.40	2.20
Domestic NIM	2.95	2.84	2.94	3.02	2.92
Overseas NIM	1.18	1.09	1.18	1.16	0.93

Non-Interest income: Q3 of FY14 & FY15



(Rs crore)	Q3, FY14	Q3, FY15	% Change (Y-O-Y)
Commission, Exchange, Brokerage	321.4	373.2	16.1
Incidental Charges	87.4	78.5	-10.2
Other Miscellaneous Income	86.0	106.0	23.6
Total Fee-Based Income	494.8	557.7	12.7
Trading Gains	127.1	243.6	91.7
FX Profits (Treasury)	260.5	253.0	-2.9
Recovery from PWO	49.7	36.1	-27.4
Total Non-Interest Income	932.1	1,090.4	17.0

Non-Interest income: Apr-Dec of FY14 & FY15



(Rs crore)	Apr-Dec, FY14	Apr-Dec, FY15	% Change (Y-O-Y)
Commission, Exchange, Brokerage	1,018.2	1,053.3	3.4
Incidental Charges	275.6	254.36	-7.7
Other Miscellaneous Income	221.2	262.8	18.8
Total Fee-Based Income	1,515.0	1,570.5	3.7
Trading Gains	654.5	646.7	-1.2
FX Profits (Treasury)	769.7	761.5	-1.1
Recovery from PWO	197.3	127.9	-35.2
Total Non-Interest Income	3,136.5	3,106.5	-1.0

Provisions & Contingencies: Q3 of FY14 & FY15



(Rs crore)	Q3, FY14	Q3, FY15	% Change
Provision for NPA & Bad Debts Written-off	818.59	1,149.82	40.5
Provision for Depreciation on Investment	-119.80	-50.17	-58.1
Provision for Standard Advances	26.81	141.03	426.0
Other Provisions (including Provision for staff welfare)	36.27	21.56	-40.6
Tax Provisions	372.21	742.81	99.6
Total Provisions	1,134.08	2,005.05	76.8

Provisions & Contingencies: Apr-Dec of FY14 & FY15



(Rs crore)	Apr-Dec, FY14	Apr-Dec, FY15	% Change
Provision for NPA & Bad Debts Written-off	2,330.30	2,505.87	7.5
Provision for Depreciation on Investment	-94.81	-187.26	97.5
Provision for Standard Advances	343.77	233.60	-32.0
Other Provisions (including Provision for staff welfare)	61.30	124.79	103.6
Tax Provisions	702.65	1,744.49	148.3
Total Provisions	3,343.21	4,421.49	32.3

Bank's Domestic Treasury Highlights: Q3, FY15



- **Treasury Income** stood at the level of **Rs 497 crore** in Q3, FY15 and provided good support to **Non-Interest Income** generation.
 - However, **the write-back** received on **investment depreciation** was **lower at Rs 50 crore** in Q3, FY15 on y-o-y basis.
 - As on 31st Dec , 2014, the share of **SLR Securities** in Total Investment was **84.82%**.
 - The Bank had **78.79%** of SLR Securities in **HTM** and **19.78%** in **AFS** at end-Dec, 2014.
 - The Bank shifted **SLR securities** worth **Rs 3,593.02 cr** from **HTM** to **AFS** portfolio on 5th June, 2014 , when the 10-year G-sec yield was at **8.71%**.
 - The **per cent of SLR to NDTL** at end-Dec, 2014 was at **27.96%**.
 - As on 31st Dec, 2014, the **modified duration** of **AFS** investments was **3.07%** & that of **HTM** securities was **5.88%**.
 - Total size of Bank's **Domestic Investment Book** as on 31st December, 2014 stood at **Rs 1,26,307 crore**.
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Highlights of Overseas Business: Q3, FY15



- During Q3, FY15, the Bank's "**Overseas Business**" contributed **32.9%** to its **Total Business**, **24.7%** to **Gross Profit** and **30.2%** to **Core Fee-based income** (i.e., Commission, Exchanges, Brokerage, etc.)
- Out of the Total Overseas Loan-book, **52.3%** was **Buyers' Credit/BP/BD**; **22.8%** was in **Syndicated Loans/ECBs** (mostly to Indian corporates) and **24.9%** was in **Local Credit**. The Bank's exposure to **non-India related companies** is around **30.3%** of its overseas loan-book as on 31st Dec, 2014.
- While the GNPA (%) in domestic operations was at **4.86%**, it was **1.81%** for overseas operations as on 31st Dec, 2014.
- The **Cost-Income Ratio** in Overseas operations was more favourable at **22.78%** in Q3, FY15 versus **50.80%** in Domestic operations.
- In Q3, FY15, the **NIM** (as % of interest-earning assets) in Overseas operations stood at **0.93%** and **Gross Profit to Avg. Working Funds** ratio at **0.94%**.
- The Outstanding balance of restructured loans in overseas operations as on 31st Dec, 2014 was at **Rs 3,593.55 crore**, out of which the **Standard restructured loans** were at **Rs 2,649.84 crore**.
 - The Bank restructured **6** accounts in its overseas operations in Q3, FY15 worth **Rs 69.54 crore**.
- During Apr-Dec, FY15, **the Bank opened two branches in its Overseas Subsidiaries** located in Kenya and Tanzania.

NPA Movement (Gross): Apr-Dec, FY15



Particular	(Rs crore)
A. Opening Balance	11,875.90
B. Additions during Apr-Dec, FY15	6,726.08
Out of which, Fresh Slippages	6,385.36
C. Reduction during Apr-Dec, FY15	3,109.95
Recovery	1,077.45
Upgradation	1,119.97
Write-Offs	903.27
Other Adjustments	9.26
NPA as on 31 st Dec, 2014	15,492.03
Recovery in PWO in Apr-Dec, FY15	127.90

•Bank's PCR stood at 62.37% on 31st December, 2014 – relatively higher in the large PSU banking segment.

Sector-wise Gross NPA [Sequential Movement]



Sector	GNPA (%) Dec, 2013	GNPA (%) Mar, 2014	GNPA (%) Jun, 2014	GNPA (%) Sept, 2014	GNPA (%) Dec, 2014
Agriculture	5.77	5.35	5.98	5.72	5.74
Large & Medium Industries	6.03	5.05	5.35	6.13	6.83
Retail	2.11	1.96	2.29	2.15	2.24
Housing	1.47	1.45	1.47	1.43	1.46
MSME	4.95	4.93	5.87	6.32	7.11
Overseas Operations	1.75	1.58	1.18	1.25	1.81

Restructured Accounts



- In its **global operations**, the Bank **restructured loans** to the tune of **Rs 1598 cr** (2,284 accounts) in Q3, FY15 versus **Rs 1,175 cr** (4,266 accounts) in Q2, FY15 versus **Rs 986 cr** (3,761 accounts) in Q1, FY15;
 - Within this, **domestic restructuring** was **Rs 1,529 crore** (2,278 accounts) in Q3, FY15 versus **Rs 925 cr** (4,264 accounts) in Q2, FY15.
- **Provision for Diminution in Fair Value** for Q3, FY15 was **Rs 65.55 crore**.
- Globally, **Restructured Standard Advances** (at Rs 23,099 crore) stood at **5.98%** of Total Standard Advances.
 - This ratio works out to **8.02%** for **Domestic Restructured Standard Advances** (at Rs 20,449 crore).
- Globally, **restructured assets worth Rs 1,008 crore slipped to NPA during Q3, FY15**; Rs 710 crore slipped to NPA during Q2, FY15; Rs 489 crore in Q1, FY15 and Rs 1,199 crore in H1, FY15.
- Out of the restructured assets that slipped to NPA, **CDR Assets** are worth **Rs 120 crore** during Q3, FY15 and **Rs 546 crore** during Apr-Dec, FY15.

Sectoral Deployment of Credit at end-Dec, 2014



Sector	% share in Gross Domestic Credit
Agriculture	13.2
Retail	18.2
SME	22.1
Large & Medium	27.1
Misc. including Trade	19.4
Total	100.0%

Technology Achievements in Q3, FY15



Steps taken by the Bank's IT Division to enhance Customer Service

- Integration with PAYTM in e-banking
 - Significant progress under Card to Card Funds Transfer
 - Facilitated Cyber Treasury Payments by Customers in Madhya Pradesh via an online e-banking portal
 - Implemented Corporate Login in e-banking with Digital Certificate
 - Enabled Gujarat motor vehicle tax payment by customers on the e-banking portal
 - Creation of online viewing facility in Internet Banking portal to link and view PPF account
 - GOI portal ebiz.gov.in integrated for offline customer payment
 - Implementation of SMS alerts for inward clearing cheque transactions, opening of FD account, e-mail alerts to Corporate Customers for high value transactions, etc.
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Technology Achievements in Q3, FY15



Steps taken to improve Organisational Efficiency

- Upgradation from DCMS (Debit Card Mgmt system) to PA-DSS compliant solution CMS (Card Mgmt System) in global operations
 - Corporate Module in LAPs
 - New Learning Mgmt System in Community Cloud for staff
 - Automation of Aadhar seeding and issuance of Ru-pay Card for accounts opened from Business Correspondents to reduce workload at branches
 - ATM cash uploading system has been implemented in CBS
 - List of politically exposed persons is added in AML application for real time scanning during account opening/modification
 - Implemented the RBI mandate for rationalisation of ATM charges for metro and non-metro
 - MOF guidelines for linking LPG id with account number has been implemented
 - Bank has successfully launched SAS application for Operational Risk Project (driven by Risk Mgmt Dept.)
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Bank's BPR Project – Status as of 31st Dec, 2014



•The Bank's BPR Project or Navnirmaan has altogether 18 initiatives covering both business process re-engineering and organizational re-structuring, aimed at transforming the Bank's branches into the "Sales and Service Centres" through centralization to make possible a sustained growth in sales, superior customer experience and alternate channel migration.

•The status as of 31st December, 2014 is as follows:

- **Baroda-Next Branch-** So far 1,464 Metro/Urban branches have been rolled out as Baroda Next branches.
 - **City Back Office (CBO):** Clearing operations have been centralized for all branches
 - Currently , 85 CBOs are operational throughout the country.
 - **Regional Back Office (RBO):** Total RBOs at present are 13
 - Altogether 4,914 branches are linked for CASA opening and 4,914 branches linked for PCB (Personalized Cheque Book) issuance.
 - **E- Lobby:** Bank has started 51 independent E-Lobbies in different Zones.
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New Recruitment in Apr-Dec, FY15



Category	Proposed Recruitment for the year	Joining Status (01-04-2014 to 31.12.2014)
Total New Hiring for FY15	7,600	5,476
Of which:		
A. Total No. of Officers	3,800	2,885
a) Probationary Officers	2360	2040
b) Specialist Officers	600	361
c) Baroda Manipal Trainees	840	484
d) Campus Recruitment	-	-
B. Total No. of Clerks	3800	2591
No. of Officers & Clerks superannuating in FY14-15		Officers - 834
		Clerks - 780
		Total - 1614

Baroda Manipal School of Banking, an innovative & new channel of resourcing of trained manpower for the Bank, is fully operational, and is continuously providing trained resources to the Bank every quarter.

Among various HR Initiatives undertaken, the following are notable.

- a) **A Structured Six-monthly On-Boarding Programme** for new officers put in place.
 - b) **Focussed Talent Management Programme & Succession Planning Exercise** conducted.
 - c) **Centralisation of various HR activities** undertaken by creating an HR Shared services CPC (Central Processing Cell) at Baroda, which has brought about efficiencies in HR working and freed up HR time at Regions/Zones for more developmental work.
 - d) Various **IT tools** developed and implemented.
 - **Online Performance Management** system for officers
 - **Online benefits/claims** module for employees
 - **Postings Tool** to facilitate the postings process
 - **Manpower Planning Tool-** to scientifically assess the manpower requirement of branches and units.
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- Against the backdrop weak economic recovery and global uncertainties, the Bank would like to stay cautiously optimistic and focus more on bottomline and capital conservation rather than topline expansion.
- The focus will be on building Business Resilience to weather the storm.

Thank you.
