

Bank of Baroda

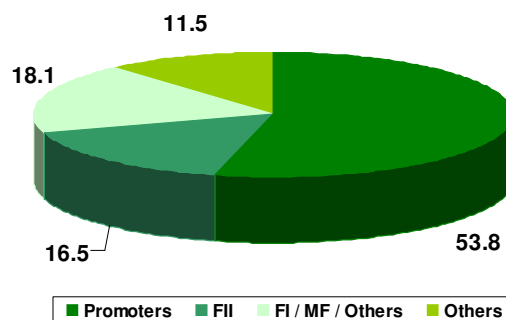
30th April 2010

BUY

Industry	Banking
CMP (INR)	691
Target Price (INR)	829
Potential Upside/Downside (%)	20
52 week High/Low	702/294
Market Cap (INR Mn)	238311
Average Quarterly Volumes	798826
BOB P/BV	1.97

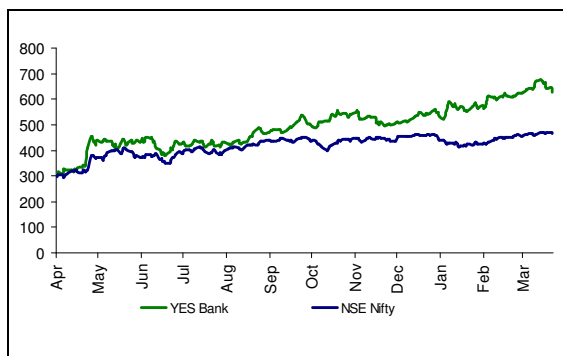
Source: Capitaline

Shareholding Pattern (%) as on 31/03/2010



Source: Capitaline

Stock Performance (Last one year)



Source: Capitaline

Performance (%)

	1M	3 M	12M
BOB	2.4	13.4	110.8
NIFTY	-0.02	0.4	53.2

Source: Capitaline

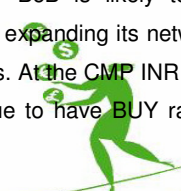
INR in Mn	Unicon Estimates	Actual Results
Net Interest Income (NII)	18254	17449
Operating Profit	14988	15473
PAT	9972	9062

Q4FY10 Result Highlight's

- Bank of Baroda (BOB) delivered strong growth numbers in Q4FY10 (below our estimates) as the net profit grew by 20.4% to INR 9063 Mn from INR 7527 Mn YoY (estimated INR 9972 Mn). This was achieved on back of higher net interest income which grew by 18.6% to 17450 Mn from INR 14708 Mn YoY (estimated INR 18254 Mn).
- BOB's business growth remained strong at 24%; as the advances grew by 22% YoY due to a pick up in disbursements. The credit growth was mainly driven by SME & agriculture segment. However the international advances has grown faster (25% YoY) than domestic advances. International business now accounts for 23.8% of overall bank's business. The deposits grew by 25.3%, given the higher growth in deposits than the advances, banks credit-deposit ratio declined to 72.6% from 74.8% YoY.
- Domestic CASA ratio grew 25.1% YoY which led to domestic NIM improve by 12 bps to 3.5% YoY. However, the international NIMs declined to 2.97% from 3.17% YoY. Bank's non-interest income improved from 52.4% to 62.4% YoY.
- BOB's asset quality declined slightly, as the gross & net NPAs rose to 1.36% & 0.34% from 1.27% & 0.31% YoY respectively. The marginal increase in NPAs was on back of recognition of agriculture debt loan waiver (despite the relaxation provided by RBI). However, the coverage ratio remained within the RBI guideline at 75% (including technical write-off at 87%). Although stressed assets are ~2.9% of loans, capital adequacy remained sufficient at 14.4%, with Tier-1 capital at 9.2%. Management has contained slippages below its target of 1.25% for the past five quarters.

Outlook

In view of stable asset quality, strong fee income growth, increasing CASA share and improving margins Bank of Baroda is expected to give robust performance in the future. Going ahead, the bank is likely to extend its branch network aiding CASA growth ~36%, which will further help the margins to improve. Further BoB is likely to continue to reinforce its retail liabilities franchise by expanding its network, which is likely to manage the future funding costs. At the CMP INR 691 the stock trades at 1.97x of its P/BV, we continue to have BUY rating on stock with 12-18 months target of INR 829.



Bank of Baroda

Financials

	Figures in INR Mn				
	Q4FY10	Q4FY09	YoY %	Q3FY10	QoQ %
Interest income	43538	41388	5.20	41770	4.23
Interest expense	26089	26680	-2.22	25757	1.29
Net Interest Income	17450	14708	18.64	16012	8.98
Other Income	7669	8536	-10.16	6597	16.26
Total Operating income	25118	23244	8.06	22609	11.10
Operating expenditure	9645	10199	-5.43	9959	-3.15
Operating Profit	15473	13045	18.62	12650	22.32
Operating Profit (%)	36	32	12.76	30	17.35
Provisions	3773	2097	79.90	2425	55.61
PBT	12515	10947	14.31	10225	22.40
Tax	3452	3421	0.91	1900	81.70
PAT	9063	7527	20.41	8325	8.86
Equity	3655	3655	0.00	3655	0.00
EPS (INR.)	24.79	20.59	20.41	22.77	8.86
NIMs	3.5	3.38	12 bps	2.95	55 bps



Bank of Baroda

Unicon Investment Ranking Methodology

Rating	Buy	Accumulate	Hold	Reduce	Sell
Return Range	>= 20%	10% to 20%	-10% to 10%	-10% to -20%	<= -20%

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