

**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 30.06.2019**

**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.

The Bank has a comprehensive Internal Capital Adequacy Assessment Process ("ICAAP"). The Bank's ICAAP Policy covers the capital assessment processes of the Bank to support current and future activities and related risks. The ICAAP also covers a report on the capital projections for a period of 5 years.

Under ICAAP, the Bank assesses all kinds of material risks, in addition to the Credit Risk, Market Risk and Operational Risks it is exposed to during the course of its business and therefore, factors these while assessing / planning capital. These risks are as under:

- Credit Concentration Risk
- Business & strategic Risk
- Interest Rate Risk in the Banking Book
- Liquidity Risk
- Settlement Risk
- Currency induced Credit Risk
- Reputation Risk
- Group Risk
- Counterparty Credit Risk
- Pension Obligation Risk
- Country Risk
- Human resource Risk

Capital planning under ICAAP also 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.

Further, the Bank has put in place a Board approved Stress Testing Policy which forms an integral part of the Bank's ICAAP. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible stressed business conditions. These relate to the impact on the Bank's profitability and capital adequacy. Stress tests are conducted on a quarterly basis in order to assess the impact on capital adequacy of the Bank. The ICAAP document along with the stress test results are submitted to the Enterprise Risk Management Committee and to the Risk Management Committee of the Board on quarterly basis and to the Board annually, for their review and guidance. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP. The Bank also performs Reverse Stress testing across key risk areas to test the stress levels at which capital falls below the internal capital threshold.

The Bank has a Board approved risk appetite statement, inter-alia stating that the Bank will maintain a capital adequacy ratio that is at least 1% above the minimum regulatory requirement. 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 30<sup>th</sup> June, 2019

Rs. in Lakhs

Items	Amount
<b>(b) Capital requirements for credit risk</b>	
Portfolios subject to standardized approach	5435817.32
Securitization exposures	NIL
<b>(c) Capital requirements for market risk</b>	
Standardized duration approach;	
Interest rate risk	261514.71
Foreign exchange risk (including gold)	6198.27
Equity risk	119667.79
<b>(d) Capital requirements for operational risk</b>	
Basic Indicator Approach	638784.78
The Standardized Approach (if applicable)	NA

<b>(e) Capital Adequacy Ratios</b>	<b>Standalone</b>	<b>Consolidated</b>
Common Equity Tier I	8.49%	9.19%
Tier I	9.56%	10.22%
Total CRAR	11.50%	12.12%

### DF 3. General disclosures in respect of Credit Risk

#### Qualitative Disclosures

- a. The policy of the Bank for classifying Bank's loan assets is as under:

#### **PAST DUE AND IMPAIRED ASSETS OF THE BANK:**

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.

#### **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:**

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

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 Credits, Acceptances and Bank Guarantees) and current exposure for derivatives.

**b. Total Gross Credit Exposure**

(Rs. in Lakhs)

Particulars	Fund Based Exposure	Non-Fund Based Exposure	Total Exposure
<b>Total Gross Credit Exposure</b>	90448369.75	13755975.44	104204345.19

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

The Global Credit Exposure Management Policy 2019 of the Bank defines the exposure management measures. 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 as per current exposure method

(Rs. in Lakhs)

Particulars	Fund Based Exposure	Non-Fund Based Exposure	Total Exposure
<b>Total Gross Credit Exposure : (Domestic Operations + Domestic Subsidiaries)</b>	75286790.31	12242303.02	<b>87529093.33</b>
<b>Total Gross Credit Exposure : (Overseas Operations + Overseas Subsidiaries)</b>	15161579.44	1513672.42	<b>16675251.86</b>
<b>Total Gross Credit Exposure</b>	<b>90448369.75</b>	<b>13755975.44</b>	<b>104204345.19</b>

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

(Rs. in Lakhs)

Industry	FB Exposure	NFB Exposure	Total
<b>A. Mining and Quarrying</b>	<b>968124.85</b>	<b>48926.97</b>	<b>1017051.82</b>
A.1 Coal	124686.40	14783.95	139470.34
A.2 Other	843438.45	34143.03	877581.48
<b>B. Food Processing</b>	<b>1789021.84</b>	<b>352883.99</b>	<b>2141905.84</b>
B.1 Sugar	237930.68	8801.88	246732.56
B.2 Edible Oils and Vanaspati	311242.07	232765.55	544007.62
B.3 TEA	34178.70	2326.85	36505.56
B.4 Coffee	1148.94	0.20	1149.14
B.5 Others	1204521.45	108989.51	1313510.96
<b>C. Beverages</b>	<b>60005.41</b>	<b>3128.70</b>	<b>63134.12</b>
C.1 Tobacco and tobacco products	43536.31	1150.91	44687.22
C.2 Others	16469.10	1977.79	18446.89
<b>D. Textiles</b>	<b>2791598.92</b>	<b>424527.65</b>	<b>3216126.57</b>
D.1 Cotton Textile	1313055.25	64052.24	1377107.49
D.2 Jute Textile	20178.34	3635.49	23813.82
D.3 Handicraft/Khaki/Silk/Woolen	39667.50	5689.22	45356.71
D.4 Other Textiles	1418697.84	351150.71	1769848.55
<b>E. Leather and Leather products</b>	<b>97503.36</b>	<b>4115.75</b>	<b>101619.11</b>
<b>F. Wood and Wood products</b>	<b>131343.12</b>	<b>20293.49</b>	<b>151636.60</b>
<b>G. Paper and Paper products</b>	<b>289916.69</b>	<b>32177.01</b>	<b>322093.70</b>
<b>H. Petroleum</b>	<b>788935.75</b>	<b>857779.99</b>	<b>1646715.74</b>
<b>I. Chemicals and Chemical Products</b>	<b>4386859.92</b>	<b>855531.28</b>	<b>5242391.19</b>
I.1 Fertilizers	709088.22	339861.09	1048949.31
I.2 Drugs and Pharmaceuticals	1055630.75	158474.15	1214104.90
I.3 Petro-Chemicals	1268591.97	119390.61	1387982.58
I.4 Other	1353548.98	237805.43	1591354.40
<b>J. Rubber Plastic and their Products</b>	<b>622213.78</b>	<b>153122.09</b>	<b>775335.87</b>
<b>K. Glass and Glassware</b>	<b>63842.90</b>	<b>8340.91</b>	<b>72183.81</b>
<b>L. Cement and Cement Products</b>	<b>208127.85</b>	<b>80176.18</b>	<b>288304.03</b>
<b>M. Basic Metal and Metal Products</b>	<b>3740663.03</b>	<b>1036695.66</b>	<b>4777358.68</b>

Industry	FB Exposure	NFB Exposure	Total
M.1 Iron and Steel	3171238.44	924339.80	4095578.24
M.2 Other Metal and Metal Products	569424.59	112355.85	681780.44
<b>N. All Engineering</b>	<b>2071163.11</b>	<b>1465091.31</b>	<b>3536254.42</b>
N.1 Electronics	211263.94	27819.53	239083.47
N.2 Other Engineering	1859899.17	1437271.78	3297170.94
<b>O. Vehicles, Vehicle parts and Transport Equipment</b>	<b>521829.99</b>	<b>34292.44</b>	<b>556122.43</b>
<b>P. Gems and Jewellery</b>	<b>1015960.32</b>	<b>34515.03</b>	<b>1050475.36</b>
<b>Q. Construction</b>	<b>1297934.37</b>	<b>1832169.12</b>	<b>3130103.49</b>
<b>R. Infrastructure</b>	<b>9359809.94</b>	<b>1461660.92</b>	<b>10821470.87</b>
R.1 Transport	1642013.50	201857.89	1843871.39
R.1.1 Railways	131759.66	3501.87	135261.53
R.1.2 Roadways	1375699.98	192365.15	1568065.13
R.1.3 Aviation	78030.87	0.00	78030.87
R.1.4 Waterways	30648.87	2500.00	33148.87
R.1.5 Others Transport	25874.12	3490.87	29364.99
R.2 Energy	<b>4540639.83</b>	<b>880277.64</b>	<b>5420917.48</b>
R.2.1 Non-Renewable Energy	4130452.05	599396.11	4729848.16
R.2.2 Renewable Energy (Solar, Wind, Hydel)	410187.78	280881.54	691069.32
R.3 TELECOMMUNICATION	<b>1207507.08</b>	<b>187980.94</b>	<b>1395488.02</b>
R.4 OTHERS	<b>1969649.53</b>	<b>191544.45</b>	<b>2161193.98</b>
R.4.1 WATER SANITATION	215444.37	56427.07	271871.44
R.4.2 Social and Commercial Infrastructure	486111.53	20320.78	506432.31
R.4.3 Others	1268093.63	114796.60	1382890.23
<b>S. Other Industries</b>	<b>2291832.57</b>	<b>243442.48</b>	<b>2535275.06</b>
<b>All Industries</b>	<b>32496687.73</b>	<b>8948870.98</b>	<b>41445558.71</b>
<b>Residuary other advances</b>	<b>57951682.02</b>	<b>4807104.46</b>	<b>62758786.49</b>
T.1 Education Loan	484259.14	9441.87	493701.01
T.2 Aviation Sector	989849.80	320378.50	1310228.30
T.3 Other residuary Advances	56477573.08	4477284.09	60954857.18
<b>Total</b>	<b>90448369.75</b>	<b>13755975.44</b>	<b>104204345.19</b>

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 Lakhs)	% of Total Credit Exposure
1	Infrastructure	10821470.87	10.38%
2	Chemicals and Chemical Products	5242391.19	5.03%

e. Residual maturity breakdown of Assets:

(Rs. in Lakhs)

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	20,96,371	35,72,259	12,32,649	3,26,143	-	77,785	73,05,207
2-7 D	24,401	6,62,978	7,92,848	54,89,242	-	21,159	69,90,628
8-14 D	5,720	1,67,693	9,37,166	56,852	-	5,692	11,73,123
15-30 D	69,658	10,87,674	9,46,050	1,85,932	-	49,237	23,38,551
31-2 M	60,406	4,95,711	15,14,906	2,52,691	-	85,823	24,09,538
2-3 M	70,445	68,021	15,60,140	4,40,479	-	19,358	21,58,444
3 - 6 M	1,65,849	3,45,332	25,61,738	6,39,232	-	36,359	37,48,510
6 - 12 M	2,79,618	3,19,010	42,05,419	8,41,978	-	77,898	57,23,923
1 - 3 Y	5,43,570	120	3,12,64,609	29,49,633	-	2,33,175	3,49,91,106
3 - 5 Y	1,19,404	15,97,218	1,00,14,258	31,65,223	-	1,25,030	1,50,21,134
Over 5 Y	4,71,038	-	98,10,593	1,24,77,007	10,03,448	44,35,354	2,81,97,439
<b>TOTAL</b>	<b>39,06,482</b>	<b>83,16,015</b>	<b>6,48,40,376</b>	<b>2,68,24,413</b>	<b>10,03,448</b>	<b>51,66,871</b>	<b>11,00,57,604</b>

Amount in Lakhs

<b>(f)</b>	<b>Amount of NPAs (Gross)</b>	<b>7066284.36</b>
	Substandard	1625262.49
	Doubtful 1	1274550.63
	Doubtful 2	2229059.77
	Doubtful 3	919784.22
	Loss	1017627.25
<b>(g)</b>	<b>Net NPA</b>	<b>2547197.88</b>



(h)	NPA Ratios	
	Gross NPAs to Gross Advances	10.38%
	Net NPAs to Net Advances	4.01%

**Amount in Lakhs**

(i)	Movement of NPA (Gross)	
	Opening balance	<b>7079823.18</b>
	Additions	673339.39
	Reductions	679450.25
	Any Other Adjustment (Exchange Diff.)	-7427.96
	Closing Balance	<b>7066284.36</b>

**Amount In lakhs**

(j)	Movement of Provisions		
		General Provision	Specific Provision
	Opening balance	<b>417570.75</b>	<b>4662597.82</b>
	Provision made during the year	309.00	404191.88
	Write off / Write-back of excess provisions	9887.67	637389.55
	Any Other Adjustment (Exchange Diff.)		743.55
	Closing Balance	<b>407992.08</b>	<b>4430143.70</b>
	Write-offs that have been booked directly to income statement		28993.00
	Recoveries that have been booked directly to income statement		22322.35

**Amount In lakhs**

	Non Performing Investments	
(k)	Amount of Non-Performing Investments	225027.23
(l)	Amount of provisions held for non-performing investment	206548.27

**Amount In lakhs**

(m)	Movement of provisions for depreciation on investments	
	Opening balance	<b>197208.39</b>
	Provisions made during the period	81652.51
	Write off/ Write-back of excess provisions	1587.44
	Closing balance	<b>277273.46</b>

**Amount In lakhs**

<b>NPA by major Industries</b>			
		NPA amount of top 6 Industries	
		Infrastructure	29.76% 1423929.12
		Basic Metal and Metal Products	16.81% 804062.85
		Construction	6.20% 296613.52
		All Engineering	12.19% 583201.25
		Textiles	9.91% 474001.78
		Food Processing	5.48% 262346.60
	ii) Specific provision of the above mentioned 6 industries		2339174
	iii)- Specific provisions during the current period		-159306
	iv)- Write offs during the current period		10748.52
	Amt. of Gross NPAs broken down by significant geographical areas		<b>Gross NPA</b>
		Domestic Operations	6177400.00
		Domestic Subsidiary	41953.42
		International Operations	793995.63
		International Subsidiary	52935.31
	Specific Provision for the above		<b>Specific Provision</b>
		Domestic Operations	3732983.00
		Domestic Subsidiary	15883.80
		International Operations	652412.00
		International Subsidiary	28864.90

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

Under Standardized Approach the Bank accepts rating of all RBI approved ECAI (External Credit Assessment Institution) namely CARE, CRISIL, Fitch (India), ICRA, ACUITE, Brickwork India Pvt Ltd and INFOMERICS for domestic credit exposures to corporates, PSEs, NBFC-AFC/IFC. For overseas credit exposures the Bank accepts rating of Standard & Poor, Moody's and Fitch.

The Bank assigns risk weight on the basis of long-term and short-term rating of the borrower, as appropriate for the transaction. The issue/issuer ratings of the ECAI's are considered for the borrowers and the risk weights are then derived on a case by case basis in accordance with the rules laid down by RBI as part of the New Capital Adequacy Framework.

**The key aspects of the 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 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. 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%.
5. As per RBI guidelines dated 25 August 2016 & their subsequent clarification dated 06 June 2019, claims on unrated Corporates/ AFCs/NBFC-IFCs having aggregate exposure of more than Rs. 200 crores from the banking system will be risk weighted at 150% from FY 2019-20 onwards.
6. 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.
7. When a borrower is assigned a rating that maps to a risk weight of 150%, then this rating is applied on all the unrated facilities of the borrower and risk weighted at 150%.

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

Category of Risk Weight	TOTAL (Rs. in Lakhs)
Below 100% risk weight	6,56,89,659.59
100% risk weight	1,87,34,891.07
More than 100 % risk weight	1,13,59,609.71
CRM Deducted*	84,20,184.82
<b>Total Exposure (FB+NFB)</b>	<b>10,42,04,345.19</b>

\* 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 30.06.2019		
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	1,08,98,797.70
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 recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure.	63,170.37
4	Adjustments for derivative financial instruments	69,725.81
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)	8,13,183.18
7	Other adjustments	
8	<b>Leverage ratio exposure</b>	<b>1,17,18,536.32</b>

**DF-18 - Leverage Ratio Common disclosure template**

		(Rs. in Millions )
<b>Leverage Ratio Common Disclosure Template</b>		<b>June-19</b>
	Item	Leverage Ratio Framework
<b>On-Balance sheet Exposures</b>		
1	On-Balance sheet items (excluding derivatives and SFTs, but including collateral)	1,08,98,797.70
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-63,170.37
<b>3</b>	<b>Total On-balance sheet exposures</b>	<b>1,08,35,627.33</b>
<b>Derivative Exposures</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1,078.26
5	Add-on amounts for PFE associated with all derivatives transactions	68,647.56
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	32,06,920.44
10	(Adjusted effective notional offsets and add-on deduction for written credit derivatives)	-
<b>11</b>	<b>Total derivative exposures</b>	<b>69,725.81</b>
<b>Securities Financing Transaction Exposures</b>		
12	Gross SFT assets (with no 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	-
<b>16</b>	<b>Total securities financing transaction exposure</b>	<b>-</b>
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	24,27,086.49
18	(Adjustments for conversion to credit equivalent amounts)	-16,13,903.31
<b>19</b>	<b>Off-Balance sheet items</b>	<b>8,13,183.18</b>
<b>Capital and total exposures</b>		
<b>20</b>	<b>Tier 1 capital</b>	<b>6,07,491.29</b>
<b>21</b>	<b>Total Exposures</b>	<b>1,17,18,536.32</b>
<b>Leverage ratio</b>		
<b>22</b>	<b>Basel III leverage ratio</b>	<b>5.18%</b>

