



बैंक ऑफ़ बड़ौदा
Bank of Baroda

Bank of Baroda:
All-Round Impressive Performance

Performance Analysis: Q1, 2014-15 (FY15)

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BOB's Results At A Glance



<i>Results for Q1, FY15</i>		
<i>Performance Parameter</i>	<i>Rs crore</i>	<i>Growth (y-o-y)</i>
Net Profit	1,362	16.6
Operating Profit	2,480	1.1
Total Business	9,33,421	18.4
Total Deposits	5,51,649	18.1
Total Advances	3,81,772	18.8
Total Assets	6,46,490	18.4
Net Worth	36,373	11.6
Total Capital (Basel II)	45,777	13.0
Tier 1 Capital (Basel II)	34,191	10.8
Business per Employee	17.13	10.1

<i>Ratios for Q1, FY15</i>	
<i>Key Performance Ratio</i>	<i>(in %)</i>
Return on Average Assets	0.83
Return on Equity	14.98
Cost-Income Ratio	43.04
Capital Adequacy Ratio (Basel II, Tier 1: <u>9.33%</u>)	12.50
Capital Adequacy Ratio (Basel III, Tier 1: <u>9.06%</u>)	11.91
Provision Coverage Ratio	66.68
Gross NPA	3.11
Net NPA	1.58

BOB's Results At A Glance



Parameter	Q1, FY14	Q4, FY14	Q1, FY15
Net Interest Income	2,889	3,124	3,328
Fresh Slippages	1,960	1,295	1,881
Incremental Restructuring	2,147	1,157	986

Bank's Key Strategic Initiatives in Q1, FY15



- During Q1, FY15, the Bank did not raise any high-cost preferential rate deposits in its domestic operations; even the share of CDs to Term Deposits fell from 7.5% at end-Mar'14 to 4.0% at end-June'14.
 - To give a boost to its Retail Business, it launched loan campaigns in home/car/traders' loans, opened 7 new Retail Loan Factories (taking the network to 52), 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 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".
 - It opened 25 new branches in its **Domestic Operations** and set up 400 new **ATMs** and 887 new **POS** machines (Point of Sale Machines) in Q1, FY15. It also opened 5 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.
 - During Q1, 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 11 more Metro and Urban branches into **Baroda Next** branches during Q1, FY15 taking the total number to 1,446 branches.
 - As on 30th June 2014, 15,305 villages were covered under the Bank's **Financial Inclusion** drive and the Bank set up 2,583 Ultra Small Branches across the country to support this initiative.
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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 103 Offices

Modern & Contemporary
Personality

Pioneer in many
Customer-Centric
Initiatives

Strong Domestic
Presence through
4,872 brs & 6,654 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

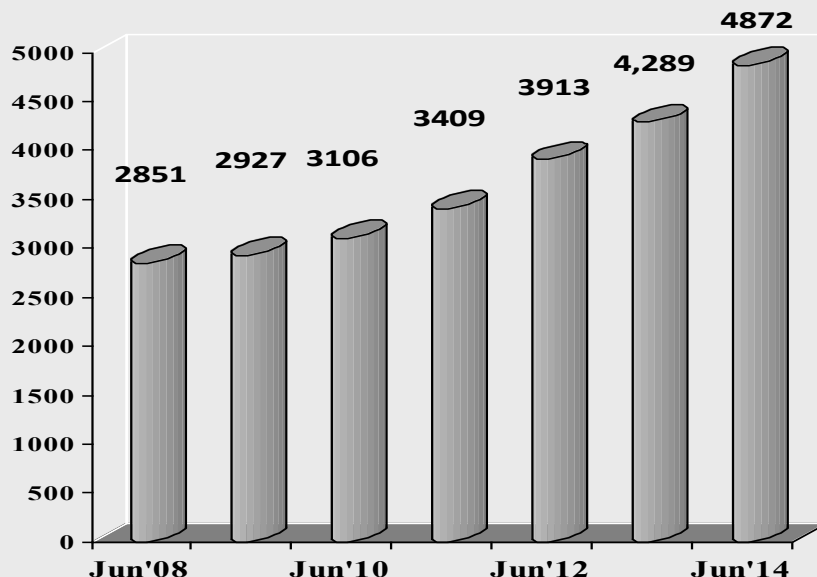
Relatively Strong Presence
in Progressive States like
Gujarat & Maharashtra

Globally Integrated
Advanced Technology
Platform

Domestic Branch Network (as on 30th June, 2014)



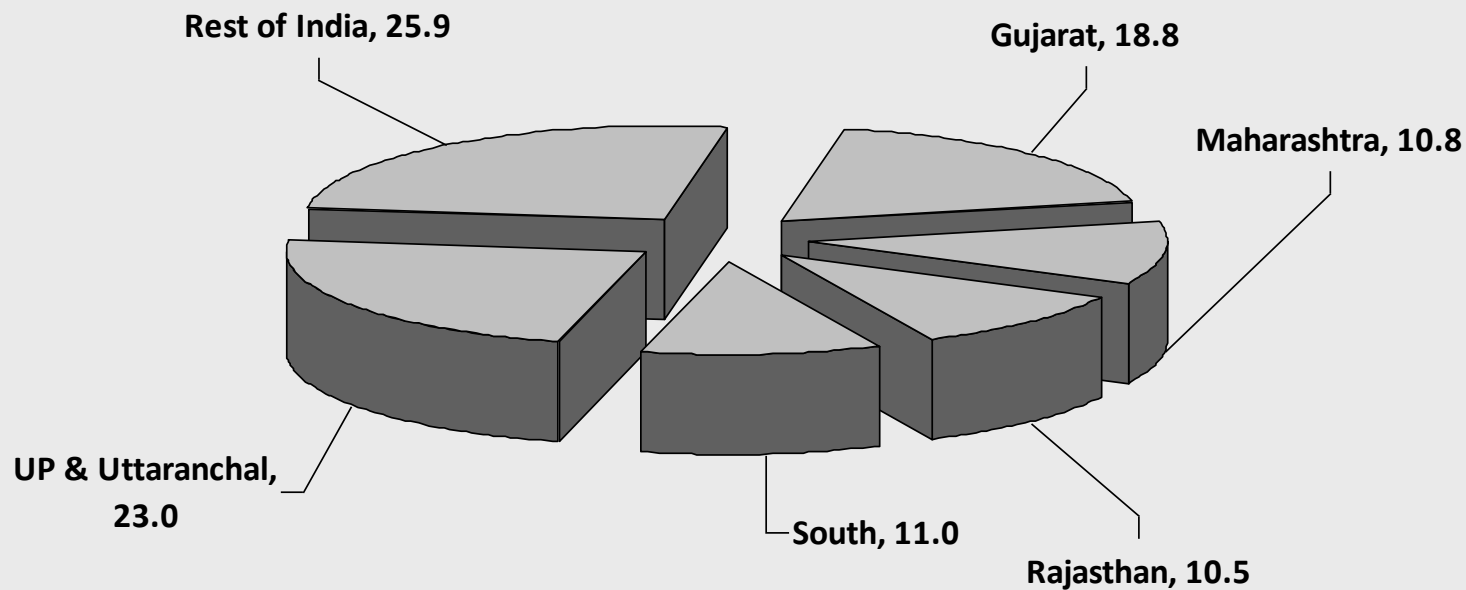
No. of Domestic Branches



Regional Break-up of Domestic Branches as on 30 th June 2014			
Metro	Urban	Semi-Urban	Rural
966	851	1,280	1,775

- During past **Six** years, the Bank added **2,021** branches to its domestic network.
- There is a decline of **2** brs from the Mar'14 level due to the RBI's new guidelines that prompted **22** service brs and **5** MICR brs to be classified as offices rather than branches.
- During Q1, FY15, the Bank opened **25** new branches in its domestic operations.
- During FY15, the Bank proposes to open **400** new branches under its Branch Expansion Plan.
- Out of the newly opened **25** brs during FY14, **15** belonged to 'metro & urban' areas; **6** to semi-urban areas & **4** to rural areas.
- The newly opened **25** brs in Q1, FY15 mainly belonged to **Northern** zone of the Bank.
- Around **36.43%** of the Bank's network at the end of June, 2014 was situated in rural areas.

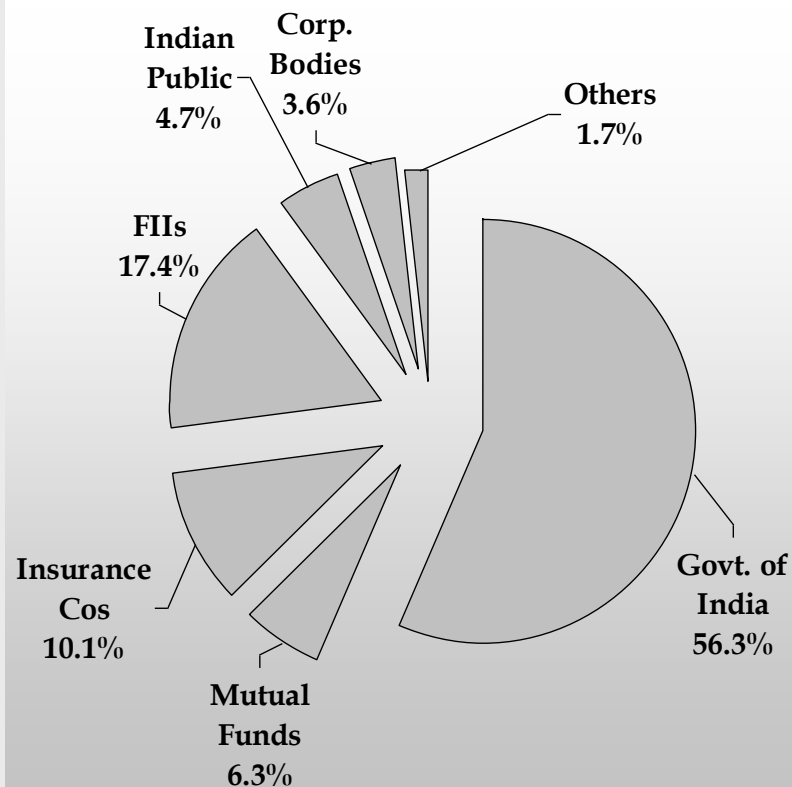
Concentration (%): Domestic Branch Network (As on 30th June, 2014)



Pattern of Shareholding: 30th June, 2014



As on 30th June, 2014



- **Share Capital:** Rs 430.68 crore
- **Net worth:** Rs 36,373 crore (up 11.6%, y-o-y)
- **B. V. per share (vs. F. V. per share: Rs 10):** Rs 847.02 (up 9.5%, y-o-y)
- **Return on Equity:** 14.98% in Q1, 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: Q1, FY15



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- **Indian industry re-entered into “recovery mode” during Apr-May, 2014** by posting a growth of 4.0% versus (-) 0.5% in Apr-May, 2013.
 - This growth was driven by 2.0% growth in mining production; 3.7% in manufacturing production and 9.0% in electricity generation.
 - Sectors that saw significant improvement in their performance during Apr-May, 2014 were food, textiles, basic metals, non-metallic minerals, machinery, furniture & other transport equipments.
 - **Agriculture, however, poses a downside risk to growth** as rainfall this season (up to 21st July) is 29.0% less than the 50-year average; Only 34.56 mln hectares (ha) have been sown under Kharif (summer) crops so far against 62.02 mln ha and 50.62 mln ha in the same period of 2013 and 2012.
 - But the final assessment in terms of the quantum and the distribution (both temporal and spatial) of rainfall and its implications for agricultural production could be made only in late Aug – early Sept, 2014.
 - **India’s exports grew healthily by 9.31% during Q1, FY15 to \$80.11 bln** and trade deficit shrank by 31.5% (y-o-y) to \$ 33.08 bln.
 - Engineering goods, petroleum products and readymade garments were the key drivers of exports growth.
 - **India’s fiscal deficit in Apr-May, 2014 touched 45.5% of the full year’s target** – a six-year high due to high non-plan expenditure and low revenue receipts.
 - **On an average basis, the SCB credit grew by 13.7% (y-o-y), deposits by 14.3% (y-o-y) and M3 by 13.3% (y-o-y) during Q1, FY15.** The nation’s **Foreign Exchange Reserves** position improved from \$ 303.67 bln at end-Mar’14 to **\$ 315.78 bln at end-June’14.**
 - **INR/USD exchange rate was almost at the same level** at end-June’14 (60.0933) versus its level at end-Mar’14 (60.0998).
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Business Expansion



Particular (Rs crore)	June'13	Mar'14	June'14	Y-O-Y (%)	Change Over Mar'14 (%)
Global Business	7,88,340	9,65,900	9,33,421	18.4	-3.4
Domestic Business	5,39,772	6,51,223	6,24,894	15.8	-4.0
Overseas Business	2,48,568	3,14,677	3,08,527	24.1	-2.0
Global Deposits	4,67,026	5,68,894	5,51,649	18.1	-3.0
Domestic Deposits	3,24,221	3,79,054	3,65,413	12.7	-3.6
Overseas Deposits	1,42,805	1,89,840	1,86,236	30.4	-1.9
Global CASA Deposits	1,18,119	1,46,488	1,38,632	17.3	-5.4
Domestic CASA	1,01,057	1,20,381	1,14,478	13.3	-4.9
Overseas CASA	17,142	26,107	24,154	40.9	-7.5

• Share of **Domestic CASA in Total Deposits** well-protected at **31.33%** at end-June, 2014.

Business Expansion



Particular (Rs crore)	June'13	Mar'14	June'14	Y-O-Y (%)	Change Over Mar'14 (%)
Global advances (Net)	3,21,314	3,97,006	3,81,772	18.8	-3.8
Domestic Advances	2,15,551	2,72,169	2,59,482	20.4	-4.7
Overseas Advances	1,05,763	1,24,837	1,22,291	15.6	-2.0
Retail Credit	38,002	46,019	44,545	17.2	-3.2
Of which:					
Home Loans	16,524	19,558	20,168	22.1	3.1
SME Credit	47,068	56,634	57,433	22.0	1.4
Farm Credit	27,142	28,432	31,259	15.2	9.9
Credit to Weaker Sections	16,116	20,599	20,610	27.9	0.1

CASA Position



Particular (Rs crore)	Jun'13	Mar'14	Jun'14	Y-O-Y (%)	Change Over Mar'14 (%)
Global Saving Deposits	83,530	96,437	95,985	14.9	-0.5
Domestic Savings Deposits	81,150	93,381	92,831	14.4	-0.6
Overseas Savings Deposits	2,380	3,057	3,154	32.5	3.2
Global Current Deposits	34,669	50,050	42,647	23.0	-14.8
Domestic Current Deposits	19,907	27,000	21,647	8.7	-19.8
Overseas Current Deposits	14,762	23,051	21,000	42.3	-8.9

Bank's Profits & Its Key Components: Q1, FY14 & FY15



Particular (Rs crore)	Q1, FY14	Q1, FY15	YOY (%)
Interest Income	9,487	10,658	12.3
Interest Expenses	6,598	7,330	11.1
NII (Spread)	2,889	3,328	15.2
Other Income	1,231	1,025	-16.7
Staff Expenses	1,014	1,106	9.1
Total Expenses	8,281	9,203	11.1
Operating Profit	2,436	2,480	1.8
Provisions	1,268	1,118	-11.8
Net Profit	1,168	1,362	16.6

Deposit & Loan Costs: Q1,FY14 to Q1,FY15



Particular (in %)	Q1, FY14	Q2, FY14	Q3, FY14	Q4, FY14	Q1, FY15
Global Cost of Deposits	5.60	5.41	5.24	5.27	5.19
Domestic Cost of Deposits	7.23	7.29	7.10	7.18	7.13
Overseas Cost of Deposits	1.25	1.15	1.10	1.08	1.10
Global Yield on Advances	8.46	8.34	8.30	8.16	8.31
Domestic Yield on Advances	11.15	11.07	10.97	10.97	11.06
Overseas Yield on Advances	2.88	2.78	2.74	2.56	2.63

Investment Yields & NIMs: Q1,FY14 to Q1,FY15



Particular (in %)	Q1, FY14	Q2, FY14	Q3, FY14	Q4, FY14	Q1, FY15
Global Yield on Investment	7.79	7.74	7.78	7.81	7.91
Domestic Yield on Investment	7.93	7.90	7.98	7.99	8.09
Overseas Yield on Investment	4.39	4.19	3.62	4.00	4.12
Global NIM	2.41	2.32	2.37	2.29	2.35
Domestic NIM	2.84	2.85	2.95	2.84	2.94
Overseas NIM	1.32	1.19	1.18	1.09	1.18

Non-Interest income: Q1 of FY14 & FY15



(Rs crore)	Q1, FY14	Q1, FY15	% Change (Y-O-Y)
Commission, Exchange, Brokerage	314.74	347.26	10.3
Incidental Charges	83.90	71.77	-14.5
Other Miscellaneous Income	53.35	64.26	20.5
Total Fee-Based Income	451.99	483.29	6.9
Trading Gains	409.25	224.17	-45.2
FX Profits (Treasury)	252.36	256.07	1.5
Recovery from PWO	116.95	61.01	-47.8
Total Non-Interest Income	1,230.55	1,024.54	-16.7

Provisions & Contingencies: Q1 of FY14 & FY15



(Rs crore)	Q1, FY14	Q1, FY15	% Change
Provision for NPA & Bad Debts Written-off	673.49	771.80	14.6
Provision for Depreciation on Investment	118.33	-318.89	-369.5
Provision for Standard Advances	227.86	79.90	-64.9
Other Provisions (including Provision for staff welfare)	-1.82	-6.11	235.6
Tax Provisions	250.34	591.01	136.1
Total Provisions	1,268.20	1,117.72	-11.9

Bank's Domestic Treasury Highlights: Q1, FY15



- **Treasury Income** stood at the rich level of Rs 480.24 crore in Q1, FY15 and provided good support to Non-Interest Income generation.
 - **Buoyant capital market conditions** yielded the write-back on investment provisions to the tune of **Rs 318.89 crore** during Q1, FY15.
 - The Bank made full use of this opportunity to get rid of relatively illiquid stocks & booked good gains.
 - As on 30th June , 2014, the share of **SLR Securities** in Total Investment was **84.21%**.
 - The Bank had **83.77%** of SLR Securities in **HTM** and **15.95%** in **AFS** at end-June, 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-June, 2014 was at **27.24%**.
 - As on 30th June, 2014, the **modified duration** of **AFS** investments was **3.40%** & that of **HTM** securities was **5.88%**.
 - Total size of Bank's **Domestic Investment Book** as on 30th June, 2014 stood at **Rs 1,16,696 crore**.
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Highlights of Overseas Business: Q1, FY15



- During Q1, FY15, the Bank's "**Overseas Business**" contributed **33.1%** to its **Total Business**, **25.8%** to **Gross Profit** and **29.5%** to **Core Fee-based income** (i.e., Commission, Exchanges, brokerage, etc.)
- Out of the Total Overseas Loan-book, **53.35%** was **Buyers' Credit/BP/BD**; **27.97%** was in **Syndicated Loans/ECBs** (mostly to Indian corporates) and **18.68%** was in **Local Credit**. The Bank's exposure to **non-India related companies** is around **31.6%** of its overseas loan-book as on 30th June, 2014.
- While the GNPA (%) in domestic operations was at **4.00%**, it was **1.18%** for overseas operations as on 30th June, 2014.
- The **Cost-Income Ratio** in Overseas operations was more favourable at **15.91%** in Q1, FY15 versus **48.78%** in Domestic operations.
- In Q1, FY15, the **NIM** (as % of interest-earning assets) in Overseas operations stood at **1.18%**; **Gross Profit to Avg. Working Funds** ratio at **1.10%** and **Return on Equity** at **16.98%**.
- The Outstanding balance of restructured loans in overseas operations as on 30th June, 2014 was at **Rs 3,913 crore**, out of which the **Standard restructured loans** were at **Rs 3,053 crore**.
 - The Bank restructured **three** accounts in its overseas operations in Q1, FY15 worth **Rs 37.84 crore**.
- During Q1, FY15, **the Bank opened one new branch in its Overseas Subsidiary – Bank of Baroda (Kenya) Ltd. at Meru in Kenya.**

NPA Movement (Gross): Q1, FY15



Particular	(Rs crore)
A. Opening Balance	11,875.90
B. Additions during Q1, FY15	2,022.07
Out of which, Fresh Slippages	1,880.83
C. Reduction during Q1, FY15	1,811.16
Recovery	562.59
Upgradation	741.24
Write-Offs	498.62
Other Adjustments	8.71
NPA as on 30 th June, 2014	12,086.81
Recovery in PWO in Q1, FY15	61.01

• Bank's PCR improved from 61.68% in Q2 to 62.22% in Q3 to 65.45% in Q4 of FY14 to 66.68% in Q1, FY15.

Sector-wise Gross NPA [Sequential Movement]



Sector	GNPA (%) Jun, 2013	GNPA (%) Sept, 2013	GNPA (%) Dec, 2013	GNPA (%) Mar, 2014	GNPA (%) Jun, 2014
Agriculture	5.29	5.76	5.77	5.35	5.98
Large & Medium Industries	5.06	5.56	6.03	5.05	5.35
Retail	2.24	2.52	2.11	1.96	2.29
Housing	1.52	1.91	1.47	1.45	1.47
MSME	4.26	4.63	4.95	4.93	5.87
Overseas Operations	1.56	1.77	1.75	1.58	1.18

Restructured Accounts (Domestic)



Year	Outstanding as on 30 th June, 2014 (Rs crore)					
	Standard Category		NPA Category		Grand total	
	No. of A/Cs	Amount	No of A/Cs	Amount	No of A/Cs	Amount
Up to 2008	110	612.70	117	6.87	227	619.57
2008-09	4,522	797.02	3,860	114.00	8,382	911.02
2009-10	2,237	1,312.94	1,546	247.03	3,783	1,559.97
2010-11	455	1,480.35	348	84.71	803	1,565.06
2011-12	1,312	4,615.60	553	743.62	1,865	5,359.22
2012-13	10,680	7,586.20	2,771	1,270.61	13,451	8,856.81
2013-14	21,829	5,908.00	4,016	611.11	25,845	6,519.11
2014-15	3,478	941.71	280	6.52	3,758	948.23
Total	44,623	23,254.52	13,491	3,084.47	58,114	26,338.99
Less standard restructured accounts that ceased to attract higher provisions and/or additional risk weight at end of FY14	3,980	3,475.45			3,980	3,475.45
TOTAL	40,643	19,779.07	13,491	3,084.47	54,134	22,863.54

Restructured Accounts



• In its **global operations**, the Bank **restructured loans** to the tune of **Rs 986 cr** (3,761 accounts) in Q1, FY15 versus Rs 1,157 crore (6,556 accounts) in Q4, FY14 and Rs 2,147 cr (10,257 accounts) in Q1, FY14.

• Within this, **domestic restructuring** was **Rs 948 crore** (3,758 accounts) versus Rs 1,157 cr (6,556 accounts) in Q4, FY14.

• **Global restructuring has shown a consistently declining trend** with Rs 2,147 cr in Q1, FY14, Rs 1,637 cr in Q2, FY14, Rs 1,213 cr in Q3, FY15, Rs 1,157 cr in Q4, FY14 and Rs 986 cr in Q1, FY15 – as per the Bank's guidance.

• **Provision for Diminution in Fair Value** for Q1, FY15 was **Rs 25.74 crore** versus Rs 151.83 crore in Q1, FY14.

• Globally, **Restructured Standard Advances** (at Rs 22,832 crore) stood at **6.06%** of Total Standard Advances.

• This ratio works out to **7.75%** for **Domestic Restructured Standard Advances** (at Rs 19,779 crore).

• Globally, **restructured assets worth Rs 489 crore slipped to NPA during Q1, FY15**, Rs 2,126 crore during the full year FY14 and Rs 6,002 crore cumulatively so far.

Sectoral Deployment of Credit at end-June, 2014



Sector	% share in Gross Domestic Credit
Agriculture	11.8
Retail	16.8
SME	21.6
Large & Medium	30.0
Misc. including Trade	19.8
Total	100.0%

Technology Initiatives in Q1, FY15



• Under various alternate delivery channels (like ATM, Internet Banking, Mobile Banking etc) the Bank had the following value additions during Q1, FY15.

e-Banking

- In-house customization completed on Base24 for online e-banking registration
- Integration with Citrus payment solution provider in e-banking
- Integration with PAYTM in e-banking
- Enhancement carried out in Online Gift Card enquiry
- Implementation of Two Factor Authentication (2FA) for internet banking in Oman, Mauritius, Ghana & Seychelles territories of the Bank

ATM

- RRB POS - pilot testing in Live setup completed for all the three RRBs of the Bank
- Online Hot listing of Debit Cards being enabled at BoB-Cards and Contact Centres
- Creation of menu option in Finacle for capturing debit card requests for Botswana

Mobile Banking

- Testing for IMPS Foreign Inward remittance -Beneficiary is in progress
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Technology Initiatives in FY14



SMS Banking

- SMS Alerts for UAE Territory using local SMS aggregator has been implemented. For Kenya, Uganda and Botswana under progress.
- Implementation of SMS Alerts on submission of 15G/15H forms.

e-lobby

- Development of module for Cash Recycler in Bunch Note Acceptor (BNA) – production movement completed and Pilot carried out

Other IT Initiatives

- *Online collection of student fee for Higher Education Department, Govt. of Madhya Pradesh*
 - *Online Account opening of NRE customer at International territory.*
 - *Online revenue collection bifurcation for Andhra Pradesh and Telengana.*
 - *Implementation of EFMS (Electronic Fund Monitoring System) for Rajasthan Panchayat Department, Rajasthan.*
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Bank's BPR Project – New Initiatives in FY14



•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 important initiatives taken during Q1, FY15 are as follows.

- **Baroda-Next Branches:** So far 1,446 metro/urban branches have been rolled out as **Baroda Next** branches. Around 11 additional metro/urban branches were rolled out as **Baroda Next** branches in Q1, FY15.
 - **City Back Office (CBO):** Clearing operations have been centralized for all branches (linked to the CBOs). At present, 85 CBOs are operational throughout the country.
 - **Regional Back Office (RBO):** One RBO at Hyderabad was added during Q1, FY15 taking the figure to 13. Altogether 4,511 branches are linked for CASA opening and 4,517 branches are linked for PCB (Personalized Cheque Book) issuance.
 - **e- Lobby:** The Bank has set up 50 independent **e-lobbies** in different zones of its operations so far.
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New Recruitment in Q1, FY15



Category	Proposed	Joined up to 30/06/2014
Total New Hiring for FY15	7,600	3,695
<i>Of which:</i>		
A. Total No. of Officers	3,800	1,209
a) Probationary Officers	2,360	1,184
b) Specialist Officers	600	25
c) Baroda Manipal Trainees	840	--
B. Total No. of Clerks	3,800	2,486
*No. of Employees superannuating in FY15: 1,614 { Officers: 834 & Clerks: 780 }		

- An innovative & new channel of resourcing of trained manpower through Baroda Manipal School of Banking is in full swing.
- Among various “Training Development & Skill Building Initiatives”, the following two programmes are notable.
 - A structured six-month long On-Boarding Programme for new joiners.
 - Skills’ up-gradation programme for the existing staff at various levels.

Bank's Forward Guidance



- Recently released economic data-points – IIP, exports PMI (composite) indicate an all round improvement amid moderating inflation.
- So far, the inflation trajectory is consistent with the RBI's guidance. However, risks to inflation have grown on account of poor agricultural show in Jun-Jul, 2014 and uncertainties about global crude prices. There is a strong possibility that the RBI may defer monetary policy easing beyond people's expectations.
- The Bank aspires to grow with cautious optimism and would concentrate on improving its domestic NIM to 3.0% through further rebalancing of loan-book; bringing the ROAA close to 1.0% by further improving the CASA share and improving the yield on advances on the back of likely industrial recovery.
- On the qualitative side, the Bank's endeavours at BPR, Capacity Building, Technology Up-gradation, Talent Management & Training, Marketing, etc. would continue with full vigour.
- The Bank is continuously evolving its Strategic Focus to cope with changing circumstances.
 - In the year FY14, it succeeded in giving retail orientation to its business; further strengthening its liability franchise and bringing down incremental slippages & restructuring pains.
 - In Q1, FY15, it implemented a Course Correction to stay in tune with economic reality.
 - The Bank will continue embracing transformation to increase Core Competence and achieve Sustainable Growth across all business segments by continuously adapting its business model to suit the economic environment. Its committed to protecting its Strong Brand Value in the Indian Banking space.

Thank you.
