Disclosures (Consolidated basis) under Pillar 3 in terms of New Capital Adequacy Framework (Basel III) of Reserve Bank of India as on 30.06.2016

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 13.50% 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.

(All amount in INR Lakhs)

(b) Capital requirements for credit risk:

• Portfolios subject to Standardized approach: Rs. 3224900.73

• Securitizations exposures: Nil

(c) Capital requirements for market risk:

- Interest rate risk: Rs 194548.98
- Foreign exchange risk (including gold): Rs. 8693.25
- Equity risk: Rs. 74007.53

(d) Capital requirements for operational risk:

• Basic Indicator Approach. Rs. 316682.16

• 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: 10.70%

Tier I capital to Total RWA: 11.22%

Total capital ratio for Bank of Baroda: 13.54%

Retained earnings for three months ended 30th June 2016 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 assets 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:

► **Substandard Assets**

A substandard 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 substandard 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:-

(a) Total Gross Credit Risk Exposure:

(Amount in INR Lakhs)

Particulars	Fund Based	Non-Fund Based
Total Gross Credit Risk : (Exposure)	53398778.57	11447185.65

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

(Amount in INR Lakhs)

Particulars	Fund Based	Non-Fund Based
Total Gross Credit Risk : (Exposure) (Domestic + Domestic Subsidiaries)	37561119.08	7549800.97
Total Gross Credit Risk : (Exposure) (Overseas + Overseas Subsidiaries)	15837659.49	3897384.68

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

(Amount in INR Lakhs)

Industry	Funded Exposure	Non Funded Exposure	Total
1 A Mining and Quarrying	654999.75	94668.34	749668.09
2A.1 Coal	220429.99	18577.76	239007.76
3A.2 Other	434569.75	76090.58	510660.33
4B. Food Processing	144730.09	19448.59	164178.68
5B.1 Sugar	38805.18	588.94	39394.12
6B.2 Edible Oils and Vanaspati	10409.71	139.15	10548.86
7B.3 TEA	35.00	238.53	273.53
8B.4 Coffee	1.52	0.00	1.52
9B.5 Others	95478.68	18481.97	113960.65
10C.Bevarages	237568.83	22354.76	259923.60
11C.1 Tobacco and tobacco products	74256.42	11996.15	86252.57
12C.2 Others	163312.41	10358.61	173671.02
13D. Textiles	2071613.41	322540.98	2394154.38
14D.1 Cotton Textile	906407.30	62781.56	969188.86
15D.2 Jute Textile	26696.02	4353.91	31049.93
16D.3 Handicraft/Khadi	46277.15	4826.70	51103.86
17D.4 Silk	27664.73	9457.05	37121.77
18D.5 Woolen	61514.95	4038.72	65553.67
19D.6 Others	1003053.25	237083.04	1240136.29
20Out of D to spinning Mills	548061.87	0.00	548061.87
21E.Leather and Leather products	50635.78	4555.40	55191.18
22F.Wood and Wood products product	77705.33	10539.69	88245.01
23G.Paper and Paper products	261801.81	62202.22	324004.03
24H.Petroleum	448028.41	72860.14	520888.55
25I.Chemicals and Chemical Products	1527706.61	439717.35	1967423.96
26I1. Fertilizers	220817.86	198221.50	419039.36
27I.2 Drugs and Pharmaceuticals	450481.85	55752.36	506234.21
28I.3 Petro-Chemicals	224891.22	43276.34	268167.56
29I.4 Other	631515.68	142467.14	773982.83
30J.Rubber Plastic and their Products	514685.66	106695.28	621380.94
31K.Glass and Glassware	185048.06	78289.38	263337.44
32L.Cement and Cement Products	192314.95	30878.26	223193.21
33M.Basic Metal and Metal Products	2713490.89	644543.09	3358033.98
34M.1 Iron and Steel	2149506.06	496800.44	2646306.50
35M.2 Other Metal and Metal Products	563984.83	147742.65	711727.48
36N.All Engineering	1202259.19	944588.72	2146847.91
37N.1 Electronics	225746.87	84472.07	310218.94
38N.2 Other Engg	976512.33	860116.64	1836628.97

Industry	Funded Exposure	Non Funded Exposure	Total
39O.Vehicles,vehicle parts and Transport Equipment	405669.31	69321.25	474990.56
40P.Gems and Jewellery	175984.88	3085.09	179069.97
41Q.Construction	1136678.95	235406.78	1372085.73
42R.Infrastructure	4433774.25	1235629.44	5669403.69
43R.1 Transport	987792.78	458907.68	1446700.47
44R.1.1 Railways	4130.60	330.55	4461.15
45R.1.2 Roadways	757073.25	395214.19	1152287.44
46R.1.3 Aviation	44151.00	6084.00	50235.00
47R.1.4 Waterways	17175.16	2603.27	19778.43
48R.1.5 Others Transport	165262.77	54675.67	219938.44
49R.2 Energy	2389198.46	382495.45	2771693.91
50R.2.1 Electricity gen-trans—distri	2386005.65	382007.27	2768012.92
51R.2.1.1 of which state electricity Board	604548.28	17931.22	622479.50
52R.2.2 Oil	1443.70	0.00	1443.70
53R.2.3 Gas/LNG (STORAGE AND PIPELINE)	611.64	487.83	1099.47
54R.2.4 OTHER	1137.47	0.35	1137.82
55R.3 Telecommunication	567794.38	173484.19	741278.57
56R.4 Others	488988.62	220742.12	709730.74
57R.4.1 Water Sanitation	108850.54	76099.79	184950.33
58R.4.2 Social and Commercial Infrastructure	87743.24	26452.65	114195.89
59R.4.3 Others	292394.84	118189.69	410584.52
60S Other Industries	2062525.29	539145.75	2601671.04
All Industries	18497221.46	4936470.51	23433691.97
Residuary other advances	34901557.11	6510715.13	41412272.25
61T.1 Education Loan	248001.23	0.00	248001.23
62T.2 Aviation Sector	204731.48	203480.66	408212.14
T.3 Other residuary Advances	34448824.41	6307234.47	40756058.88
Total Loans & Advances	53398778.57	11447185.65	64845964.22

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

(Amount in INR lakhs)

INDUSTRY	Exposure amt. (in Lks.)	% of Total Domestic Exposure
Infrastructure	5669403.69	8.74%
Basic Metal and Metal Products	3358033.98	5.18%

(d) Residual maturity breakdown of assets:

(Amount in INR lakhs)

Time Bucket	1 D	2-7 D	8-14 D	15-30 D	31-2 M	2 - 3 M	3 - 6 M	6 - 12 M	1 - 3 Y	3 - 5 Y	Over 5 Y	TOTAL
Cash and Balance with Central Banks	1339395	1984	3535	180897	71124	76314	174961	225215	439526	140986	536346	3190283
Balances with Banks & Money at call & short notice	1588641	357190	429869	923931	1341896	1755543	1851978	2328462	12	0	25431	10602952
Advances	742575	571826	850692	2085306	1634804	3525338	3488452	2796794	14926982	3676590	2758350	37057708
Investments	2827855	109543	72471	137629	192864	194367	306573	367028	1340978	2135020	6415284	14099611
Fixed assets	0	0	0	0	0	0	0	0	442	33	628603	629078
Other assets	158351	17768	14554	20836	42544	45252	52223	34223	133937	68673	2048752	2637113
Total	6656817	1058310	1371121	3348599	3283233	5596814	5874187	5751721	16841877	6021301	12412766	68216746

(Amount in INR lakhs)

Sr. No.	Asset Category	Total
(f)	**NPAs (Gross):**	4339100.89
	Substandard	1307465.00
	Doubtful 1	1408597.51
	Doubtful 2	867965.79
	Doubtful 3	276213.60
	Loss	478858.99
(g)	Net NPA's	2092750.35
	Total	
(h)	**NPA Ratios**	
	Gross NPAs to gross advances	10.44%
	Net NPAs to net advances	5.65%
(i)	**Movement of NPA(Gross)**	
	Opening balance	4088859.48
	Additions	616224.22
	Reductions	365982.80
	Closing balance	4339100.89
(j)	**Specific Provision**	

Sr. No.	Asset Category	Total
	Opening balance	2134406.98
	Provision made during the year	201260.34
	Write off (Deduction & Exch Diff)	89318.78
	Write back of excess provision	2.00
	Closing balance	2246350.54
	General Provision	**NIL**
	Opening balance	
	Provision made during the year	
	Write off	
	Write back of excess provision	
	Closing balance	
	Write-offs that have been booked directly to the income statement	114952.53
	Recoveries that have been booked directly to the income statement	3898.67
	Non Performing Investments	
(k)	Amount of Non-Performing Investments	74120.31
(l)	Amount of provisions held for non-performing investment	56418.52
(m)	**Movement of provisions for depreciation on investments**	
	Opening balance	113262.79
	Provisions made during the period	3257.01
	Write-off	558.00
	Write-back of excess provisions	3034.19
	Closing balance	112927.61
(n)	**By major Industry and Counter party type**	
	i) NPA amount of top 5 industries **a) Basic Metal & Metal products** **b) Infrastructures** **c) Textiles** **d) Mining and quarrying** **e) All Engineering**	948043.82 365953.14 200569.85 162761.93 132800.14
	ii) Specific provision of the above mentioned 5 industries	791067.01
	iii) a- Specific provisions during the current period	98124.49
	iii) b- Write offs during the current period	54235.23
(o)	Amt. of Gross NPAs provided separately by significant	

Sr. No.	Asset Category	Total	
	geographical areas including specific provisions		**Gross NPA**
		Dom	3560379.94
		Dom subsidiary	15205.54
		Intl	738787.94
		Intl subsidiary	24727.46
	Specific Provisions		**Specific Provision**
		Dom	1797530.71
		Dom subsidiary	11241.61
		Intl	423259.47
		Intl subsidiary	14318.74

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:

(Amount in INR Lakhs)

Category of Risk Weight	TOTAL
Below 100% risk weight	3,23,15,755.09
100% risk weight	2,36,01,866.41
More than 100 % risk weight	50,23,932.43
CRM DEDUCTED	39,04,410.29
Total Exposure (FB+NFB)	6,48,45,964.22

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

LEVERAGE RATIO AS ON 30.06.2016		
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	68,26,081.23
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation.	3430.84
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	44,286.00
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)	3,87,513.96
7	Other adjustments	
8	**Leverage ratio exposure**	**72,54,450.35**

DF-18 - Leverage Ratio Common disclosure template

		(In Rs. Millions)
	Leverage Ratio Common Disclosure Template	**Jun-16**
	Item	**Leverage Ratio Framework**
On-Balance sheet Exposures		
1	On-Balance sheet items (excluding derivatives and SFTs, but including collateral)	68,26,081.23
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-3,430.84
3	**Total On-balance sheet exposures**	68,22,650.39
Derivative Exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	13,570.60
5	Add-on amounts for PFE associated with all derivatives transactions	30,715.40
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-

		(In Rs. Millions)
	Leverage Ratio Common Disclosure Template	**Jun-16**
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**	44,286.00
	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	10,85,725.45
18	(Adjustments for conversion to credit equivalent amounts)	-6,98,211.49
19	**Off-Balance sheet items**	3,87,513.96
	Capital and total exposures	
20	**Tier 1 capital**	4,45,012.23
21	**Total Exposures**	72,54,450.35
	Leverage ratio	
22	**Basel III leverage ratio**	**6.13%**