

**Press Release**

**BANK OF BARODA ANNOUNCES FINANCIAL RESULTS**  
**FOR Q3 FY 2019 AND 9M (Apr-Dec 2018)**

**Robust credit growth for five quarters in a row; international margins improve further; GNPA/NPAs lower in absolute and % terms; transformation journey on track with investments in world-class operational and analytics capabilities.**

**Highlights**

- **Fifth quarter of 15% plus domestic credit growth. Domestic Y-o-Y credit growth on terminal and average basis at 21.13% and 23.34% respectively. Retail loans grew by 32.58% led by home and auto loans at 33.93% and 50.61% respectively. Score based lending led to Q-o-Q improvement in rating profile of new credit origination.**
- **Net Interest Income (NII) increased to INR 4,744 crore. Adjusting for IT refund of INR 326 crore in Dec'17, NII increased by 16.62% Y-o-Y. Domestic core fee income increased by 16.11% Y-o-Y to INR 771 crore.**
- **Standalone and Consolidated Operating Profit stood at INR 3,539 crore and INR 4,098 crore respectively. Operating Profit has been impacted by decline in Treasury income to INR 382 crore versus INR 509 crore last year besides one-time IT refund of INR 326 crore in December 2017.**
- **Standalone and Consolidated Net profit increased to INR 471 crore and INR 579 crore. The Bank front-ended NPL provisions of INR 919 crore which is in excess of IRAC norms. PCR including TWO increasing to 73.47% and PCR excluding TWO increasing to 64.03% as on December 31, 2018 from 70.75 % and 61.79 % respectively as on September 30, 2018.**
- **Net Interest Margin (NIM) improved to 2.69% in Q3 FY 19 from 2.61% last quarter. NIM of International operations increased to 1.99% from 1.66% during last quarter.**
- **Gross NPA reduced to 11.01% as on December 31, 2018 against 11.78% last quarter Net NPA ratio declines to 4.26% from 4.86% last quarter. Absolute amount of Net NPA also declines by INR 1,929 crore to INR 19,130 crore, lowest in seven quarters.**
- **Capital Adequacy Ratio of the Bank at 11.67% and CET-1 at 8.65% versus 11.88% and 9.05% in September 2017 due to INR 1,354 crore allocation to UK subsidiary. Hence, consolidated CET-1 and Capital Adequacy Ratios are stable in December 2018 at 9.74% (9.84% in Sep'18) and 12.62% (12.55% in Sep'18) respectively.**
- **With the bank on-boarding corporate customers on the basis of a well-defined target market and retail customers on a score-based approach, the credit quality of recently acquired portfolio has shown distinct improvement as measured by credit score/ external ratings available with credit rating agencies.**

Bank of Baroda announced its results for the Quarter and Nine Months ended on December 31, 2018, following the approval of its Board of Directors on January 29, 2019.

### Results at a Glance (Standalone Basis)

*All figures in INR crore*

Particulars	Quarterly Results			Nine months Results		
	Q3 FY 19	Q3 FY 18	% Change	Apr- Dec 18	Apr- Dec 17	% Change
Interest Income	12,942	10,977	17.90	36,660	32,283	13.56
Interest Expenses	8,198	6,909	18.66	23,043	21,090	9.26
<b>Net Interest Income (NII)</b>	<b>4,744</b>	<b>4,068</b>	<b>16.62</b>	<b>13,617</b>	<b>11,193</b>	<b>21.66</b>
Customer Fee Income	942	886	6.32	2,760	2,528	9.18
Customer Income (NII + Fee Income)	5,686	4,954	14.78	16,377	13,721	19.36
<b>Other Non-Interest Income</b>	<b>679</b>	<b>787</b>	<b>(13.72)</b>	<b>1361</b>	<b>2433</b>	<b>(44.06)</b>
of which, Trading Gains – Profit from Sale of Investments	382	509	(24.95)	574	1,708	(66.39)
of which, Recovery from TWO	197	180	9.44	517	367	40.87
Non-Customer Interest Income	--	326	--	--	326	--
<b>Operating Income (NII + Other Income)</b>	<b>6,365</b>	<b>6,067</b>	<b>4.91</b>	<b>17,738</b>	<b>16,480</b>	<b>7.63</b>
Operating Expenses	2,826	2,417	16.92	8,112	7,141	13.60
<i>of which</i> , Employee Cost	1,304	1,110	17.48	3,626	3,338	8.63
<b>Operating Profit</b>	<b>3,539</b>	<b>3,650</b>	<b>(3.04)</b>	<b>9,626</b>	<b>9,340</b>	<b>3.06</b>
<b>Total Provisions</b>	<b>3,067</b>	<b>3,538</b>	<b>(13.31)</b>	<b>8,201</b>	<b>8,669</b>	<b>(5.40)</b>
<i>of which</i> Provision for NPA	3,416	3,155	8.27	6,642	7,159	(7.22)
<b>Profit before Tax</b>	<b>744</b>	<b>224</b>	<b>232.14</b>	<b>2,237</b>	<b>1,217</b>	<b>83.81</b>
Provision for Tax	273	112	143.75	812	546	48.72
<b>Net Profit</b>	<b>471</b>	<b>112</b>	<b>320.54</b>	<b>1425</b>	<b>671</b>	<b>112.37</b>

## **BUSINESS**

- **Domestic CASA deposits** registered a growth of **10.27%** Y-o-Y. **CASA deposits to Total Domestic Deposits at 39.98% versus 40.48% as on September 30, 2018.**
- **Domestic Deposits** stood at **INR 4,96,271 crore** as on December 31, 2018 up by **11.91%** from **INR 4,43,469 crore** as on December 31, 2017.
- **Domestic advances** grew by **21.13%** to **INR 3,52,472 crore** as on December 31, 2018 from **INR 2,90,977 crore** as on December 31, 2017. The increase was led by **retail loans** which grew by **32.58%**.
- Contribution of Bank's **International Business** at the end of December 31, 2018 was **19.87%** compared with **21.02%** as of September 30, 2018 due to rationalisation of overseas operations.
- Modified duration of AFS investments and HTM securities as on December 31, 2018 is **1.13 and 5.01**.
- The Bank's **Total Business** stood at **INR 10,59,248 crore** as on December 31, 2018 up by **8.90%** from **INR 9,72,645 crore** as on December 31, 2017.

## **OPERATING PERFORMANCE**

- The **Operating Profit** stood at **INR 3,539 crore as against INR 3082 crore in the previous quarter**. However, on Y-o-Y basis, Operating profit declined by **3.04%** due to lower Treasury income at **INR 382 crore** versus **INR 509 crore** in the previous year and **INR 326 crore** impact of one-off IT refund in the previous year.
- **Net profit** increased by **320.54%** Y-o-Y to **INR 471 crore** as on December 31, 2018 despite **the Bank accelerating specific provisions on NPLs to INR 3,416 crore from INR 3,155 crore**.
- **Net Interest Income (NII)** increased to **INR 4,744 crore**. Adjusting for IT refund of **INR 326 crore** in Dec'17, NII increased by 16.62%. **Domestic core fee income** increased by **16.11%** Y-o-Y to **INR 771 crore**. **Operating income (NII + Other income)** increased by **4.91 %** Y-o-Y to **INR 6,365 crore**.
- **Net Interest Margin (NIM)** improved to **2.69%** in December 2018 quarter from **2.61%** in September 2018. **NIM of International operations improved to 1.99%** from **1.66%** in September 2018.

## ASSET QUALITY

- **Fresh slippage** was at **INR 2,933 crore** on account of **INR 1169 crore** slippage of **IL&FS**. Adjusting for **ILFS**, fresh slippage is at the lowest level since **June 2015**.
- **Provision for NPAs** was at **INR 3,416 crore** including provision of **INR 919 crore** over and above **IRAC** norms. While Credit cost decreased to **2.92%** in December 2018 from **3.04%** last year, adjusting for **INR 919 crore** provision above the **IRAC** norms, credit cost is **2.13%**.
- **Gross NPA (GNPA)** was **INR 53,184 crore** as on December 31, 2018 compared to **INR 55,121 crore** as on September 30, 2018. **GNPA** ratio declined to **11.01 %** Q-o-Q from **11.78%** as on September 30, 2018.
- **Net NPA** ratio declined to **4.26%** as on December 31, 2018 from **4.86%** as on September 30, 2018. Absolute amount of **Net NPA** also declined to **INR 19,130 crore** from **INR 21,059 crore** as on September 30, 2018.
- Exposure in accounts under **NCLT 1** list was **INR 3910 crore** and **NCLT 2** list was **INR 3,839 crore** as on December 31, 2018.
- Provision coverage under **NCLT 1** and **NCLT 2** list was **72.68%** and **76.10%** respectively.

## CAPITAL ADEQUACY

**Capital Adequacy Ratio** of the Bank stood at **11.67%** and **CET-1** at **8.65%** versus **11.88%** and **9.05%** in September 2018 due to **INR 1,354 crore** allocation to **UK** subsidiary. Hence, consolidated **CET-1** and **Capital Adequacy Ratios** are stable in December 2018 at **9.74%** (**9.84%** in Sep'18) and **12.62%** (**12.55%** in Sep'18) respectively.

## TRANSFORMATION OF THE BANK

The Bank's transformation journey is now in its 3rd year and the progress is in-line with the plan. The transformation journey initially focused on re-engineering processes to provide a more frictionless banking, filling the white spaces so as to provide more comprehensive range of products and services to customers, digitisation and building people capability. A prime example of a digital process in the Bank is "Tab Banking" by which new savings accounts are opened entirely digitally and has thus resulted in better customer experience, higher productivity of branches and ease of opening accounts. Tab Banking is now being expanded to all other retail products of the Bank.

In the recent period, the transformation agenda has been focussed in building world-class operational and analytical capabilities. Baroda Shared Service Centre located in

Gandhinagar and Hyderabad is processing all new savings account, mortgage loans and trade finance accounts. During the quarter, issuance of debit cards, pension payments, managing ATM network and processing of agriculture loans have been migrated to the Baroda Shared Service Centre. Centralisation of processes is dramatically reducing operational risk, reducing cycle time and providing consistency in underwriting standards. As more and more processes get migrated to Shared Service centre, front-end staff is focusing on sales and customer service and thereby improving productivity and service standards.

The Bank continues to invest in building world-class Analytics capability across all areas. The Bank has set up a Big Data Lake of 1.5 Peta Bytes which is supported with data scientists. The focus on analytics is building used cases on X-sell, customer segmentation, credit and behavioural score and building early warning and monitoring of credit, audit and operational risks.

With improved turn-around time in processing transactions due to transformation journey of the Bank, the Bank is now in a position to enter into various strategic tie-ups in key growth segments such as agriculture platforms, E-commerce and Fintech which will enable bank to continue to gain market share. Bank is already present or has entered into a tie-up with over 35 aggregator platforms such as OYO, Amazon, Flipkart, Swiggy and TReDS among others.

The Bank is laying emphasis on shifting the focus on “Sales and Service” in order to ensure customer experience continues to show improvement along with higher revenue realization. As part of the transformation, the Bank has introduced Reward and Recognition as the basis of Employee engagement which reinforces the philosophy of growing with the Bank and also results in motivation.

As a responsible citizen of the planet, Bank has started financial inclusive green finance with focus on small sized renewable energy and micro irrigation loans.

**January 29, 2019**  
**Mumbai**

## 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 5,546 branches and 9,661 ATMs and Cash Recyclers supported by self-service channels. The Bank has a significant international presence with a network of 101 overseas offices spanning 21 countries. The Bank has wholly owned subsidiaries including BOB Financial Solutions Limited (erstwhile BOB Cards Ltd.) and BOB Capital Markets. Bank of Baroda also has joint ventures for life insurance with India First Life Insurance and for asset management with Baroda Pioneer Asset Management. The Bank owns 98.57% in The 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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