Disclosures (Consolidated basis) under Pillar 3 in terms of New Capital Adequacy Framework (Basel III) of Reserve Bank of India as on 31.12.2015

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 12.50% 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. 3046253.29 Lks

• Securitizations exposures: Nil

(c) Capital requirements for market risk:

- Interest rate risk: Rs 166464.91 Lks
- Foreign exchange risk (including gold): Rs. 8319.26 Lks
- Equity risk: Rs. 55018.43 Lks

(d) Capital requirements for operational risk:

• Basic Indicator Approach. Rs. 274416.45 Lks

• The Standardized Approach (if applicable): NA

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

• Bank of Baroda (Consolidated Basis): 12.66%

Common Equity Tier I capital to Total RWA: 9.52%

Tier I capital to Total RWA: 10.07%

Total capital ratio for Bank of Baroda: 2.59%

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)	53347942.32	12618032.42

(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)	36158626.34	10714166.28
Total Gross Credit Risk : (Exposure) (Overseas + Overseas Subsidiaries)	17189315.98	1903866.14

(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	715735.10	135516.18	851251.28
2A.1 Coal	172226.47	33389.25	205615.72
3A.2 Other	543508.63	102126.93	645635.56
4B. Food Processing	1158016.23	446425.92	1604442.15
5B.1 Sugar	274973.69	11662.85	286636.54
6B.2 Edible Oils and Vanaspati	169678.24	136184.01	305862.25
7B.3 TEA	8569.45	610.56	9180.01
8B.4 Coffee	1589.15	.90	1590.05
9B.5 Others	703205.70	297967.60	1001173.30
10C.Bevarages	123543.90	24361.06	147904.96
11C.1 Tobacco and tobacco products	62322.31	11557.36	73879.68
12C.2 Others	61221.59	12803.70	74025.28
13D. Textiles	2201258.95	494374.74	2695633.70
14D.1 Cotton Textile	953743.11	159228.24	1112971.35
15D.2 Jute Textile	26646.49	6334.12	32980.61
16D.3 Handicraft/Khadi	44535.93	8488.41	53024.34
17D.4 Silk	25961.58	8721.89	34683.48
18D.5 Woolen	73182.34	4518.05	77700.39
19D.6 Others	1077189.50	307084.03	1384273.53
20Out of D to spinning Mills	551470.06	103464.48	654934.54
21E.Leather and Leather products	55704.96	37986.13	93691.08
22F.Wood and Wood products products	91866.04	29626.56	121492.60
23G.Paper and Paper products	259160.22	96232.08	355392.31
24H.Petroleum	507363.57	157356.58	664720.15
25I.Chemicals and Chemical Products	1715549.56	626289.06	2341838.62
26I1. Fertilizers	276658.80	208861.11	485519.91
27I.2 Drugs and Pharmaceuticals	424645.21	95733.33	520378.54
28I.3 Petro-Chemicals	299418.68	74973.45	374392.13
29I.4 Other	714826.88	246721.17	961548.05
30J.Rubber Plastic and their Products	527847.21	297121.28	824968.49
31K.Glass and Glassware	190857.05	86889.45	277746.50
32L.Cement and Cement Products	185484.54	68936.76	254421.30
33M.Basic Metal and Metal Products	2761021.90	880441.10	3641463.00
34M.1 Iron and Steel	2214786.01	634527.41	2849313.43
35M.2 Other Metal and Metal Products	546235.89	245913.68	792149.57
36N.All Engineering	1177681.32	1054646.06	2232327.38

37N.1 Electronics	240885.75	116444.66	357330.41
38N.2 Other Engg	936795.57	938201.40	1874996.97
39O.Vehicles,vehicle parts and Transport Equipments	228153.70	111030.70	339184.41
40P.Gems and Jewellery	227566.75	14967.95	242534.70
41Q.Construction	1209073.01	238167.75	1447240.76
42R.Infrastructure	4969073.52	1408317.01	6377390.53
43R.1 Transport	963590.66	532684.35	1496275.01
44R.1.1 Railways	14498.82	441.12	14939.35
45R.1.2 Roadways	804721.37	462115.13	1266836.50
46R.1.3 Aviation	47777.74	5984.63	53762.37
47R.1.4 Waterways	26999.96	5605.10	32605.06
48R.1.5 Others Transport	69592.76	58538.37	128131.13
49R.2 Energy	2867498.94	406982.53	3274481.47
50R.2.1 Electricity gen-trans--distri	2713814.28	369386.51	3083200.79
51R.2.1.1 of which state electricity Board	602561.95	23067.66	625629.60
52R.2.2 Oil	36475.50	2515.38	38990.88
53R.2.3 Gas/LNG (STORAGE AND PIPELINE	426.32	6308.00	6734.32
54R.2.4 OTHER	116782.85	28772.63	145555.48
55R.3 TELECOMMUNICATION	561183.79	167442.97	728626.76
56R.4 OTHERS	576800.13	301207.16	878007.29
57R.4.1 WATER SANITATION	111178.84	80232.44	191411.29
58R.4.2 Social and Commercial Infrastructure	92542.48	26726.70	119269.18
59R.4.3 Others	373078.81	194248.01	567326.82
60S Other Industries	3538152.99	1119995.64	4658148.63
All Industries	21843110.53	7328682.02	29171792.56
Residuary other advances	31504831.79	5289350.39	36794182.18
61T.1 Education Loan	281256.51	1995.17	283251.68
62T.2 Aviation Sector	220199.00	190961.69	411160.70
T.3 Other residuary Advances	31003376.28	5096393.53	36099769.81
Total Loans & Advances	53347942.32	12618032.42	65965974.74

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	6377390.53	9.67%
Basic Metal and Metal Products	3641463.00	5.52%

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	1780848	4593	3074	52146	184800	198715	231741	427058	139496	483200	3505671
Balances with Banks & Money at call & short notice	585871	733970	698643	1133071	2469934	2319666	1699258	5426	0	24853	9670693
Advances	636174	808158	1241484	1283464	6105169	3226996	3183299	15383118	4073715	3221312	39162889
Investments	3110063	233178	104770	83036	1145533	494770	288240	1486892	1875144	6611305	15432931
Fixed assets	0	0	0	0	0	0	0	563	40	311855	312458
Other assets	83409	25470	10947	13923	104326	40612	258723	166955	154782	1623873	2483020
Total	6196364	1805369	2058919	2565640	10009763	6280759	5661261	17470012	6243177	12276398	70567662

(f) Amount of NPAs (Gross):

Sr. No.	Asset Category	Amount in Rs. Lks (Total)
(f)	**NPAs (Gross):**	3925372.36
	Substandard	1811988.59
	Doubtful 1	768857.83
	Doubtful 2	951781.49
	Doubtful 3	129555.14
	Loss	263189.29
(g)	Net NPA’s	2190486.82
	Total	
(h)	**NPA Ratios**	
	Gross NPAs to gross advances	9.58%
	Net NPAs to net advances	5.59%
(i)	**Movement of NPA(Gross)**	
	Opening balance	1648139.01
	Additions	2472105.32
	Reductions	194871.97
	Closing balance	3925372.36

(j)	**Specific Provision**	
	Opening balance	833980.32
	Provision made during the year	915460.70
	Write off (Deduction & Exch Diff)	15742.00
	Write back of excess provision / any other adjustment	1186.52
	Closing balance	1734885.54
	General Provision	**NIL**
	Opening balance	
	Provision made during the year	
	Write off	
	Write back of excess provision	
	Closing balance	
	Write-offs and recoveries that have been booked directly to the income statement	2400.00
	Non Performing Investments	
(k)	Amount of Non-Performing Investments	69573.11
(l)	Amount of provisions held for non-performing investment	52100.04
(m)	**Movement of provisions for depreciation on investments**	
	Opening balance	95901.48
	Provisions made during the period	4752.08
	Write-off	3008.68
	Write-back of excess provisions	462.52
	Closing balance	98107.40
(n)	**By major Industry and Counter party type**	
	i) NPA amount of top 5 industries **a) Basic Metal & Metal products** **b) Infrastructure** **c) Textiles** **d) Food Processing** **e) Mining and Quarrying**	18.90% 8.66% 5.20% 3.91% 3.67%
	ii) Specific provision of the above mentioned 5 industries	598442.00
	iii) Specific provisions during the current	227094.06

<table>
<tr><td></td><td>period</td><td></td></tr>
<tr><td></td><td>iii)Write off's during the current period</td><td>9133.65</td></tr>
<tr><td>(o)</td><td>Amt. of Gross NPAs provided separately by significant
geographical areas including specific provisions</td><td><table><tr><td></td><td>Gross NPA</td></tr><tr><td>Dom</td><td>3267454.55</td></tr><tr><td>Dom subsidiary</td><td>10020.84</td></tr><tr><td>Intl</td><td>625956.58</td></tr><tr><td>Intl subsidiary</td><td>21940.39</td></tr></table></td></tr>
<tr><td></td><td>Specific Provisions</td><td><table><tr><td></td><td>Specific Provision</td></tr><tr><td>Dom</td><td>1430495.65</td></tr><tr><td>Dom subsidiary</td><td>10020.84</td></tr><tr><td>Intl</td><td>282299.02</td></tr><tr><td>Intl subsidiary</td><td>12070.03</td></tr></table></td></tr>
</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	33804137.55
100% risk weight	22752673.39
More than 100 % risk weight	5029850.89
CRM DEDUCTED	4379312.91
Total Exposure (FB+NFB)	65965974.74

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

LEVERAGE RATIO AS ON 31.12.2015		
BANK OF BARODA (GROUP)		
DF-17 Summary Comparison of Accounting Assets Vs. Leverage Ratio Exposure Measure		
Sr. No.	**Item**	**Rs. (in Millions)**
1	Total Consolidated Assets as per published financial statements	7,056,704.78
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation.	3140.3
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure.	
4	Adjustments for derivative financial instruments	27,189.70
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)	704,709.99
7	Other adjustments	
8	**Leverage ratio exposure**	**7785463.87**

DF-18 - Leverage Ratio Common disclosure template

		(In Rs. Millions)
	Leverage Ratio Common Disclosure Template	**Dec-15**
	Item	**Leverage Ratio Framework**
On-Balance sheet Exposures		
1	On-Balance sheet items (excluding derivatives and SFTs, but including collateral)	7,056,704.48
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-3,140.30
3	**Total On-balance sheet exposures**	7,053,564.18
Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	8,995.70
5	Add-on amounts for PFE associated with all derivatives transactions	18,194.00

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**	27,189.70
	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	1,874,620.00
18	(Adjustments for conversion to credit equivalent amounts)	-1,169,910.01
19	**Off-Balance sheet items**	704,709.99
	Capital and total exposures	
20	**Tier 1 capital**	397,314.52
21	**Total Exposures**	7,785,463.87
	Leverage ratio	
22	**Basel III leverage ratio**	**5.10%**