



Provisions Surge!

14<sup>th</sup> May, 2016

**CMP:** Rs. 145  
**Target Price:** Rs. 147  
**Recommendation:** NEUTRAL

Stock Info

BSE Group	A
BSE Code	532134
NSE Symbol	BANKBARODA
Bloomberg	BOB IN
Reuters	BOB.BO
BSE Sensex	25,790
NSE Nifty	7,900

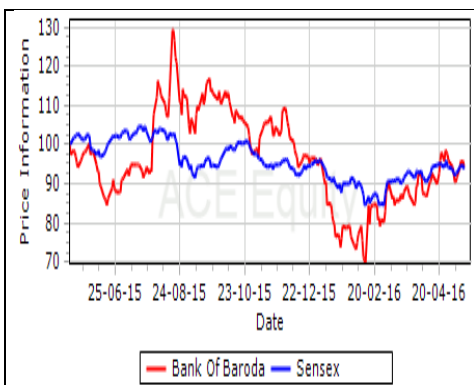
Market Info

Market Capital	Rs. 35,702cr
Equity Capital	Rs. 462cr
Avg. Trading Vol	38,13,330
52 Wk High/ Low	216/109
Face Value	2

Shareholding Pattern (%) (Dec. 2015)

Promoters	59.2
Domestic Institutions	21.8
Foreign Institutions	11.9
Public & Others	7.1

Price chart:



**Bank of Baroda** earned Operating Profit of Rs. 2,572 Cr in Q4 FY 2016 as against Rs. 2,694 Cr in corresponding quarter previous year. The bank recorded PAT loss of Rs 3,230 crs for the quarter. This was mainly on account of the higher provisions done by the bank.

**Fresh slippages during the quarter reduced sequentially to Rs 5,030 crs reflecting plummeting stress in corporate portfolio both in domestic and overseas loan book. Asset quality recovered sequentially with NNPA decreasing to 5.1% from 5.7% in previous quarter. Restructured Standard Advances dropped to Rs. 13,735 Crore against Rs. 17,135 Crore.**

Net interest income reported 5% growth YoY to Rs. 3,330 crs and was higher by 23% QoQ. Net interest margins marginally increased QoQ by 43 bps to 2.2 and stood steady YoY. Domestic NIM increased to 2.7 while overseas NIM increased to 0.91 reporting improvement sequentially.

Total (Domestic + Overseas) deposits showed de-growth of 7% YoY & 2.7% sequentially. Domestic deposits on average basis grew by 11.5%. Total CASA deposits grew by 6% YoY. Share of Domestic CASA stood at 33.48% YoY. Growth in CASA (domestic) deposits on average basis was at 12% YoY. On a daily average basis domestic CASA stood at 29.50%.

Total Advances stood at Rs 3,83,770 Crore against Rs 4,28,065 Crore as end of March 2015. Average Advances (Gross-based on daily averages) were Rs 4,05,126 Crore and Rs 3,83,313 Crore respectively; resulting in average growth of 5.69%. Domestic Advance grew by 6.43% on y-o-y basis. Retail Advances stood at Rs 50,850 Crore and constituted 18.1% of Gross Domestic Advances. Within the Retail Advances, the home loan portfolio increased by 10.77% to Rs 24,968 Crore.

The Bank's International Business continued to occupy a significant position. As at March 31, 2016, the Overseas Operations contributed 31.29% to the Bank's Total Business.

We have valued stock on P/ABV(x) of 1.5 (x) on its FY 17E Adjusted Book Value of Rs 98 per share and have **NEUTRAL** rating with a target price of Rs 147 per share.

(Rs Cr)	FY13	FY14	FY15	FY16	FY17E
Net interest income	11315	11965	13187	12740	13824
Operating Profit	14946	16428	17589	17739	19143
PAT	4481	4541	3398	-5395	2419
EPS (Rs)	21.5	21.3	15.5	-23.8	10.5
RoE (%)	15.1	13.4	9.1	-14.6	6.2
P/E (x)	6.3	6.8	10.5	-6.2	13.8
P/ABV (x)	1.03	1.04	1.14	1.63	1.48
ABV	131	139	143	90	98

Source: Company Data Ace Equity, Arianth Research

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**Stock Rating Scale**

	<b>Absolute Return</b>
Buy	> 20%
Accumulate	12% to 20%
Hold	5% to 12%
Neutral	-5% to 5%
Reduce	< -5%

**Research Analyst Registration No.**

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