

## **Disclosures (on consolidated basis) under Pillar 3 in terms of New Capital Adequacy Framework (Basel III) of Reserve Bank of India as on 30.06.2017**

### **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 both regulatory and economic 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.

The capital plan is revised on an annual basis. The policy of the bank is to maintain capital as prescribed in the ICAAP Policy (minimum 13.00% 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

## **Consolidated Basis (Amount Rs. in Lakhs)**

### **(b) Capital requirements for credit risk:**

- Portfolios subject to Standardized approach: Rs 3697616.26
- Securitizations exposures: NIL

### **(c) Capital requirements for market risk:**

- Interest rate risk: Rs. 201037.74
- Foreign exchange risk (including gold): Rs. 9358.84
- Equity risk: Rs. 89283.59

### **(d) Capital requirements for operational risk:**

- Basic Indicator Approach: Rs. 339308.52

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

#### **Bank of Baroda (Consolidated Basis):**

Common Equity Tier I capital to Total RWA: 9.42%

Tier I capital to Total RWA: 10.32%

Total Capital: 12.31%

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

(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 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 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 Rs. in Lakhs)**

Particulars	Fund Based	Non-Fund Based
<b>Total Gross Credit Risk : (Exposure)</b>	51886970.70	11064284.74

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

**(Amt Rs. in Lakhs)**

Particulars	Fund Based	Non-Fund Based
<b>Total Gross Credit Risk : (Exposure) (Domestic + Domestic Subsidiaries)</b>	35045805.28	9594839.15
<b>Total Gross Credit Risk : (Exposure) (Overseas + Overseas Subsidiaries)</b>	16841165.42	1469445.59

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

**(Amt Rs. in Lakhs)**

Industry	FB Exposure	NFB Exposure	Total
<b>1 A Mining and Quarrying</b>	791823.18	95260.29	887083.47
<b>2A.1 Coal</b>	176253.83	16211.26	192465.09
<b>3A.2 Other</b>	615569.35	79049.03	694618.38
<b>4B. Food Processing</b>	1593460.22	22392.67	1615852.89
<b>5B.1 Sugar</b>	298883.09	585.26	299468.35
<b>6B.2 Edible Oils and Vanaspati</b>	397835.57	188.46	398024.03
<b>7B.3 TEA</b>	20262.34	0.00	20262.34
<b>8B.4 Coffee</b>	6025.47	0.00	6025.47
<b>9B.5 Others</b>	870453.75	21618.95	892072.69
<b>10C. Beverages</b>	137997.84	17895.94	155893.79
<b>11C.1 Tobacco and tobacco products</b>	30894.09	10848.16	41742.24
<b>12C.2 Others</b>	107103.76	7047.78	114151.54
<b>13D. Textiles</b>	1847415.88	368495.45	2215911.33
<b>14D.1 Cotton Textile</b>	952723.01	72505.00	1025228.01
<b>16D.2 Jute Textile</b>	20867.99	4364.92	25232.91
<b>16D.3 Handicraft/Khadi</b>	26603.89	5276.98	31880.87
<b>17D.4 Silk</b>	66908.44	9658.97	76567.41
<b>18D.5 Woolen</b>	44105.50	1466.27	45571.77

Industry	FB Exposure	NFB Exposure	Total
19D.6 Others	736207.05	275223.31	1011430.36
20Out of D to spinning Mills	242322.00	44928.00	287250.00
21E.Leaner and Leather products	46164.51	4981.55	51146.06
22F.Wood and Wood products	73450.36	12430.05	85880.41
23G.Paper and Paper products	225114.58	63529.34	288643.92
24H.Petroleum	218005.87	491179.58	709185.45
25I.Chemicals and Chemical Products	1519304.28	526639.42	2045943.70
26I1. Fertilizers	214917.23	220704.07	435621.30
27I.2 Drugs and Pharmaceuticals	389436.40	58591.15	448027.55
28I.3 Petro-Chemicals	206900.12	82411.67	289311.79
29I.4 Other	708050.53	164932.53	872983.06
30J.Rubber Plastic and their Products	477330.21	148426.18	625756.39
31K.Glass and Glassware	166479.48	85294.39	251773.87
32L.Cement and Cement Products	158755.87	37964.82	196720.69
33M.Basic Metal and Metal Products	2376816.61	780521.42	3157338.03
34M.1 Iron and Steel	1811473.13	620090.57	2431563.70
35M.2 Other Metal and Metal Products	565343.48	160430.85	725774.33
36N.All Engineering	968034.91	1006945.56	1974980.47
37N.1 Electronics	94657.72	102124.61	196782.33
38N.2 Other Engg	873377.19	904820.95	1778198.14
39O.Vehicles,vehicle parts and Transport Equipment	476492.98	77086.71	553579.69
40P.Gems and Jewellery	234599.38	5002.54	239601.92
41Q.Construction	756593.22	270363.38	1026956.60
42R.Infrastructure	3465341.54	1283593.03	4748934.57
43R.1 Transport	575244.06	503058.64	1078302.70
44R.1.1 Railways	6623.21	2754.53	9377.74
45R.1.2 Roadways	430394.88	470272.71	900667.59
46R.1.3 Aviation	440.00	7046.88	7486.88
47R.1.4 Waterways	12122.39	2603.27	14725.66
48R.1.5 Others Transport	125663.58	20381.25	146044.83
49R.2 Energy	1985911.76	383686.97	2369598.73
50R.2.1 Electricity gen-trans--distribution	1694260.12	365875.93	2060136.05
51R.2.1.1 of which state electricity Board	97051.00	17984.60	115035.60
52R.2.2 Oil	270.66	0.00	270.66
53R.2.3 Gas/LNG (STORAGE AND PIPELINE	312.52	249.85	562.37
54R.2.4 OTHER	291068.46	17561.18	308629.64
55R.3 TELECOMMUNICATION	422619.59	163202.91	585822.47
56R.4 OTHERS	481566.12	233644.51	715210.67

Industry	FB Exposure	NFB Exposure	Total
57R.4.1 WATER SANITATION	42225.14	72963.20	115188.34
58R.4.2 Social and Commercial Infrastructure	41611.36	27304.00	68915.36
59R.4.3 Others	397729.66	133377.31	531106.97
60S Other Industries	1992728.54	618352.61	2611081.15
All Industries	17525909.47	5916354.93	23442264.40
Residuary other advances	34361061.23	5147929.81	39508991.04
61T.1 Education Loan	208181.60	0.64	208182.24
62T.2 Aviation Sector	245365.42	223671.47	469036.89
T.3 Other residuary Advances	33907514.21	4924257.70	38831771.91
<b>Total Loans &amp; Advances</b>	<b>51886970.70</b>	<b>11064284.74</b>	<b>62951255.44</b>

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

Sr no	Industry	Exposure Amount (Rs. in Lakhs)	% of Total Domestic Exposure
1	Infrastructure	4748934.56	7.54%
2	Basic Metal and Metal Products	3157338.03	5.02%

**(e) Residual maturity breakdown of Assets: (Amount Rs. in 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	474266	5229	2443	97637	103332	103060	227092	342802	746863	186013	684606	2973344
Balances with Banks & Money at call & short notice	214925	2234394	940905	801608	1267401	934534	1184302	1363571	12507	0	43234	8997380
Advances	654267	846988	777804	1102146	2020593	2136628	4063145	2745379	15552908	4210611	4543746	38654216
Investments	4610778	178124	85763	143300	191737	281128	312442	489654	1458357	1679126	5487852	14918260
Fixed assets	0	0	0	0	0	0	0	0	882	0	584485	585367
Other assets	130978	60785	8683	20630	44806	19196	67025	34418	106715	58842	2217725	2769802
<b>Total</b>	<b>6085213</b>	<b>3325519</b>	<b>1815598</b>	<b>2165321</b>	<b>3627869</b>	<b>3474546</b>	<b>5854006</b>	<b>4975823</b>	<b>17878233</b>	<b>6134592</b>	<b>13561648</b>	<b>68898369</b>

Sr. No.	Asset Category	Amount in Rs. in Lakhs (Total)
(f)	<b>Amount of NPAs (Gross)</b>	4686143.06
	Substandard	958271.04
	Doubtful 1	1058273.46
	Doubtful 2	1656852.59
	Doubtful 3	438845.31

<b>Sr. No.</b>	<b>Asset Category</b>	<b>Amount in Rs. in Lakhs (Total)</b>
	Loss	573900.66
<b>(g)</b>	<b>Amount of NPAs (Net)</b>	1979824.28
<b>(h)</b>	<b>NPA Ratios</b>	
	Gross NPAs to gross advances	11.31%
	Net NPAs to net advances	5.12%
<b>(i)</b>	<b>Movement of NPA(Gross)</b>	
	Opening balance	4338030.87
	Additions	529394.70
	Reductions	181282.42
	Any other adjustments due to Exchange Diff	0.00
	Closing balance	4686143.15
<b>(j)</b>	<b>Specific Provision</b>	
	Opening balance	2495557.34
	Provision made during the year	242337.08
	Write off (Deduction & Exch Diff)	37570.34
	Any Other Adjustments	672.70
	Closing balance	2700996.79
	Write-offs that have been booked directly to income statement	3473.35
	Recoveries that have been booked directly to income statement	8169.27
<b>(k)</b>	<b>General Provision</b>	
	Opening balance	479447.74
	Provision made during the year	36254.93
	Write off (Deduction & Exchange Diff)	2093.32
	Write-back of excess provisions	9764.84
	Closing Provision	503844.51
<b>(l)</b>	Amount of Non-Performing Investments	92971.91
<b>(m)</b>	Amount of provisions held for non-performing investment	65414.07
<b>(n)</b>	<b>Movement of provisions for depreciation on investments</b>	
	Opening balance	109099.11
	Provisions made during the period	13357.24
	Write-off	598.00

<b>Sr. No.</b>	<b>Asset Category</b>	<b>Amount in Rs. in Lakhs (Total)</b>	
	Write-back of excess provisions		633.54
	Closing balance		121224.81
<b>(o)</b>	<b>By major Industry or Counter party type</b>		
	NPA amount of top 5 industries		
	Basic Metal & Metal products	Rs.1010024.87	
	Infrastructure	Rs.396628.16	
	Textiles	Rs.252028.59	
	Mining and Quarrying	Rs.215384.00	
	All Engineering	Rs.197930.60	
	ii) Specific provision of the above mentioned 5 industries		989406.21
	iii) a- Specific provisions during the current period		87208.27
	iii)b- Write offs during the current period		125.25
<b>(p)</b>	Amt. of Gross NPAs provided separately by significant geographical areas including specific provisions		
			<b>Gross NPA</b>
		<b>Dom</b>	3850963.24
		<b>Dom subsidiary</b>	18448.33
		<b>Intl</b>	766314.09
		<b>Intl subsidiary</b>	50417.40
			<b>Specific Provision</b>
		<b>Dom</b>	2147247.95
		<b>Dom subsidiary</b>	9125.25
		<b>Intl</b>	518068.00
		<b>Intl subsidiary</b>	26555.59



Sr. No.	Asset Category	Amount in Rs. in Lakhs (Total)		
	General Provisions			
			<b>General Provision</b>	
		<b>Bank (Solo)</b>		492682.00
		<b>Dom subsidiary</b>		5457.25
		<b>Intl subsidiary</b>		5705.26

#### **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, 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 Rs. in Lakhs)
<b>Below 100% risk weight</b>	3,51,41,323.60
<b>100% risk weight</b>	1,81,60,222.74
<b>More than 100 % risk weight</b>	64,76,390.54
<b>CRM DEDUCTED</b>	31,73,318.56
<b>Total Exposure ( FB+NFB)</b>	6,29,51,255.44

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

LEVERAGE RATIO AS ON 30.06.2017		
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.	68,89,836.88

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.	4,710.13
4	Adjustments for derivative financial instruments	50,599.91
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)	5,48,241.93
7	Other adjustments	
8	<b>Leverage ratio exposure</b>	<b>74,83,968.59</b>

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

		( In Rs. Millions )
<b>Leverage Ratio Common Disclosure Template</b>		<b>Jun-17</b>
<b>Item</b>		<b>Leverage Ratio Framework</b>
<b>On-Balance sheet Exposures</b>		
1	On-Balance sheet items (excluding derivatives and SFTs, but including collateral)	68,89,836.88
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-4,710.13
3	<b>Total On-balance sheet exposures</b>	<b>68,85,126.76</b>
<b>Derivative Exposures</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	18,763.28
5	Add-on amounts for PFE associated with all derivatives transactions	31,836.62
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)	-
<b>11</b>	<b>Total derivative exposures</b>	<b>50,599.91</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	14,08,278.52
18	(Adjustments for conversion to credit equivalent amounts)	-8,60,036.59
<b>19</b>	<b>Off-Balance sheet items</b>	<b>5,48,241.93</b>
<b>Capital and total exposures</b>		
<b>20</b>	<b>Tier 1 capital</b>	<b>4,36,567.17</b>
<b>21</b>	<b>Total Exposures</b>	<b>74,83,968.59</b>
<b>Leverage ratio</b>		
<b>22</b>	<b>Basel III leverage ratio</b>	<b>5.83%</b>