

Bank of Baroda

Financial Services

Loan growth driven by overseas portfolio: Bank of Baroda's advances grew 25.8% yoy driven mainly by strong growth in the overseas segment, which was up 45.8% yoy due to rupee depreciation. Domestic advances grew 18.5% YoY, driven by growth in the corporate (23% yoy) and SME (27.2% yoy) portfolio. Loan book benefitted from currency depreciation, which propped the overseas loan book growth to 46% YoY. Deposits grew 24.1% yoy, taking the C/D ratio to 74.6%. Domestic CASA stood at 34%.

Moderate net interest income growth: NII growth was moderate at 15.8% yoy largely due to declining NIMs, which declined 20 bps yoy and 7bps sequentially to 2.99% due to lower yield in the domestic book. The proportion of corporate loans segment increased however proportion of retail segment resulted in lower domestic YoA. The Overseas NIMs improved by 22 bps sequentially to 1.64%.

Non-Interest income surprises positively: The non-interest income reported growth of 70% yoy to ₹1149cr on the back of significant trading gains (bonds & forex). The trading gains is one-time income and unsustainable in the quarters to come. The core fee income also reported healthy growth of 18% yoy to ₹451cr.

Asset Quality: Higher write-offs and recoveries led to higher gross NPAs and net NPAs of 7bps and 4bps to 1.48% and 0.51% with PCR of 80.5%. Slippages increased to ₹9.5bn. Provisions rose by 175.2% yoy to ₹8.4bn on the back of higher provisions for NPA, restructured advances and investment depreciation. Restructured loans accounted for ~5.5% of domestic loans book at end Dec11; the amount restructured was ₹21bn compared to ₹11bn in 1HFY12.

Valuation and Outlook: At the current market price of ₹ 759, the bank is trading at P/BV of 1.2x FY2012E BV of ₹651.4 and at P/BV of 1.1x FY2013E BV of ₹ 783.9. We maintain BUY on the stock.

Financial Performance

Particulars (₹ in Mn)	FY2009	FY2010	FY2011	FY2012E	FY2013E
Net Interest Income	53,802	62,115	91,637	105,603	134,682
Non Interest Income	28,454	29,653	32,871	39,497	47,534
Total Expenses	37,124	39,816	48,506	55,696	62,993
Net Profit	23,949	31,924	44,539	54,475	74,352
EPS	65.5	87.3	113.4	138.7	189.3
Book Value	364.5	429.9	554.3	651.4	783.9
P/BV	2.2	1.9	1.4	1.2	1.0

Source: Company, ULJK Research

3QFY2012 Result Update

Maintain BUY

BOB.IN, BOB.BO

CMP: ₹759

Price Target: ₹1085

Richa Chandak

(91-22) 3028-4757

richa.chandak@uljk.in

ULJK Financial Services Private Limited

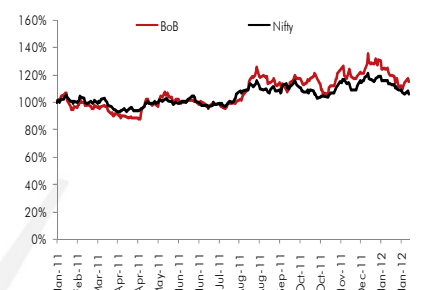
Market Data

Market Cap. (₹ Mn)	2,98,135
Outstanding Shares (Mn)	392.8
52 Week High/Low (₹)	1006/631
Avg. Weekly Volume	600,000
Face Value	10

Shareholding

	%
Promoter	57.03
MF/ Banks/ Indian Fls	17.18
FII/ NRIs/ OCB	13.61
India Public/ Others	12.18

Nifty and Stock Movement



Please refer to the important disclosures and analyst certifications at the end of the document

Result Analysis

₹ in Million

Particulars	Q3FY12	Q3FY11	Growth (YoY)	Q2FY12	Growth (YoY)
Interest Income	76,720	56,662	35.4%	72,514	5.8%
Interest Expenses	50,165	33,739	48.7%	46,845	7.1%
Net Interest Income	26,555	22,923	15.8%	25,669	3.5%
Non-Interest Income	11,493	6,762	70.0%	7,343	56.5%
Total Income	38,048	29,684	28.2%	33,013	15.3%
Total Expenses	11,967	11,172	7.1%	11,613	3.0%
Operating Profit	26,082	18,512	40.9%	21,400	21.9%
Provision and Contingencies	8,367	3,041	175.2%	4,834	73.1%
Profit Before Tax	17,715	15,471	14.5%	16,566	6.9%
Tax	4,686	4,783	-2.0%	4,775	-1.9%
PAT (Excl. Exceptional Item)	13,029	10,689	21.9%	11,661	11.7%

Key Ratios (%)	Q3FY11	Q4FY11	Q1FY12	Q2FY12	Q3FY12
GNPA	1.3	1.4	1.5	1.4	1.5
NNPA	0.4	0.4	0.4	0.5	0.5
RoA	1.3	1.3	1.1	1.2	1.3
RoE	23.5	21.5	19.9	20.8	21.4
CAR	12.5	14.5	13.1	12.7	13.5
Cost Income ratio	38.3	39.9	38.1	35.6	31.8

Consolidated Financial Statements

₹ in Millions

Earning Statement	FY2009	FY2010	FY2011	FY2012E	FY2013E
Interest Income	155,476	172,348	225,133	289,607	355,372
Interest Expenses	101,673	110,233	133,496	184,003	220,690
Net Interest Income	53,802	62,115	91,637	105,603	134,682
Non Interest Income	28,454	29,653	32,871	39,497	47,534
Total Income	82,256	91,768	124,508	145,100	182,216
Operating Cost	37,124	39,816	48,506	55,696	62,993
Profit before Provision	45,132	51,952	76,002	89,404	119,223
Provisions	10,177	8,093	17,038	17,489	21,068
Profit before Tax	34,955	43,859	58,964	71,915	98,155
Tax	11,642	12,361	14,772	17,979	24,539
Share of Associate	637	426	347	539	736
Profit after Tax	23,949	31,924	44,539	54,475	74,352

Balance Sheet	FY2009	FY2010	FY2011	FY2012E	FY2013E
Equity Capital	3,655	3,655	3,928	3,928	3,928
Reserves	129,592	153,491	213,796	251,928	303,975
Networth	133,247	157,146	217,724	255,856	307,903
Minority Interest	464	594	729	1,090	1,487
Deposits	1,966,089	2,459,511	3,116,032	3,824,271	4,751,559
Borrowings & Other Liabilities	215,972	225,475	327,653	408,071	509,040
Total Liabilities	2,315,772	2,842,726	3,662,137	4,489,288	5,569,989
Cash & Balance with RBI	252,024	365,695	514,237	625,568	774,578
Investments	536,266	631,633	740,185	897,558	1,092,897
Advances	1,455,595	1,777,119	2,320,851	2,831,438	3,539,298
Goodwill on Consolidation	1,844	-	-	-	-
Fixed Assets	23,756	23,694	23,832	59,085	72,449
Other Assets	46,288	44,585	63,032	75,639	90,767
Total Assets	2,315,772	2,842,726	3,662,137	4,489,288	5,569,989

Key Ratios (%)	FY2009	FY2010	FY2011	FY2012E	FY2013E
Advances Growth	34.1	22.1	30.6	22.0	25.0
Deposits Growth	26.6	25.1	26.7	22.7	24.2
NIM	2.7	2.5	2.9	2.7	2.8
ROA	0.9	1.0	1.3	1.2	1.4
ROE	18.9	21.7	23.6	22.8	26.1
Gross NPA	1.3	1.3	1.3	1.4	1.3
Net NPA	0.9	1.0	1.0	1.0	1.0
Adj. BV	364.5	429.9	554.3	651.4	783.9
EPS (Rs)	65.5	87.3	113.4	138.7	189.3
P/E	11.6	8.7	6.7	5.5	4.0
P/BV	2.1	1.8	1.4	1.2	1.0

Source: Company, ULJK Research

Research Desk

Tel: 022 - 3028 4719

Institutional Sales Desk

Tel: 022 - 2272 1687

Disclosure Appendix

ULJK Financial Services Pvt Ltd: (Time range– 12 months)

BUY: Returns>20%; **ACCUMULATE:** 5%<Returns<20% ; **HOLD:** -5%<Returns<5%, **REDUCE** -20%<Returns<-5% and **SELL:** Returns<-20%

Analyst(s) holding in the Stock : Nil

Analyst Certification

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