Bank of Baroda
Disclosures (on consolidated basis) under Pillar 3 in terms of New Capital Adequacy Framework (Basel III) of Reserve Bank of India as on 31.12.2021

Table DF 2. Capital Adequacy

Qualitative Disclosures:

(a) A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.

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 both regulatory and economic capital. Capital planning under ICAAP takes into account the demand for capital from businesses for their growth plans and ensures that the Group on an aggregate basis as well as the major legal entities on a standalone basis are sufficiently capitalized for the specified time horizon and hold sufficient capital buffers to withstand stress condition. Moreover, stress testing is a key element of the ICAAP and an integral tool in the Risk Management framework that provides management a better understanding of how portfolios perform under adverse economic conditions. The Bank performs Reverse Stress testing across key risk areas to test the stress levels at which capital falls below the internal capital threshold.

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 on a five-year outlook.

The capital plan is revised on an annual basis. The policy of the Bank is to maintain capital as prescribed in the ICAAP Policy (Desired minimum 12.50% Capital Adequacy Ratio or as decided bythe 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.

Quantitative Disclosures:

Capital requirements for various risk categories as at 31st December 2021

Rs. in Crore

(b) Capital requirements for Credit Risk	
Portfolios subject to Standardized Approach	57529.51
Securitization exposures	NIL

(c) Capital requirements for Market Risk	
Using Standardized Duration Approach	
Interest rate risk	3579.48
Foreign exchange risk (including gold)	45.65
Equity position risk	977.23

(d) Capital requirements for Operational Risk	
Measured using Basic Indicator Approach	7823.76
Measured using the Standardized Approach (if applicable)	NA

(e) Capital Adequacy Ratios	**Consolidated**	**Standalone**
Common Equity Tier I	11.91%	11.30%
Tier I	13.79%	13.24%
Total CRAR	15.97%	15.47%

Table DF 3. General Disclosure in respect of Credit Risk

Qualitative Disclosures:

a. The policy of the Bank for classifying its loan assets is as under:

- **PAST DUE AND IMPAIRED ASSETS OF THEBANK:**

  The Non- Performing Assets (NPA) and Non- Performing Investments (NPI) of the Bank as per the IRAC norms of RBI are classified under past due and impaired assets.

- **DISCUSSION OF THE BANK'S CREDIT RISK MANAGEMENT POLICY THE CREDIT RISK PHILOSOPHY, ARCHITECTURE AND SYSTEMS OF THE BANK:**

  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 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. **Risk Management Committee of the Board**:

- It has been constituted by the Board to specifically oversee and co-ordinate Risk Management functions in the Bank.

b. **Credit Policy Committee (CPC):**

- CPC has been set up to formulate and implement various credit risk strategy including lending policies.
- Formulating policies on standards for credit proposals, financial covenants, rating standards and benchmarks.

c. **Credit Risk Management Cell:**

- It deals 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 / 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

Credit exposure include term loans, working capital facilities (i.e. funded facilities like Cash Credit, Demand Loans, Adhoc limits, Credit Substitutes, Non-funded facilities like Letter of Credit, Acceptances and Bank Guarantees) and current exposure for derivatives.

b. Total Gross Credit Exposure

(Rs. in Crs)

Particulars	Fund Based Exposure	Non-Fund Based Exposure	Total Exposure
Total Gross Credit Exposure	**10,34,714.93**	**1,23,018.42**	**11,57,733.35**

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

(Rs. in Crs)

Particulars	Fund Based Exposure	Non-Fund Based Exposure	Total Exposure
Total Gross Credit Exposure : (Domestic Operations + Domestic Subsidiaries)	8,66,731.51	1,12,575.72	9,79,307.23
Total Gross Credit Exposure : (Overseas Operations + Overseas Subsidiaries)	1,67,983.42	10,442.70	1,78,426.12
Total Gross Credit Exposure	**10,34,714.93**	**1,23,018.42**	**11,57,733.35**

Note: Exposure includes credit exposure (funded and non-funded credit limits), investment exposure (including underwriting and similar commitments) and derivatives exposure which includes MTM and Potential Future exposure.

d. **Consolidated Industry type distribution of exposures including investment (Fund based and Non-fund based exposure shown separately):**

(Rs. in Crs)

Industry	FB Exposure	NFB Exposure	Total Exposure
A. Mining and Quarrying	13,841.75	1,216.77	15,058.52
A.1 Coal	2,067.53	203.42	2,270.96
A.2 Other	11,774.22	1,013.35	12,787.57
B. Food Processing	20,192.13	4,422.25	24,614.38
B.1 Sugar	2,447.50	115.51	2,563.01
B.2 Edible Oils and Vanaspati	2,620.96	2,183.18	4,804.14
B.3 TEA	395.80	17.17	412.98
B.4 Coffee	10.65	0.11	10.77
B.5 Others	14,717.22	2,106.27	16,823.49
C. Beverages	724.79	33.87	758.66
C.1 Tobacco and tobacco products	536.27	26.29	562.56
C.2 Others	188.52	7.58	196.10
D. Textiles	23,059.46	3,103.70	26,163.16
D.1 Cotton Textile	12,401.22	646.04	13,047.26
D.2 Jute Textile	212.19	4.90	217.08
D.3 Handicraft/ Khadi /Silk/Wollen	701.46	63.36	764.82
D.4 Other Textile	9,744.59	2,389.40	12,133.99
E. Leather and Leather products	1,181.88	154.59	1,336.47
F. Wood and Wood products products	1,450.43	212.65	1,663.08
G. Paper and Paper products	3,463.29	228.97	3,692.26
H. Petroleum	23,342.59	7,766.32	31,108.91
I. Chemicals and Chemical Products	33,079.69	10,508.91	43,588.60
I.1 Fertilizers	3,575.42	4,506.21	8,081.63
I.2 Drugs and Pharmaceuticals	8,699.75	2,054.31	10,754.05
I.3 Petro-Chemicals	5,900.48	1,365.32	7,265.80
I.4 Other	14,904.04	2,583.08	17,487.12
J. Rubber Plastic and their Products	7,885.59	1,114.67	9,000.26
K. Glass and Glassware	549.34	75.92	625.26
L. Cement and Cement Products	2,576.98	835.64	3,412.61
M. Basic Metal and Metal Products	26,805.95	13,466.05	40,272.00
M.1 Iron and Steel	21,930.93	11,825.65	33,756.58
M.2 Other Metal and Metal Products	4,875.02	1,640.40	6,515.42
N. All Engineering	19,593.75	13,512.04	33,105.79
N.1 Electronics	1,716.55	544.71	2,261.26
N.2 Other Engineering	17,877.19	12,967.33	30,844.52
O. Vehicles, Vehicle parts and Transport Equipment's	5,787.58	1,248.77	7,036.35
P. Gems and Jewellery	3,320.52	440.40	3,760.92
Q. Construction	20,258.22	20,330.68	40,588.90
R. Infrastructure	1,28,571.35	11,195.89	1,39,767.24
R.1 Transport	36,800.52	1,390.66	38,191.18
R.1.1 Railways	2,221.84	85.90	2,307.74
R.1.2 Roadways	34,154.43	1,274.35	35,428.78
R.1.3 Aviation	-	8.73	8.73

Industry	FB Exposure	NFB Exposure	Total Exposure
R.1.4 Waterways	86.54	-	86.54
R.1.5 Others Transport	337.71	21.68	359.39
R.2 Energy	58,808.41	6,586.80	65,395.21
R.2.1 Non-Renewable Energy	51,287.42	5,285.80	56,573.21
R.2.2 Renewable Energy (Solar, Wind, Hydel)	3,924.40	149.60	4,074.00
R.2.3 Oil & Gas (Storage & Pipeline)	3,596.59	1,151.40	4,748.00
R.4 Others	32,962.42	3,218.44	36,180.85
R.4.1 Telecommunication	15,064.95	2,128.91	17,193.86
R.4.2 Water Sanitation	8,693.59	210.26	8,903.85
R.4.3 Social and Commercial Infrastructure	4,273.32	222.89	4,496.21
R.4.4 Other Infrastructure	4,930.56	656.36	5,586.93
R.4.5 Other Industries	11,907.49	1,549.16	13,456.65
S. All Industries	3,47,592.78	91,417.24	4,39,010.03
Residuary other advances	6,87,122.15	31,601.17	7,18,723.33
T.1 Aviation Sector	11,676.90	1,267.99	12,944.88
T.2 NBFC	1,21,675.29	-	1,21,675.29
T.3 Other residuary Advances	5,53,769.96	30,333.19	5,84,103.15
Total Exposure	**10,34,714.93**	**1,23,018.42**	**11,57,733.35**

Credit exposure in industries where exposure is more than 5% of the total credit exposure of the Bank (Consolidated) are as follows:

Sr. No.	Industry	Exposure Amount (Rs. in Crs)	% of Total Credit Exposure
1	Infrastructure	1,39,767.24	12.07%
2	NBFC	1,21,675.29	10.51%
3	Energy	65,395.21	5.65%

Residual Contractual Maturity breakdown of Assets: (Rs. in Crs)

Time Bucket	Cash and Balance with Central Banks	Balances with Banks & Money at call & short notice	Advances	Investments	Fixed assets	Other assets	Total
1 D	7,825.81	24,211.70	7,447.69	5,830.12	0.00	288.33	45,603.64
2-7 D	9.20	18,935.79	2,690.10	88,755.07	0.00	1,434.51	1,11,824.67
8-14 D	8.68	1,488.28	4,117.47	3,299.96	0.00	64.52	8,978.91
15-30 D	2,960.47	1,762.05	8,491.81	4,281.05	0.00	102.26	17,597.64
31-2 M	1,244.30	3,063.70	12,066.11	4,871.21	0.00	145.77	21,391.09
2-3 M	730.92	1,487.25	17,420.32	5,321.90	0.00	173.92	25,134.30
3 - 6 M	1,760.17	3,267.50	30,716.39	10,725.62	0.00	391.61	46,861.29
6 - 12 M	3,030.85	3,662.48	40,660.50	18,075.00	0.00	548.50	65,977.33
1 - 3 Y	12,611.94	24.35	3,84,027.88	61,884.70	0.00	3,902.87	4,62,451.74
3 - 5 Y	2,109.05	0.00	99,192.50	15,688.71	0.00	799.70	1,17,789.96
Over 5 Y	15,117.03	0.00	1,44,741.41	1,08,825.89	7,706.77	45,875.05	3,22,266.15
TOTAL	**47,408.40**	**57,903.10**	**7,51,572.17**	**3,27,559.25**	**7,706.77**	**53,727.04**	**12,45,876.73**

Amount in Crs

(f)	**Amount of NPAs (Gross)**	57197.58
	Substandard	8342.54
	Doubtful 1	10289.29
	Doubtful 2	14702.29
	Doubtful 3	7323.57
	Loss	16539.90

(g)	**Net NPA**	16977.22

(h)	**NPA Ratios**	
	Gross NPAs to Gross Advances	7.25%
	Net NPAs to Net Advances	2.26%

(i)	**Movement of NPA (Gross)**	**(Amount in Crs)**
	Opening balance	67892.89
	Additions	12032.16
	Reductions	22968.65
	Any Other Adjustment (Exchange Diff.)	241.18
	Closing Balance	57197.58

(j)	**Movement of Provisions**		**(Amount in Crs)**
		General Provision	**Specific Provision**
	Opening balance	**9840.98**	**45524.85**
	Provision made during the year	8.22	10918.10
	Write off	0.00	16365.14
	Write-back of excess provisions	935.37	-
	Any Other Adjustment (Exchange Diff.)	57.78	142.55
	Closing Balance	**8971.61**	**40220.36**
	Write-offs that have been booked directly to income statement	1186.36	
	Recoveries that have been booked directly to income statement	2684.16	

	Non Performing Investments	**(Amount in Crs)**
(k)	Amount of Non-Performing Investments	3586.39
(l)	Amount of provisions held for non-performing investment	3167.80

(m)	Movement of provisions for depreciation on investments	
	Opening balance	**3676.59**
	Provisions made during the period	749.89
	Write off	108.58
	Write-back of excess provisions	192.61
	Closing balance	**4342.45**

Amount in Crores

(n) NPA by major Industries

Industry	% to total NPA Balance outstanding (FB+NFB)	NPA Balance Outstanding (FB+NFB)
Infrastructure	9.47%	5414.02
Chemicals And Chemical Products (Dyes Paints Etc.)	7.45%	4261.36
Textiles	5.68%	3246.03
Basic Metal & Metal Products	4.55%	2602.04
All Engineering	4.18%	2391.82

i) Specific provision of the above mentioned five industries	9366.37
ii) a- Specific provisions during the current period	(1578.25)
ii) b- Write offs during the current period	355.75

(o) Amt. of Gross NPAs broken down by significant geographical areas

	Gross NPA
Domestic Operation	43307.32
Domestic Subsidiary	698.09
International Operations	12689.45
International Subsidiary	502.72

Specific Provision for above

	Specific Provision
Domestic Operation	29568.29
Domestic Subsidiary	473.48
International Operations	9963.54
International Subsidiary	215.05

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

Qualitative Disclosures:

a. For portfolios under the standardized approach:

(i) Names of Credit Rating Agencies used, plus reasons for any changes:

Under Standardized Approach the Bank accepts rating of all RBI approved ECAI (External Credit Assessment Institution).

(ii) Types of exposures for which each Agency is used:

The Bank encourages NBFCs, 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.

(iii) Description of the process used to transfer Public Issue Ratings onto comparable asset in the Banking Book:

Bank's external ratings application framework are as follows:

1. The Bank uses only those ratings that have been solicited by the counterparty. Foreign sovereign and foreign Bank exposures are risk-weighted based on issuer ratings assigned to them.
2. The Bank encourages NBFCs, Corporate and Public Sector Entity (PSE) borrowers to solicit credit ratings from the RBI approved ECAI and uses these ratings for calculating Risk weighted assets wherever such ratings are available.
3. The RBI guidelines outline specific conditions for facilities that have multiple ratings. In this context, the rating corresponding to the two lowest risk weights should be referred to & the higher of those two risk weights should be applied i.e. second lowest risk weights.
4. The Bank ensures that the external rating of the facility/borrower has been reviewed at least once by the ECAI during the previous 15 months and is in force on the date of its application.
5. As per RBI guidelines dated 25 August 2016, claims on corporates, AFCs, and NBFC-IFCs having aggregate exposure from Banking system of more than Rs. 100 crore which were rated earlier and subsequently have become unrated are risk weighted at 150% & accounts having aggregate exposure of more than Rs. 200 crores from the banking system will be risk weighted at 150% from FY 2019-20 onwards.

Quantitative Disclosures:

b. **The exposure amounts after risk mitigation subject to Standardized Approach (rated and unrated) in the three major risk buckets are as under:**

Amount in Crores

Category of Risk Weight	TOTAL
Below 100% risk weight	7,79,033.72
100% risk weight	2,29,907.41
More than 100 % risk weight	52,342.16
CRM Deducted*	96,450.06
Total Exposure including CRM (FB+NFB)	**11,57,733.35**

** CRM also includes provisions on NPA account*

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

The leverage ratio has been calculated using the definitions of capital and total exposure. The Bank's leverage ratio, calculated in accordance with the RBI guidelines under consolidated framework is as follows:

LEVERAGE RATIO AS ON 31.12.2021		
BANK OF BARODA (GROUP)		
DF-17 Summary Comparison of Accounting Assets Vs. Leverage Ratio Exposure Measure		
Sr. No.	**Item**	**(In Rs. Millions)**
1	Total Consolidated Assets as per published financial statements	1,23,20,513.10
2	Adjustment for investments in Banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation.	-
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure.	30,197.20
4	Adjustments for derivative financial instruments	66,125.50
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	2,16,676.07
6	Adjustment for off balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposure)	8,84,492.93
7	¤ Other adjustments	-
8	Leverage ratio exposure	**1,34,87,807.60**

DF-18 - Leverage Ratio Common disclosure template

(Rs. in Millions)

	Leverage Ratio Common Disclosure Template	December-21
	Item	**Leverage Ratio Framework**
	On-Balance sheet Exposures	
1	On-Balance sheet items (excluding derivatives and SFTs, but including collateral)	1,23,20,513.10
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(30,197.20)
3	**Total On-balance sheet exposures**	1,22,90,315.90
Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	20,656.50
5	Add-on amounts for PFE associated with all derivatives transactions	45,469.00
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**	66,125.50
	Securities Financing Transaction Exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	1,54,056.85
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	62,619.22
15	Agent transaction exposures	-
16	**Total securities financing transaction exposure**	2,16,676.07
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	28,99,740.40
18	(Adjustments for conversion to credit equivalent amounts)	(20,15,247.47)
19	**Off-Balance sheet items**	8,84,492.93
	Capital and total exposures	
20	**Tier 1 capital**	8,62,686.40

21	**Total Exposures**	1,34,87,807.60
Leverage ratio		
22	**Basel III leverage ratio**	**6.40%**

Leverage Ratio (Solo)

Capital and total exposures (Rs. in Millions)	
Tier 1 capital	7,97,776.50
Total Exposures	1,31,19,011.71
Leverage ratio	
Basel III leverage ratio	**6.08%**