

Press Release

BANK OF BARODA ANNOUNCES FINANCIAL RESULTS
FOR Q2 AND H1, 2016-17 (FY 2017)

Highlights (Standalone Basis)

- Operating profit of INR 2,690 crore, up by 15.10% YoY; the highest in the last 6 quarters.
- Profit after Tax of INR 552 crore up by 345% y-o-y and 30% q-o-q
- Gross NPA at INR 42,949 crore remains stable while Net NPA at INR 19,342 crore down on Q-o-Q basis. GNPA at 11.35% and Net NPA at 5.46%.
- Provision Coverage Ratio (PCR) improved to 62.95% as on September 30, 2016 from 60.17% as on June 30, 2016 and 60.09% & 52.70% as on March 31, 2016 and December 31, 2015 respectively.
- Domestic CASA grew on an average by 14.95% (on y-o-y basis) and 3.34% (on q-o-q basis) driven by Savings bank deposit growth of 16.06% and 3.91% (on y-o-y and q-o-q basis respectively).
- Domestic CASA as %age of domestic deposits on average basis stood at 33.63% as compared to 29.16% as at September 30, 2015 and 30.62% as at March 31, 2016. On terminal basis, Domestic CASA percentage stood at 34.23%.
- Continued focus on recovery and collections, portfolio rebalancing and improving profitability.
- CRAR (Basel III) stood at 12.94% with Tier I ratio of 10.59% and CET 1 of 10.09%, excluding profits of current half year FY17.

Bank of Baroda announced its audited results for the Q2 of FY 2017, following the approval of its Board of Directors on November 11, 2016.

Results at a Glance (Standalone Basis)

All figures in INR crore

| Particulars | Quarterly Results | | | Half-Yearly Results | | |
|-----------------------------------|-------------------|----------|----------|---------------------|----------|----------|
| | Q2 FY 17 | Q2 FY 16 | % Change | H1 FY 17 | H1 FY 16 | % Change |
| Total Income | 12,047 | 12,300 | (2.06) | 23,925 | 24,544 | (2.52) |
| Interest Income | 10,485 | 11,156 | (6.01) | 20,919 | 22,433 | (6.75) |
| Interest Expenses | 7,059 | 7,912 | (10.78) | 14,121 | 15,729 | (10.22) |
| Net Interest Income | 3,426 | 3,244 | 5.61 | 6,798 | 6,704 | 1.40 |
| Other Income | 1,562 | 1,144 | 36.54 | 3,006 | 2,111 | 42.40 |
| Total Expenses | 9,356 | 9,963 | (6.09) | 18,564 | 20,005 | (7.20) |
| Operating Expenses | 2,297 | 2,051 | 11.99 | 4,443 | 4,276 | 3.91 |
| <i>of which,</i> Employee Cost | 1,169 | 1,044 | 11.97 | 2,277 | 2,389 | (4.69) |
| Operating Profit | 2,690 | 2,337 | 15.10 | 5,360 | 4,539 | 18.09 |
| Provision for NPA | 1,630 | 1,844 | (11.61) | 3,617 | 2,412 | 49.96 |
| Provision for Tax | 342 | 321 | 6.54 | 584 | 871 | (32.95) |
| Net Profit | 552 | 124 | 345.16 | 976 | 1,177 | (17.08) |

BUSINESS

The Bank's **Total Business** stood at **INR 9,21,681 crore** as at September 30, 2016 down from INR 10,27,358 crore as at September 30, 2015 on account of planned and structured rundown of assets and liabilities.

Total Deposits stood at **INR 5,67,531 crore** as at September 30, 2016 as against **INR 6,12,458 crore** as at September 30, 2015. Corresponding figures for Average Deposits (based on daily averages) were **INR 5,52,714 crore** and **INR 5,83,650 crore**.

The Bank has rundown high cost liabilities to improve the deposit mix leading to reduction in cost of domestic deposits from 6.61% as at March 31, 2016 to 6.20% as at September 30, 2016 and also **improvement in ratio of domestic CASA deposits to domestic deposits on average basis at 33.63%** as compared to an average of 29.16% as at September 30, 2015 and 30.62% as at March 31, 2016. On a terminal basis, Domestic CASA percentage was at 34.23%. Domestic Savings bank deposit saw a robust growth of 16.06% y-o-y on an average basis.

Total Advances (Net) were **INR 3,54,150 crore** as at September 30, 2016 against **INR 4,14,900** crore as at September 30, 2015 and Average Advances (Gross - based on daily averages) were **INR 3,76,955** crore and **INR 4,06,391** crore respectively.

The Bank's **International Business** continues to occupy a significant position. As at September 30, 2016, the International Operations contributed 29.34% to the Bank's Total Business. As a part of rebalancing of the International book, a portion of low yielding assets have been substituted with higher yielding local credit.

INCOME

The Bank's **Total Income** stood at **INR 12,047 crore** in Q2 FY17. **Net Interest Income** stood at **INR 3,426 crore** up by 5.61% y-o-y. **Other Income** increased by 36.54% on y-o-y basis to **INR 1,562 crore**, driven by improved core fee income as well as trading gains.

EXPENSES

The Bank's **Total Expenses** declined by 6.09% (y-o-y basis) to **INR 9,356 crore** in Q2 FY 17 driven primarily by reduction in cost of deposits. The interest expenses reduced by 10.78% (y-o-y basis) from INR 7,912 crore as at September 30, 2015 to INR 7,059 crore as at September 30, 2016.

PROFIT

Prudent management of assets and liabilities as detailed above has led to improvement in profitability. The Bank's **Operating Profit** was **INR 2,690 crore** in Q2 FY17 (as against **INR 2,337 crore** in Q2 FY 16), which is the highest in the last six quarters.

The Bank posted a **Net Profit of INR 552 crore** for Q2 FY 17.

NET INTEREST MARGIN

The Net Interest Margin (NIM) for Domestic operations has improved from 2.80% to 2.85% while global margin improved to 2.29% from 2.23% last quarter.

ASSET QUALITY

Gross NPA (GNPA) of the Bank remained stable at **INR 42,949 crore** as on September 30, 2016 as compared to INR 42,991 crore as at June 30, 2016. The Gross NPA ratio stood at 11.35% as compared to 11.15% as at June 30, 2016. The corresponding figures of the **Net NPA ratio** stood at 5.46% and 5.73% respectively.

Total Restructured Standard Assets of the Bank were **INR 13,860 crore** as on September 30, 2016. The total Stressed Assets (GNPA + Restructured Standard Assets) were 15.02% of the Gross Advances.

PROVISIONS AND CONTINGENCIES

Provisions and Contingencies (excluding tax provisions) made by the Bank stood at **INR 1,796 crore** in Q2 FY17. **Provisions against NPAs/ Bad Debts written off** stood at **INR 1,630 crore** in Q2 FY17.

The **Provision Coverage Ratio (PCR)** improved to **62.95%** as at September 30, 2016 as compared to 60.17% last quarter and 60.09% & 52.70% as on March 31, 2016 and December 31, 2015 respectively.

Provision for tax was INR 342 crore.

CAPITAL ADEQUACY

The **CRAR** on standalone basis (**Basel III**) is 12.94% as at September 30, 2016. Out of this, the **Tier 1** capital was 10.59% and **CET 1** Capital was 10.09%.

TRANSFORMATION OF THE BANK

The Bank is progressing on the execution of Project Navoday - a comprehensive business transformation that seeks to deliver a differentiated world-class customer experience enabled by an energised and engaged team. The Bank has set up a state-of-the-art War Room and constituted a dedicated team for monitoring the progress of Project Navoday.

The Bank has re-organized the Corporate Banking vertical with a dedicated team of Relationship Managers and a Centralized Credit Processing team with sector specialization. Various digitization initiatives are underway such as:

- Testing of digitally enabled account opening which significantly reduces turnaround time (TAT);
- Self-service account opening kiosks based on Aadhar validation, which facilitates instant customer account opening; and

- Disbursement of loans and deposits with reduced TAT.

The Bank has also launched innovative solutions such as Digital Portable Branches in rural areas, which has the state-of-the art digital technology for the residents in the hinterland.

The Bank is working on the execution of Project WeLead – a comprehensive leadership development program and Project Anubhuti – to boost employee engagement.

The Bank is also putting in place partnerships in multiple areas such as for Startup financing, MUDRA loans, E-Commerce & Fintech firms.

Bank of Baroda's efforts around brand building continue with the Bank being ranked 21st amongst Best Indian Brands 2016 in Brand Equity. The Bank has announced a brand endorsement with ace Indian Badminton players P V Sindhu and K Srinath who represented on the international stage at the Rio 2016 Olympics. The association reaffirms the Bank's commitment to the promotion of sports and young sporting talent in India.

The transformation will enable the Bank to realize improved market share, quality growth of balance sheet, diversified portfolio, enhanced fee income, strengthened internal controls and compliance, and on the back of implementing cutting-edge digital technology solutions. While this transformation exercise will be undertaken over a period of 18 months, the early benefits have started flowing from Q2 FY 2017.

November 11, 2016
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 5,368 branches and 10,441 ATMs and Cash Recyclers supported by self-service channels. The Bank has a significant international presence with a network of 107 branches/ offices subsidiaries, spanning 24 countries. The Bank has wholly owned subsidiaries including BOBCARDS and BOB Capital Markets. Bank of Baroda also has joint ventures for life insurance with IndiaFirst Life Insurance and for asset management with Baroda Pioneer Asset Management. The Bank owns 98.57% in 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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