Disclosures (Consolidated basis) under Pillar 3 in terms of New Capital Adequacy Framework (Basel III) of Reserve Bank of India as on 30.06.2015

DF 2. Capital Adequacy

a. Bank maintains capital to cushion the risk of loss in value of exposure, businesses etc. so as to protect the interest of depositors, general creditors and stake holders against any unforeseen losses. Bank has a well defined Internal Capital Adequacy Assessment Process (ICAAP) policy to comprehensively evaluate and document all risks and to provide appropriate capital so as to evolve a fully integrated risk/ capital model for regulatory capital.

In line with the guidelines of the Reserve Bank of India, the Bank has adopted Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Standardized Duration Approach for Market Risk for computing CRAR.

The capital requirement is affected by the economic environment, regulatory requirement and by the risk arising from bank's activities. Capital Planning exercise of the bank is carried out every year to ensure the adequacy of capital at the times of changing economic conditions, even at the time of economic recession. In capital planning process the bank reviews:

- Current capital requirement of the bank
- The targeted and sustainable capital in terms of business strategy, policy and risk appetite.

The future capital planning is done on a three-year outlook and is revised on an annual basis. The policy of the bank is to maintain capital as prescribed in the ICAAP Policy (minimum 13% Capital Adequacy Ratio or as decided by the Bank from time to time). At the same time, Bank has a policy to maintain capital to take care of the future growth in business so that the minimum capital required is maintained on continuous basis. On the basis of the estimation bank raises capital in Tier-1 or Tier-2 with due approval of its Board of Directors. The Capital Adequacy position of the bank is reviewed by the Board of the Bank on quarterly basis and the same is submitted to RBI also.

(b) Capital requirements for credit risk:

• Portfolios subject to Standardized approach: Rs. 3189688.53 Lks

• Securitizations exposures: Nil

(c) Capital requirements for market risk:

- Interest rate risk: Rs. 207853.53 Lks
- Foreign exchange risk (including gold): Rs. 9766.16 Lks
- Equity risk: Rs. 58314.31 Lks

(d) Capital requirements for operational risk:

• Basic Indicator Approach. Rs. 274362.67 Lks

• The Standardized Approach (if applicable): NA

(e) Common Equity Tier 1, and Total Capital ratios:

• Bank of Baroda (Consolidated Basis):

Common Equity Tier I capital to Total RWA: 9.35%

Tier I capital to Total RWA: 9.88%

Total capital ratio for Bank of Baroda: 12.44%

Retained earnings for three months ended 30th June 2015 have not been included in computation of the Capital ratios.

DF 3. General disclosures in respect of Credit Risk

The policy of the bank for classifying bank's loan assets is as under:

NON PERFORMING ASSETS (NPA): A non performing asset (NPA) is a loan or an advance where:

I. Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,

II. The account remains 'out of order' in respect of an Overdraft/Cash Credit (OD/CC),

III. The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,

IV. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,

V. The installment of principal or interest thereon remains overdue for one crop season for long duration crops.

An OD/CC account is treated as **'out of order'** if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for more than 90 days. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest and/or charges debited during the same period, these accounts are treated as **'out of order'**.

Any amount due to the bank under any credit facility is ‘overdue’ if it is not paid on the due date fixed by the bank.

Non Performing Investments (NPI):

In respect of securities, where interest/principal is in arrears, the Bank does not reckon income on the securities and makes appropriate provisions for the depreciation in the value of the investment.

A non-performing investment (NPI), similar to a non-performing advance (NPA), is one where:

(i) Interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.

(ii) This applies mutatis-mutandis to preference shares where the fixed dividend is not paid.

(iii) In the case of equity shares, in the event the investment in the shares of any company is valued at Re.1 per company on account of the non-availability of the latest balance sheet in accordance with the Reserve Bank of India instructions. Those equity shares are also reckoned as NPI.

(iv) If any credit facility availed by the issuer is NPA in the books of the bank, investment in any of the securities, including preference shares issued by the same issuer would also be treated as NPI and vice versa. However, if only the preference shares are classified as NPI , the investment in any of the other performing issued by the same issuer may not be treated as NPA.

(v) The investments in debentures / bonds which are deemed to be in the nature of advance are subjected to NPI norms as applicable to investments.

Non Performing Assets of the Bank is further classified in to three categories as under:

► **Sub standard Assets**

A sub standard asset is one which has remained NPA for a period less than or equal to 12 months.

► **Doubtful Assets**

An asset would be classified as doubtful if it has remained in the sub standard category for 12 months.

► **Loss Assets**

A loss asset is one where loss has been identified by the bank or by internal or external auditors or the RBI inspection. In loss assets realizable value of security available is less than 10% of balance outstanding/ dues.

Strategies and Processes:

The bank has a well defined Loan Policy & Investment Policy covering the important areas of credit risk management as under:

- Exposure ceilings to different sectors of the economy, different types of borrowers and their group and industry
- Fair Practice Code in dispensation of credit
- Discretionary Lending Powers for different levels of authority of the bank
- Processes involved in dispensation of credit – pre-sanction inspection, rejection, appraisal, sanction, documentation, monitoring, and recovery.
- Fixation of pricing.

The Credit Risk philosophy, architecture and systems of the bank are as under:

Credit Risk Philosophy:

- To optimize the risk and return envisaged in order to see that the Economic Value Addition to Shareholders is maximized and the interests of all the stakeholders are protected alongside ensuring corporate growth and prosperity with safety of bank's resources.
- To regulate and streamline the financial resources of the bank in an orderly manner to enable the various channels to incline and achieve the common goal and objectives of the Bank.

- To comply with the national priorities in the matter of deployment of institutional finance to facilitate achieving planned growth in various productive sectors of the economy.
- To instill a sense of credit culture enterprise-wide and to assist the operating staff.
- To provide need-based and timely availability of credit to various borrower segments.
- To strengthen the credit management skills namely pre-sanction, post-sanction monitoring, supervision and follow-up measures so as to promote a healthy credit culture and maintain quality credit portfolio in the bank.
- To deal with credit proposals more effectively with quality assessment, speedy delivery, in full compliance with extant guidelines.
- To comply with various regulatory requirements, more particularly on Exposure norms, Priority Sector norms, Income Recognition and Asset Classification guidelines, Capital Adequacy, Credit Risk Management guidelines etc. of RBI/other Authorities.

Architecture and Systems of the Bank:

- A Sub-Committee of Directors has been constituted by the Board to specifically oversee and co-ordinate Risk Management functions in the bank.
- Credit Policy Committee has been set up to formulate and implement various credit risk strategy including lending policies and to monitor Bank's Enterprise-wide Risk Management function on a regular basis.
- Formulating policies on standards for credit proposals, financial covenants, rating standards and benchmarks.
- Credit Risk Management cells deal with identification, measurement, monitoring and controlling credit risk within the prescribed limits.
- Enforcement and compliance of the risk parameters and prudential limits set by the Board/regulator etc.,
- Laying down risk assessment systems, developing MIS, monitoring quality of loan portfolio, identification of problems and correction of deficiencies.
- Evaluation of Portfolio, conducting comprehensive studies on economy, industry, test the resilience on the loan portfolio etc.,

- Improving credit delivery system upon full compliance of laid down norms and guidelines.

The Scope and Nature of Risk Reporting and / or Measurement System:

The Bank has in place a robust credit risk rating system for its credit exposures. An effective way to mitigate credit risks is to identify potential risks in a particular asset, maintain healthy asset quality and at the same time impart flexibility in pricing assets to meet the required risk-return parameters as per the bank's overall strategy and credit policy.

The bank's robust credit risk rating system is based on internationally adopted frameworks and global best practices and assists the bank in determining the Probability of Default and the severity of default, among its loan assets and thus allows the bank to build systems and initiate measures to maintain its asset quality.

Quantitative Disclosures in respect of Credit Risk:-

(b) Total Gross Credit Risk Exposure:

(Amt in Lks)

Particulars	Fund Based	Non-Fund Based
Total Gross Credit Risk : (Exposure)	52511200.03	15042404.62

(c) Geographic distribution of exposures, (Fund based and Non-fund based separately)

(Amt in Lks)

Particulars	Fund Based	Non-Fund Based
Total Gross Credit Risk : (Exposure) (Domestic + Domestic Subsidiaries)	37299632.04	12767167.44
Total Gross Credit Risk : (Exposure) (Overseas + Overseas Subsidiaries)	15211567.99	2275237.18

(d) Industry type distribution of exposures (Consolidated) (Fund based and Non-fund based separately):

All figures in Rs Lks

Industry	Funded Exposure	Non Funded Exposure	Total
1 A Mining and Quarrying	706075.88	160907.87	866983.76
2A.1 Coal	41734.44	48333.59	90068.03
3A.2 Other	664341.44	112574.28	776915.73
4B. Food Processing	1501191.23	471493.21	1972684.44
5B.1 Sugar	294634.37	10938.62	305572.99
6B.2 Edible Oils and Vanaspati	158738.25	183610.76	342349.00
7B.3 TEA	11790.41	520.32	12310.73
8B.4 Coffee	1633.64	0.00	1633.64
9B.5 Others	1034394.57	276423.51	1310818.08
10C.Bevarages	150154.83	33717.05	183871.88
11C.1 Tobacco and tobacco products	87083.77	9432.50	96516.27
12C.2 Others	63071.06	24284.55	87355.61
13D. Textiles	2534574.85	787917.37	3322492.22
14D.1 Cotton Textile	939549.70	180878.84	1120428.53
15D.2 Jute Textile	252676.62	6754.62	259431.24
16D.3 Handicraft/Khadi	45469.47	8397.52	53866.99
17D.4 Silk	25372.03	14570.47	39942.50
18D.5 Woolen	78662.64	5621.20	84283.83
19D.6 Others	1192844.40	571694.72	1764539.12
20Out of D to spinning Mills	517166.66	108392.93	625559.59
21E.Leather and Leather products	62359.48	16835.49	79194.97
22F.Wood and Wood products products	118674.70	39455.85	158130.55
23G.Paper and Paper products	245749.49	95958.66	341708.15
24H.Petroleum	268397.89	236826.63	505224.52
25I.Chemicals and Chemical Products	2064317.53	792285.89	2856603.42
26I1. Fertilizers	280582.24	222176.83	502759.07
27I.2 Drugs and Pharmaceuticals	411536.20	134983.98	546520.18
28I.3 Petro-Chemicals	472331.34	157058.80	629390.14
29I.4 Other	899867.75	278066.28	1177934.04
30J.Rubber Plastic and their Products	479347.51	239818.28	719165.79
31K.Glass and Glassware	192556.93	83321.21	275878.13
32L.Cement and Cement Products	190631.23	128773.94	319405.17
33M.Basic Metal and Metal Products	2792182.21	1309484.06	4101666.27
34M.1 Iron and Steel	2012707.66	813645.76	2826353.43
35M.2 Other Metal and Metal Products	779474.55	495838.30	1275312.85
36N.All Engineering	1295115.19	1220893.75	2516008.94

37N.1 Electronics	233506.22	131903.38	365409.60
38N.2 Other Engg	1061608.97	1088990.37	2150599.34
39O.Vehicles,vehicle parts and Transport Equipments	364137.34	147134.28	511271.62
40P.Gems and Jewellery	280779.23	16886.17	297665.39
41Q.Construction	1233947.73	237728.30	1471676.02
42R.Infrastructure	4844267.79	1682617.72	6526885.52
43R.1 Transport	981557.76	574499.35	1556057.11
44R.1.1 Railways	23942.70	10555.07	34497.77
45R.1.2 Roadways	777141.21	472739.28	1249880.49
46R.1.3 Aviation	51434.42	3970.92	55405.34
47R.1.4 Waterways	29895.13	13758.21	43653.34
48R.1.5 Others Transport	99144.30	73475.87	172620.18
49R.2 Energy	2795666.98	582605.64	3378272.62
50R.2.1 Electricity gen-trans--distri	2758577.51	572779.57	3331357.09
51R.2.1.1 of which state electricity Board	657099.20	124231.78	781330.98
52R.2.2 Oil	36541.87	2508.75	39050.62
53R.2.3 Gas/LNG (STORAGE AND PIPELINE	547.28	6308.00	6855.28
54R.2.4 OTHER	0.32	1009.32	1009.64
55R.3 TELECOMMUNICATION	413310.59	168962.28	582272.87
56R.4 OTHERS	653732.46	356550.45	1010282.91
57R.4.1 WATER SANITATION	69734.78	75520.89	145255.68
58R.4.2 Social and Commercial Infrastructure	102341.45	28187.21	130528.66
59R.4.3 Others	481656.22	252842.35	734498.58
60S Other Industries	3170986.03	1236599.76	4407585.79
All Industries	22495447.07	8938655.50	31434102.57
Residuary other advances	30015752.97	6103749.11	36119502.08
61T.1 Education Loan	264965.69	1898.10	266863.79
62T.2 Aviation Sector	220148.96	162885.87	383034.83
T.3 Other residuary Advances	29530638.32	5938965.14	35469603.46
Total Loans & Advances	52511200.03	15042404.62	67553604.65

Credit exposure in industries where exposure is more than 5% of the total credit exposure of the bank is as follows:

(Amt in Laks)

INDUSTRY	Exposure amt. (in Lks.)	% of Total Domestic Exposure
Infrastructure	6526885.52	9.66%
Basic Metal and Metal Products	4101666.27	6.07%

e. Residual maturity breakdown of assets: (Amt in Lks)

Time Bucket	1 D	2-7 D	8-14 D	15-28 D	29-90 D	3 - 6 M	6 - 12 M	1 - 3 Y	3 - 5 Y	Over 5 Y	TOTAL
Cash and Balance with Central Banks	1113464	34258	1993	71085	56308	70780	213267	244143	78505	276096	2159897
Balances with Banks & Money at call & short notice	1659364	486461	528380	574992	2297890	2589708	2720390	128441	492	97692	11083810
Advances	846441	847068	1385116	1863463	6639051	3877790	2988833	16475981	3560676	3082811	41567231
Investments	2662539	83125	25313	134267	809356	602330	931259	1212136	1574463	6825507	14860294
Fixed assets	0	0	0	0	0	0	0	695	37	305343	306075
Other assets	77542	12272	15383	17283	79956	46237	61965	111473	51671	968722	1442503
Total	6359350	1463185	1956184	2661089	9882562	7186844	6915713	18172867	5265844	11556171	71419809

(f) Amount of NPAs (Gross):

Sr. No.	Asset Category	Amount in Rs. Lks (Total)
(f)	**NPAs (Gross):**	1750199.12
	Substandard	465875.22
	Doubtful 1	468724.24
	Doubtful 2	589619.88
	Doubtful 3	70386.73
	Loss	155593.05
(g)	Net NPA's	853916.73
	Total	
(h)	**NPA Ratios**	
	Gross NPAs to gross advances	4.11%
	Net NPAs to net advances	2.05%
(i)	**Movement of NPA(Gross)**	
	Opening balance	1648025.11
	Additions	194195.08
	Reductions	92021.07
	Closing balance	1750199.12

(j)	**Specific Provision**	
	Opening balance	793369.59
	Provision made during the year	114393.65
	Write off (Deduction & Exch Diff)	1256.30
	Write back of excess provision	10224.55
	Closing balance	896282.39
	General Provision	
	Opening balance	301443.26
	Provision made during the year	2700.61
	Write off	0.00
	Write back of excess provision	0.00
	Closing balance	304143.87
	Write-offs and recoveries that have been booked directly to the income statement	1304.83
	Non Performing Investments	
(k)	Amount of Non-Performing Investments	58088.48
(l)	Amount of provisions held for non-performing investment	47968.47
(m)	**Movement of provisions for depreciation on investments**	
	Opening balance	82912.86
	Provisions made during the period	5937.16
	Write-off	2206.46
	Write-back of excess provisions	947.00
	Closing balance	85696.56
(n)	**By major Industry and Counter party type**	
	i) NPA amount of top 5 industries **a) Basic Metal & Metal products** **b) Textiles** **c) Food Processing** **d) Chemicals and Chemical products** **e) All Engineering**	648044.11
	ii) Specific provision of the above mentioned 5 industries	291804.91
	iii) Specific provisions and write-offs during the current period	NIL

<table>
<tr><td></td><td></td><td></td></tr>
<tr><td>(o)</td><td>Amt. of Gross NPAs provided separately by significant
geographical areas including specific provisions</td><td>

	Gross NPA
Dom	1493670.72
Dom subsidiary	8949.10
Intl	233724.87
Intl subsidiary	13854.43

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<tr><td></td><td>Specific Provisions</td><td>

	Specific Provision
Dom	746551.30
Dom subsidiary	8380.08
Intl	133841.65
Intl subsidiary	7509.36

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</table>

DF 4. Credit Risk: Disclosures for Portfolios Subject to the Standardized Approaches

Under Standardized Approach the bank accepts rating of all RBI approved ECAI (External Credit Assessment Institution) namely CARE, CRISIL, Fitch (India), ICRA, SMERA (SME Rating Agency of India Ltd.) and Brickwork India Pvt. Ltd for domestic credit exposures. For overseas credit exposures the bank accepts rating of Standard & Poor, Moody’s and Fitch.

The bank encourages Corporate and Public Sector Entity (PSE) borrowers to solicit credit ratings from ECAI and has used these ratings for calculating risk weighted assets wherever such ratings are available. The exposure amounts after risk mitigation subject to Standardized Approach (rated and unrated) in the following three major risk buckets are as under:

Category of Risk Weight	**TOTAL (Amt In Lks)**
Below 100% risk weight	3,28,84,739.33
100% risk weight	2,40,70,936.76
More than 100 % risk weight	61,23,138.76
CRM DEDUCTED	44,74,789.81
Total Exposure (FB+NFB)	6,75,53,604.65

DF-17- Summary Comparison of accounting assets vs Leverage Ratio exposure measure

LEVERAGE RATIO AS ON 30.06.2015		
BANK OF BARODA (GROUP)		
DF-17 Summary Comparison of Accounting Assets Vs. Leverage Ratio Exposure Measure		
Sr. No.	**Item**	**Rs. (In million)**
1	Total Consolidated Assets as per published financial statements	71,41,935.10
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting puposes but outside the scope of regulatory consolidation.	2,649.50
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure.	
4	Adjustments for derivative financial instruments	50,986.11
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	
6	Adjustment for off balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposure)	7,56,128.51
7	Other adjustments	
8	**Leverage ratio exposure**	79,46,400.22

DF-18 - Leverage Ratio Common disclosure template

		(In Rs. Millions)
	Leverage Ratio Common Disclosure Template	**Jun-15**
	Item	**Leverage Ratio Framework**
On-Balance sheet Exposures		
1	On-Balance sheet items (excluding derivatives and SFTs, but including collateral)	71,41,935.10
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-2,649.50
3	**Total On-balance sheet exposures**	71,39,285.60
Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	16,023.83

5	Add-on amounts for PFE associated with all derivatives transactions	34,962.28
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deduction for written credit derivatives)	-
11	**Total derivative exposures**	50,986.11
Securities Financing Transaction Exposures		
12	Gross SFT assets (with mo recognition of netting), after adjusting for sale accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	**Total securities financing transaction exposure**	-
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	20,58,337.35
18	(Adjustments for conversion to credit equivalent amounts)	-13,02,208.84
19	**Off-Balance sheet items**	7,56,128.51
Capital and total exposures		
20	**Tier 1 capital**	4,10,758.20
21	**Total Exposures**	79,46,400.22
Leverage ratio		
22	**Basel III leverage ratio**	**5.17%**

Liquidity Coverage Ratio (LCR) Disclosure			
Name of the Bank : Bank of Baroda		Monthly Averages for the quarter ending June 2015	
(Rs. In Crore)		Total Unweighted Value	Total Weighted Value
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		71298.04
Cash Outflows			
2	Retail deposit and deposits from small business customers, of which:	323531.17	27156.64
(i)	Stable Deposits	103929.61	5196.48
(ii)	Less Stable Deposits	219601.57	21960.16
3	Unsecured wholesale funding, of which:	100053.49	74062.31
(i)	Operational deposits (all counterparties)	814.85	99.28
(ii)	Non-operational deposits (all counterparties)	93570.48	68294.88
(iii)	Unsecured debt	5668.15	5668.15
4	Secured wholesale Funding		433.32
5	Additional requirements, of which	63395.23	33225.04
(i)	Outflows related to derivative exposures and other collateral requirements	230.93	230.93
(ii)	Outflows related to loss of funding on debt products	0.00	0.00
(iii)	Credit and liquidity facilities	63164.30	32994.10
6	Other contractual funding obligations	2835.43	2835.43
7	Other contingent funding obligations	58778.18	2938.91
8	**TOTAL CASH OUTFLOWS**		140651.64
Cash Inflows			
9	Secured lending (e.g. reverse repos)	10809.43	8639.72
10	Inflows from fully performing exposures	57230.13	48115.20
11	Other cash inflows	10249.54	5180.74
12	**TOTAL CASH INFLOWS**	78289.09	61935.67
			Total Adjusted Value
13	**TOTAL HQLA**		71298.04
14	**TOTAL NET CASH OUTFLOWS**		78715.97
15	**LIQUIDITY COVERAGE RATIO (%)**		90.58%