



**बैंक ऑफ़ बड़ौदा**  
**Bank of Baroda**

# **Bank of Baroda:**

## **Focusing on business fundamentals**

**Performance Analysis: Q2 (Jul-Sep) & H1 (Apr-Sep), 2013-14**

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**October 31, 2013**

## ***BOB's Results At A Glance (Q2, FY14)***



Performance Parameter	Rs crore	Growth (y-o-y)
Operating Profit	2,124.58	-10.8%
Net Profit	1,168.10	-10.2%
Total Business	8,24,786	17.8%
Total Deposits	4,84,931	18.8%
Total Advances	3,39,855	16.3%
Total Assets	5,63,033	18.3%
Net Worth	34,342	18.9%
Total Capital	40,641	12.8%
Tier 1 Capital	30,866	15.5%
Business per Employee	16.26	9.6%

Key Performance Ratio	(in %)
Return on Average Assets	0.84%
Return on Equity	13.61%
Cost-Income Ratio	45.48%
Capital Adequacy Ratio (Basel II, Tier 1: 9.36%)	12.32%
Capital Adequacy Ratio (Basel III, Tier 1: 9.25%)	12.07%
Provision Coverage Ratio	61.68%
Gross NPA	3.15%
Net NPA	1.86%

# Bank's Key Strategic Initiatives in H1, FY14

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- It shed **Preferential High-Cost Deposits** to the extent of Rs 25,742 crore in H1, 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 Retail/SME Loan Factory set up with marketing professionals.** 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. Moreover, it opened three **Agri Loan Factories** on pilot basis in its Gujarat, Western UP and ‘Bihar, Orissa & Jharkhand’ zones.
  - It opened 208 new branches in its **Domestic Operations** and set up 1,476 new **ATMs** and 1,477 new **POS** machines (Point of Sale Machines) in H1, FY14. It also opened 30 **e-Lobbies** during H1, FY14 to offer 24\*7 basic banking operations.
  - During H1, FY14, its **HR initiative** of Project *Sparsh* was taken forward for **Talent Identification and Creation of Scientific Model for Staffing & Manpower Planning.**
  - The Bank converted 33 more Metro and Urban branches into **Baroda Next** branches during H1, FY14.
  - Its **Corporate Financial Service** branches and the newly created **Mid-Corporate branches** have been strengthened significantly during H1, FY14 to contribute to credit growth.
  - As on 30<sup>th</sup> Sept, 2013, 8,324 villages with population more than 1,000 have been covered under the Bank's **Financial Inclusion** drive plus 2,647 **Ultra Small Branches** are in place to support this initiative.
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# Bank of Baroda: Key Strengths



- Bank of Baroda is a 105 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 101 Offices

Modern & Contemporary  
Personality

Pioneer in many  
Customer-Centric  
Initiatives

Strong Domestic  
Presence through  
4, 483 Branches

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



Provides Financial  
Services to around  
54.2 mln Customers  
Globally

A well-accepted &  
recognised Brand in  
Indian banking industry

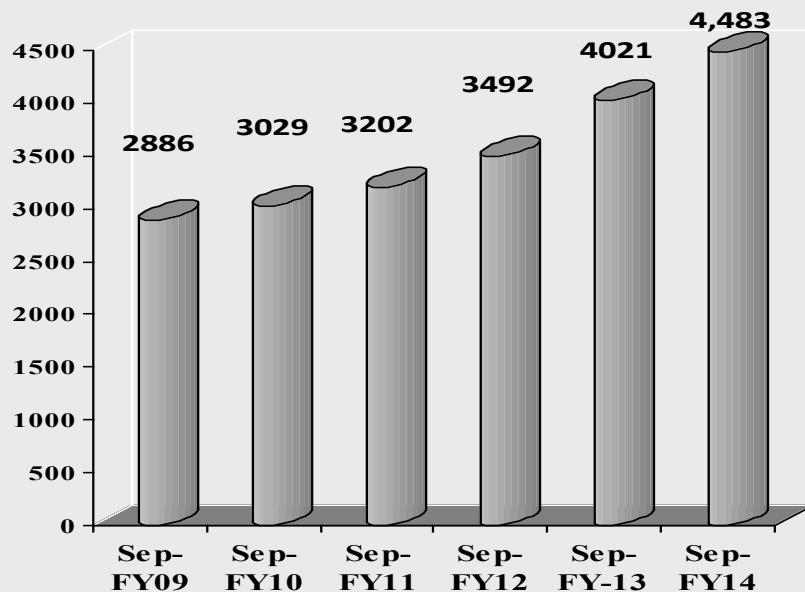
Relatively Strong Presence  
in Progressive States like  
Gujarat & Maharashtra

Advanced Technology  
Platform in both Domestic  
& Overseas Operations

# Domestic Branch Network (as on 30<sup>th</sup> Sept, 2013)



**No. of Domestic Branches**

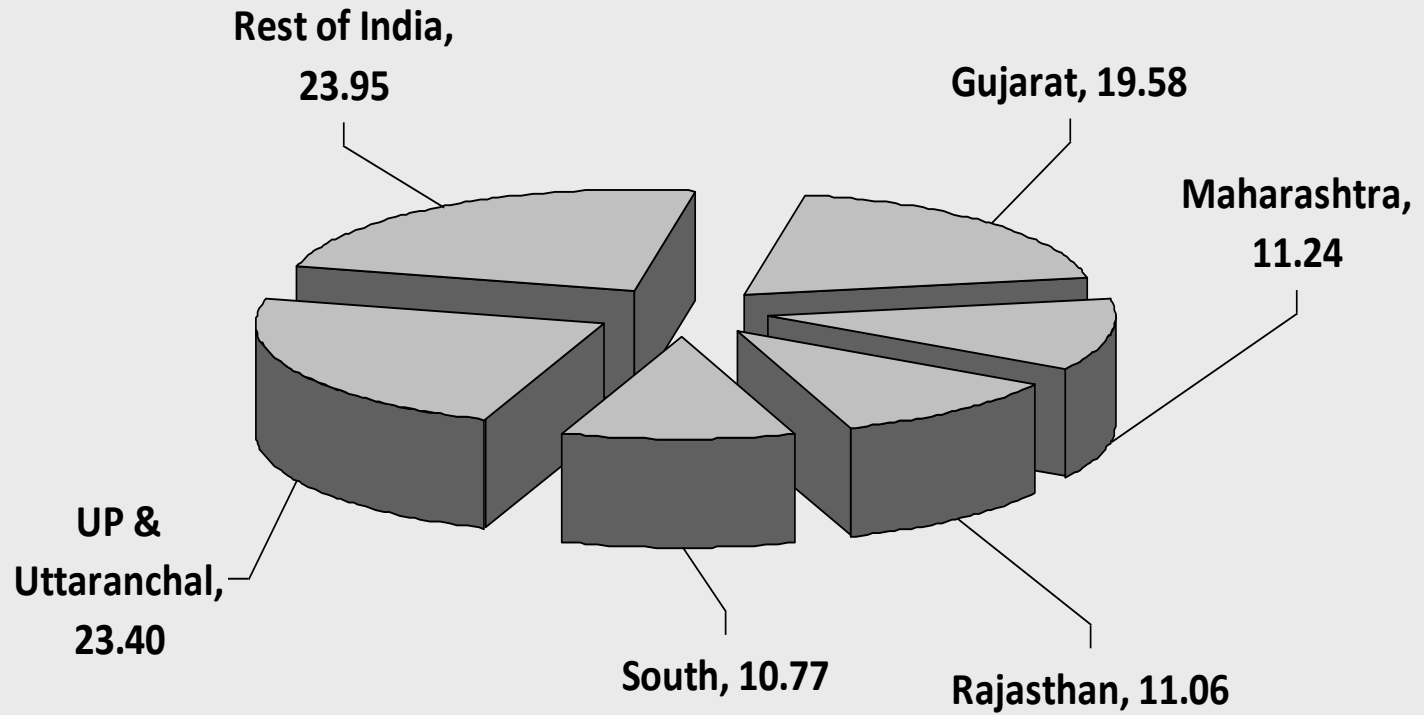


- During Sep-FY09 to Sep-FY14, the Bank added **1,597** branches to its domestic network.
- During H1, FY14, the Bank opened **208** new branches in its domestic operations.
- During FY14, the Bank proposes to open **625** new brs. As on 30<sup>th</sup> Sept, 2013, the Bank had **634** authorizations for branch opening.
- Out of the newly opened **208** brs during H1, FY14, **50** belonged to 'metro & urban' areas; **24** to semi-urban areas & **134** to rural areas.
- The newly opened **208** brs in H1, FY14 mainly belonged to UP & Uttaranchal, other Northern States, Rajasthan, Bihar, Jharkhand & Orissa, MP & Chattisgarh, etc.
- Around **35.02%** of the Bank's network at the end of H1, FY14 was situated in rural areas.

**Regional Break-up of  
Domestic Branches as on 30<sup>th</sup> Sept, 2013**

Metro	Urban	Semi-Urban	Rural
939	792	1,182	1,570

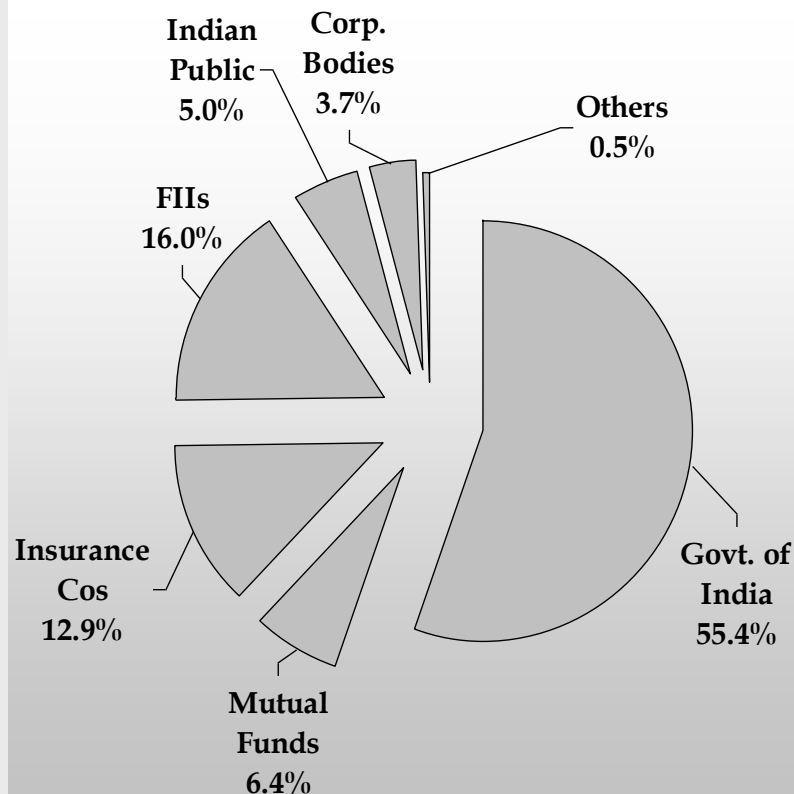
## Concentration (%): Domestic Branch Network (As on 30<sup>th</sup> Sept, 2013)



# Pattern of Shareholding: 30<sup>th</sup> Sept, 2013



As on 30<sup>th</sup> Sept, 2013



- Share Capital: Rs 422.52 crore
- No. of Shares: 421.26 million
- Net worth: Rs 34,342 crore (up 18.9%, y-o-y)
- B. V. per share: Rs 815.22 (up 16.1%, y-o-y)
- Return on Equity: 13.6% in H1, FY14 (annualised)

- 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.*

# India's Macro Health: H1, FY14



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## • *During H1, FY14, India's growth-inflation dynamics further worsened*

- **Weaknesses in industrial production continued** with IIP growth at just 0.1% in Apr-Aug, FY14;
  - Automobile sales data showed that passenger cars and commercial vehicle sales were down 4.7% and 15.3% in H1, FY14 reflecting **weak consumer and commercial demand** in the economy;
  - Government's tax collection growth was at 10.66% in H1, FY14 versus budgeted level of 17.5% for the full year; Corporate tax growth was just 8.0% indicating **low corporate profitability**.
  - In Sept, 2013, **activity at Indian services cos shrank at the fastest pace in more than four years** as per the HSBC-Markit PMI indicating that slowdown has spread to services sector that covers 60.0% of India's economy.
  - According to FE Survey, **around 2 lakh job losses were reported in major services sectors** during the last eight to ten months.
  - **Inflation rate (WPI) has increased from 4.70% in May'13 to 6.46% in Sept'14 and Inflation rate (CPI) has moved up from 9.31% in May'13 to 9.84% in Sept'13.** Even core inflation (non-food, non-fuel mfg inflation) in Sept'13 has increased on month on month basis on input costs pressures.
  - **The rupee slumped to a record low of Rs 68.8 per US dollar in late Aug'13** from Rs 54 level in Apr'13, Between Apr-Sept, 2013 the currency depreciated by 15.3%
  - **Increased volatility in FX markets made money markets unstable** with call rate spiking by 162 bps to 9.45% and the yield on 10-yr GOI bond yield hardening by 82 bps to 8.77% in Apr-Set'13 .
  - The only positives were good monsoon rains and improved sowing under Kharif (summer crops), some **pick-up in exporting industries, advancement of some delayed structural reforms** like land acquisition & pension reforms and **clearance of a select stalled projects** from infrastructure.
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## Business Expansion



Particular (Rs crore)	Sept'12	Mar'13	Sept'13	Y-O-Y (%)	Change Over Mar'13 (%)
<b>Global Business</b>	<b>7,00,330</b>	<b>8,02,069</b>	<b>8,24,786</b>	<b>17.8</b>	<b>2.8</b>
Domestic Business	4,91,561	5,66,000	5,60,396	14.0	-0.9
Overseas Business	2,08,769	2,36,069	2,64,390	26.6	12.0
<b>Global Deposits</b>	<b>4,08,150</b>	<b>4,73,883</b>	<b>4,84,931</b>	<b>18.8</b>	<b>2.3</b>
Domestic Deposits	2,92,877	3,41,706	3,29,550	12.5	-3.6
Overseas Deposits	1,15,273	1,32,178	1,55,381	34.8	17.6
<b>Global CASA Deposits</b>	<b>1,05,259</b>	<b>1,19,981</b>	<b>1,27,708</b>	<b>21.3</b>	<b>6.4</b>
Domestic CASA	92,979	1,03,809	1,07,599	15.7	3.7
Overseas CASA	12,280	16,172	20,110	63.8	16.1

•Share of **Domestic CASA in Total Deposits** improved from **30.38%** at end-Mar, 2013 to **31.17%** at end-Jun, 2013 & further to **32.65%** at end-Sept, 2013.

## Business Expansion



Particular (Rs crore)	Sept'12	Mar'13	Sept'13	Y-O-Y (%)	Change Over Mar'13 (%)
<b>Global advances (Net)</b>	<b>2,92,181</b>	<b>3,28,186</b>	<b>339855</b>	<b>16.3</b>	<b>3.6</b>
Domestic Advances	1,98,685	2,24,294	230846	16.2	2.9
Overseas Advances	93,496	1,03,891	109009	16.6	4.9
<b>Retail Credit</b> Of which:	<b>34,245</b>	<b>38,046</b>	<b>41,090</b>	<b>20.0</b>	<b>8.0</b>
Home Loans	14,789	16,045	17,477	18.2	8.9
<b>SME Credit</b>	<b>36,915</b>	<b>46,722</b>	<b>51,913</b>	<b>40.6</b>	<b>11.1</b>
<b>Farm Credit</b>	<b>26,667</b>	<b>28,739</b>	<b>26,101</b>	<b>-2.1</b>	<b>-9.2</b>
<b>Credit to Weaker Sections</b>	<b>14,780</b>	<b>17,045</b>	<b>16,578</b>	<b>12.2</b>	<b>-2.7</b>

## CASA Position



Particular (Rs crore)	Sept'12	Mar'13	Sept'13	Y-O-Y (%)	Change Over Mar'13 (%)
<b>Global Saving Deposits</b>	<b>77,824</b>	84,303	88,335	<b>13.5</b>	<b>4.8</b>
Domestic Savings Deposits	75,821	82,002	85,555	12.8	4.3
Overseas Savings Deposits	2,002	2,300	2,780	38.8	20.9
<b>Global Current Deposits</b>	<b>27,436</b>	35,678	39,373	<b>43.5</b>	<b>10.4</b>
Domestic Current Deposits	17,158	21,806	22,044	28.5	1.1
Overseas Current Deposits	10,278	13,872	17,329	68.6	24.9

## ***Bank's Profits & Its Key Components: Q2, FY14***



<b>Particular (Rs crore)</b>	<b>Q2, FY13</b>	<b>Q2, FY14</b>	<b>YOY (%)</b>
Interest Income	8,723	9,473	8.6
Interest Expenses	5,860	6,579	12.3
NII (Spread)	2,862	2,895	1.1
Other Income	828	974	17.6
Staff Expenses	751	1,030	37.1
Total Expenses	7,168	8,323	16.1
Operating Profit	2,383	2,125	-10.8
Provisions	1,069	941	-12.0
Net Profit	1,301	1,168	-10.2

## ***Bank's Profits & Its Key Components: H1, FY14***



<b>Particular (Rs crore)</b>	<b>H1, FY13</b>	<b>H1, FY14</b>	<b>YOY (%)</b>
Interest Income	17,280	18,960	9.7
Interest Expenses	11,620	13,177	13.4
NII (Spread)	5,660	5,784	2.2
Other Income	1,599	2,204	37.9
Staff Expenses	1,512	2,044	35.2
Total Expenses	14,244	16,589	16.5
Operating Profit	4,636	4,576	-1.3
Provisions	2,171	2,209	1.8
Net Profit	2,440	2,336	-4.3

## ***Deposit & Loan Costs: Q2,FY13 to Q2,FY14***



<b>Particular (in %)</b>	<b>Q2, FY13</b>	<b>Q3, FY13</b>	<b>Q4, FY13</b>	<b>Q1, FY14</b>	<b>Q2, FY14</b>
<b>Global Cost of Deposits</b>	<b>5.85</b>	<b>5.82</b>	<b>5.75</b>	<b>5.60</b>	<b>5.41</b>
Domestic Cost of Deposits	7.36	7.33	7.41	7.23	7.29
Overseas Cost of Deposits	1.73	1.61	1.42	1.25	1.15
<b>Global Yield on Advances</b>	<b>9.07</b>	<b>8.96</b>	<b>8.64</b>	<b>8.46</b>	<b>8.34</b>
Domestic Yield on Advances	11.75	11.57	11.33	11.15	11.07
Overseas Yield on Advances	3.49	3.41	3.07	2.88	2.78

## *Investment Yields & NIMs: Q2,FY13 to Q2,FY14*



Particular (in %)	Q2, FY13	Q3, FY13	Q4, FY13	Q1, FY14	Q2, FY14
<b>Global Yield on Investment</b>	<b>7.79</b>	<b>7.75</b>	<b>7.74</b>	<b>7.79</b>	<b>7.74</b>
Domestic Yield on Investment	7.92	7.88	7.85	7.93	7.90
Overseas Yield on Investment	4.64	4.67	5.05	4.39	4.19
<b>Global NIM</b>	<b>2.71</b>	<b>2.65</b>	<b>2.51</b>	<b>2.41</b>	<b>2.32</b>
Domestic NIM	3.23	3.08	2.93	2.84	2.85
Overseas NIM	1.54	1.58	1.49	1.32	1.19

## ***Non-Interest income: Q2 of FY13 & FY14***



<b>(Rs crore)</b>	<b>Q2, FY13</b>	<b>Q2, FY14</b>	<b>% Change (Y-O-Y)</b>
Commission, Exchange, Brokerage	310.40	382.00	23.1%
Incidental Charges	84.88	104.27	22.8%
Other Miscellaneous Income	72.36	81.94	13.2%
<b>Total Fee-Based Income</b>	<b>467.64</b>	<b>568.21</b>	<b>21.5%</b>
Trading Gains	112.02	118.17	5.5%
Profit on Exchange Transactions	183.18	256.81	40.2%
Recovery from PWO	65.47	30.67	-53.2%
<b>Total Non-Interest Income</b>	<b>828.31</b>	<b>973.86</b>	<b>17.6%</b>



## ***Non-Interest income: H1 of FY13 & FY14***



<b>(Rs crore)</b>	<b>H1, FY13</b>	<b>H1, FY14</b>	<b>% Change (Y-O-Y)</b>
Commission, Exchange, Brokerage	586.33	696.74	18.8%
Incidental Charges	167.69	188.17	12.2%
Other Miscellaneous Income	127.81	135.29	5.9%
<b>Total Fee-Based Income</b>	<b>881.83</b>	<b>1,020.20</b>	<b>15.7%</b>
Trading Gains	193.54	527.42	172.5%
Profit on Exchange Transactions	375.28	509.17	35.7%
Recovery from PWO	148.46	147.62	-0.6%
<b>Total Non-Interest Income</b>	<b>1,599.11</b>	<b>2,204.41</b>	<b>37.9%</b>

## ***Provisions & Contingencies: Q2 of FY13 & FY14***



<b>(Rs crore)</b>	<b>Q2, FY13</b>	<b>Q2, FY14</b>	<b>% Change</b>
Provision for NPA & Bad Debts Written-off	722.93	838.22	16.0%
Provision for Depreciation on Investment	-134.04	-93.34	-30.4%
Provision for Standard Advances	40.79	89.10	118.4%
Other Provisions (including Provision for staff welfare)	16.73	26.85	60.5%
Tax Provisions	422.34	80.10	-81.0%
<b>Total Provisions</b>	<b>1,068.75</b>	<b>940.93</b>	<b>-12.0%</b>

## ***Provisions & Contingencies: H1 of FY13 & FY14***



<b>(Rs crore)</b>	<b>H1, FY13</b>	<b>H1, FY14</b>	<b>% Change</b>
Provision for NPA & Bad Debts Written-off	1,535.05	1,511.71	-1.5%
Provision for Depreciation on Investment	-58.05	24.99	-143.1%
Provision for Standard Advances	44.13	316.96	618.2%
Other Provisions (including Provision for staff welfare)	19.08	25.03	31.2%
Tax Provisions	630.42	330.44	-47.6%
<b>Total Provisions</b>	<b>2,170.63</b>	<b>2,209.13</b>	<b>1.8%</b>

# Bank's Domestic Treasury Highlights: Q2 & H1, FY14

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- **Trading Gains** improved from Rs 194 crore in H1, FY13 to **Rs 527 crore** in H1, FY14 reflecting a growth of **173.0%**. Despite heightened volatility in financial markets, trading gains were positive in Q2, FY14 also.
  - The **FX Profits** too increased by a significant **40.0%** (yoy) in Q2 and by **36.0%** in H1 of FY14 and provided good support to Non-Interest Income generation.
  - As of Sept 30, 2013, the share of **SLR Securities** in Total Investment was **78.99%**.
  - The Bank had **83.53%** of SLR Securities in **HTM** and **16.16%** in **AFS** at end-Sept 2013.
  - The Bank shifted **SLR securities** worth **Rs 737.81 cr** (at book value) from AFS to HTM & worth **Rs 9,487.52 cr** (at book value) from HTM to AFS on 6<sup>th</sup> Apr, 2013 with nil depreciation.
    - The benchmark G-sec yield at the time of shifting ruled at **7.93%**.
  - The **per cent of SLR to NDTL** as on 30<sup>th</sup> Sept, 2013 was closer to **25.05%**.
  - As on 30<sup>th</sup> Sept, 2013, the **modified duration** of **AFS** investments was **2.41%** & that of **HTM** securities was **5.28%**.
  - Total size of Bank's **Domestic Investment Book** as on 30<sup>th</sup> Sept, 2013 stood at **Rs 1,07,895 crore**.
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# Highlights of Overseas Business: Q2 & H1, FY14

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- During H1, FY14, the Bank's "**Overseas Business**" contributed **32.1%** to its **Total Business**, **25.0%** to **Gross Profit** and **35.2%** to **Core Fee-based income** (i.e., Commission, Exchanges, brokerage, etc.)
  - Out of the Total Overseas Loan-book, **46.41%** was **Buyers' Credit/ Export Credit**; **29.10%** was in **Syndicated Loans/ECBs** (mostly to Indian corporates) and **19.76%** was in **Local Credit**. The Bank's exposure to **non-India related companies** is around one-fourth of its overseas loan-book as on 30<sup>th</sup> Sept, 2013.
  - While the GNPA (%) in domestic operations was at **3.79%**, it was **1.77%** for overseas operations as on 30<sup>th</sup> Sept, 2013.
  - The **Cost-Income Ratio** in Overseas operations was more favourable at **16.83%** in H1, FY14 versus **48.51%** in Domestic operations.
  - In Q2, FY14, the **NIM** (as % of interest-earning assets) in Overseas operations stood at **1.19%**; **Gross Profit to Avg. Working Funds** ratio at **1.26%** and **Return on Equity** at **14.35%**.
  - The Outstanding balance of restructured loans in overseas operations as on 30<sup>th</sup> Sept, 2013 was at **Rs 4,444.78 crore**, out of which the **Standard restructured loans** were at **Rs 3,404.37 crore**.
  - During H1, FY14 the Bank opened two new branches in its Overseas Subsidiaries – Tanzania and Uganda in June-July, 2013 and closed one OBU (Offshore Banking Unit) in Mumbai.
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## ***NPA Movement (Gross): H1, FY14***



Particular	( Rs crore)
A. Opening Balance	7,982.58
B. Additions during H1, FY14	4,182.48
Out of which, Fresh Slippages	3,823.20
C. Reduction during H1, FY14	1,277.13
Recovery	438.30
Upgradation	334.44
PWO & WO	452.33
Other Adjustments	52.06
NPA as on 30 <sup>th</sup> Sept, 2013	10,887.93
Recovery in PWO in H1, FY14	147.62

## ***Sector-wise Gross NPA [Sequential Movement]***



<b>Sector</b>	<b>Gross NPA (%) End-Mar, 2013</b>	<b>Gross NPA (%) End-June, 2013</b>	<b>Gross NPA (%) End-Sept, 2013</b>
Agriculture	4.90	5.29	5.76
Large & Medium Industries	3.29	5.06	5.56
Retail	1.76	2.24	2.52
Housing	1.30	1.52	1.91
MSME	3.44	4.26	4.63
Overseas Operations	1.37	1.56	1.77

# Restructured Accounts (Domestic)



Year	Outstanding as on 30 <sup>th</sup> Sept, 2013 (Rs crore)					
	Standard Category		NPA Category		Grand total	
	No. of A/Cs	Amount	No of A/Cs	Amount	No of A/Cs	Amount
<b>Up to 2008</b>	127	280.93	185	109.56	312	390.49
<b>2008-09</b>	5,579	1,022.87	4,626	472.56	10,205	1,495.43
<b>2009-10</b>	2,834	1,631.82	1,775	496.56	4,609	2,128.38
<b>2010-11</b>	602	1,427.32	383	426.09	985	1,853.41
<b>2011-12</b>	1,695	7,708.58	545	600.36	2,240	8,308.94
<b>2012-13</b>	13,549	6,209.45	2,123	1,891.82	15,672	8,101.27
<b>2013-14</b>	22,673	3,642.79	1,240	35.51	23,913	3,678.30
<b>Total</b>	<b>47,059</b>	<b>21,923.76</b>	<b>10,877</b>	<b>4,032.46</b>	<b>57,936</b>	<b>25,956.22</b>
Less standard restructured accounts that ceased to attract higher provisions and/or additional risk weight at end-Sept, 2013	6,347	3,801.10			6,347	3,801.10
<b>TOTAL</b>	<b>40,712</b>	<b>18,122.66</b>	<b>10,877</b>	<b>4,032.46</b>	<b>51,589</b>	<b>22,155.12</b>



## ***Restructured Accounts (Domestic)***



- **Bank has restructured loans to the tune of Rs 1,484 crore in Q2, FY14 (in 13,825 accounts)** as against Rs 1,997 crore in Q1, FY14.
- Globally, incremental restructuring in Q2 was to the extent of **Rs 1,637 crore** (Rs 2,064 cr in Q1.)
- The diminution in Fair Value Sacrifice for Q2, FY14 works out to **Rs 68.49 crore** against Rs 151.83 crore in Q1, FY14.
- As on 30<sup>th</sup> Sept, 2013, the **total restructured portfolio** of the Bank's **Domestic Operations** stood at **Rs 22,155.12 crore** and of **Overseas Operations** stood at **Rs 4,444.78 crore**.
  - Cumulatively, this constitutes **7.70%** of the Bank's Global Advances.
- Out of the total restructured portfolio of Rs 22,155.12 crore, **Standard Advances** comprise of **Rs 18,122.66 crore** and **NPAs** comprise of **Rs 4,032.46 crore**.
- Out of the total restructured assets, **Rs 717 crore slipped to NPA during Q2, FY14**.
- The **Rate of Slippage into NPAs** (from the restructured loan-book) so far is around **17.8%**.
- There is no sectoral concentration and/or lumpiness in the incremental restructuring witnessed by the Bank, **as the largest account being restructured was of the size of Rs 154 crore**.

## ***Sectoral Deployment of Credit at end-Sept, 2013***

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Sector	% share in Gross Domestic Credit
Agriculture	11.1%
Retail	17.4%
SME	22.0%
Large & Medium	31.5%
Misc. including Trade	18.0%
Total	100.0%

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# Technology Initiatives in Q2, FY14

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• Under various alternate delivery channels (like ATM, Internet Banking, Mobile Banking etc) the Bank had the following value additions during Q2, FY14.

## • *e-Banking*

- ***Soft launch of e-Banking for corporate customers*** was undertaken for the US territory.
- For the local body tax collection, ***a Cash/Cheque Module*** was developed for Pimpri-Chinchwad (near Pune, Maharashtra) Municipal Corporation.
- ***Creation of Interface*** for Tamilnadu Transport Tax
- ***Creation of Interface*** for Kandla Port payments through e-Banking.

## • *ATM*

- Facilitated ***India First Life Insurance Premium Payment*** through ATMs.
- Implementation of ***Bunch-Note Acceptor*** to support card-based/account-based transactions in e-lobby.
- Implementation of ***Rupay Chip Card*** in domestic operations.
  - Even the international set up is ready for the launch of Rupay Chip Card.
- Facilitated ***Online Recovery of Charges*** for a PIN change, Mini Statements, etc.

## • *Mobile Banking*

- Made applicable a Mobile Banking Application (Baroda M-Connect) with Windows-8 application.
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# ***Technology Initiatives in Q2, FY14***

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## **• Mobile Banking (Contd.)**

- On 17<sup>th</sup> July, 2013, the Bank introduced IMPS Merchant Payments (P2M- Person-to-Merchant) service to facilitate its customers to make 24\*7 payments to merchants or enterprises through the Bank's Mobile Banking facility .

## **• SMS Banking**

- During Q2, FY14, the Bank launched SMS banking for its customers desirous of purely information based mobile banking services like balance enquiry, mini statements, cheque status enquiry, etc.

## **• Other Initiatives during Q2, FY14**

- Introduction of Self Service Passbook Printer for e-lobby.
  - Introduction of CPSMS [Central Plan Scheme Monitoring System] to facilitate Digital Signature Certificate based/Print Advice Payment based processing of payments.
  - Facilitated files-based loan account opening for HUDA allottees for North zone.
  - Allowed Deviation Functionality thru' Lending Automation System (LAPS) in the Retail module.
  - Implemented Smartphone compatibility of e-Banking in UK & Kenyan territories.
  - Implemented 2-Factor Authentication in Internet Banking in Botswana & Fiji territories.
  - Facilitated issuance of Non-Personalised Cards under the new Credit Card system
  - Created systems for SMS Alerts to Customers for events like interest rate changes in their loan accounts, non-compliance of KYC norms, de-linking of Aadhar from their accounts, etc.
  - Created Automated Clearing House (ACH) for Trinidad & Tobago territories.
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## ***Bank's BPR Project – New Initiatives in Q2, FY14***

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• **Project 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 sustained growth in sales, superior customer experience and alternate channel migration.

• ***The important initiatives during Q2, FY13 were***

- Conversion of **22** more metro and urban branches into **Baroda Next** branches
  - Around **107** more branches were linked to the **Regional Back Office** for the opening of CASA accounts [Total No. of branches linked were -3,087 ].
    - More than **7,500** **CASA accounts** are observed to be opened per day.
  - Around **156** more branches were linked to the **Regional Back Office** for issuance of Personalized Cheque Books [Total No. of branches linked were **4,129**]
  - ***A new RBO was opened at Bareilly*** (Western U.P. & Uttarakhand Zone) on 7<sup>th</sup> August, 2013 taking the total tally of RBOs to **11**.
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## New Recruitment in H1, FY14



Category	Proposed	Joined up to 30/09/2013
Total New Hiring for FY14	6,300	4,789
<i>Of which:</i>		
Probationary Officers	1,530	1,288
Specialist Officers	389	259
Baroda Manipal Trainees	870	399
Campus Recruitment	11	11
Clerks	3,500	2,832
<b><i>*No. of Employees superannuating in FY14 will be around 1,615.</i></b>		

• As in the past, the Bank is carrying out two programmes notably “a **skills’ up-gradation programme** and a **structured six-month long on-boarding programme**” for its new joiners to inculcate in them general banking skills as well as the specialised skills in the areas of credit, forex, soft skills, etc.

• Its other two programmes – **SPARSH** {A HR transformation project} and Baroda Manipal School of Banking { An innovative & new channel of resourcing of trained manpower for itself} are in full swing.

- As per the RBI's latest guidance,

- Since the Mid-Quarter Review in September, **the outlook for global growth has improved modestly**, with fiscal concerns abating in the US and lead indicators of activity firming up in the Euro area and the UK.

- For emerging market economies, while the prospect of delay in the taper of the Federal Reserve's bond purchases has brought calm to financial markets, and capital flows have resumed, **these countries remain vulnerable to sudden shifts in global conditions or in investor sentiments.**

- India's real GDP growth for FY14 will be around 5.0%** aided by improved prospects for agriculture and export sector. However, the revival of large stalled projects and the pipeline cleared by the Cabinet Committee on Investment may buoy investment and overall activity towards the close of the year.

- India's retail inflation measured by CPI is likely to remain around or even above 9.0%** in the months ahead, absent policy action. This means interest rates will continue to have an upward bias.

- As regards the external sector, the improvement in export performance over the last two months, coupled with the contraction in non-oil import demand, has enabled a perceptible narrowing of the trade deficit with favourable implications for the current account deficit (CAD) going forward. **However, normalcy will be restored to the exchange market only when the demand for dollars from public sector oil marketing companies is fully returned to the market.**

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# Bank's Guidance for FY14

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- **RBI's Guidance** - Aggregate Deposits to grow by **14.0%** & Non-food credit by **15.0%** in FY14 for the Indian banking industry
  - **Bank's Guidance:** The Bank would like to avoid aggression as the economy is still in the recovery mode, but will try to grow a tad higher than the industry average to protect its market share.
  - With its **well-managed liability franchise**, the Bank is well poised to sustain growth in FY14, if the investment climate remains conducive.
  - For the year as a whole, the Bank would like to improve its **domestic NIM to 3.0%** through realignment of loan-book; take the **ROAA back to 1.0%** by further improving the CASA share and improving the yield on advances by taking advantage of the busy season.
  - On the qualitative side, the Bank's endeavours at Business Process Re-Engineering, Creation of Future Pipeline of Leaders, further development of Sales & Service Culture will continue with full vigour.
  - To conclude, the **Bank is continuously evolving its Strategic Focus** to cope with changing circumstances.
    - In the last six months, it has succeeded in giving retail orientation to its business both from the liabilities & assets' sides; it has corrected the imbalance between deposit and credit growth differential ; managed to control net slippages & fully provided for staff expenses & investment depreciation.
    - Challenging times still continue. But as Peter Drucker has said, we know that “ ***The greatest danger in times of turbulence is not the turbulence, it is to act with yesterday's logic***”.
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*Thank you.*

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