

## **Basel III (Pillar 3) - Disclosures (Consolidated) June,2015**

### **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.**

#### **I. Bank of India:**

The Bank carries out regular assessment of its Capital requirements from time to time to maintain a comfortable Capital to Risk Weighted Assets Ratio (CRAR). The capital plan is reviewed on an annual basis to take care of the future growth in business, capital requirements, policy guidelines, macro-economic scenarios, risk appetite etc. The Bank has also developed Internal Capital Adequacy Assessment Process (ICAAP) to comprehensively address all risks and maintain necessary additional capital.

#### **II. PT Bank of India Indonesia Tbk (Subsidiary):**

Refer to the local regulation, in order to run foreign exchange business; Bank's Tier-1 should be minimum IDR 1 trillion.

#### **III. Bank of India (Tanzania) Ltd (Subsidiary) and Bank of India (Uganda) Ltd (subsidiary):**

Capital adequacy and the use of regulatory capital are monitored regularly by the Bank's Management, employing techniques based on the guidelines developed by the Basel Committee, as implemented by the Bank of Tanzania (BOT) and Bank of Uganda (BOU), for supervision purposes. The required information is filed with the BOT local regulator on a quarterly basis.

The bank's regulatory capital as managed by its management is divided into two tiers:

Tier 1 capital: - Share capital, retained earnings and reserves created by appropriation of retained earnings. Prepaid expenses and deferred charges are deducted in arriving at Tier 1 Capital.

Tier 2 capital: - Qualifying subordinate loan capital, collective impairment allowances and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

#### **IV. Bank of India (New Zealand) Ltd (Subsidiary):**

Capital adequacy and the use of regulatory capital are monitored regularly by the Bank's Management, employing techniques based on the guidelines of the Reserve Bank of New Zealand (RBNZ), for supervision purposes. The required information is disclosed in General

Disclosure Statement on quarterly basis. The bank's regulatory capital as managed by its management solely consists of Tier 1 Capital

Tier 1 capital: - Share capital, retained earnings and reserves created by appropriation of retained earnings

#### **V. Bank of India (Botswana) Ltd:**

The bank's regulatory capital as managed by its management is divided into two tiers:

Tier 1 capital: - Share capital, retained earnings and reserves (now loss for the subsidiary) created by appropriation of retained earnings. Prepaid expenses and deferred charges are deducted in arriving at Tier 1 Capital.

Tier 2 capital: -Qualifying subordinate loan capital, collective impairment allowances i.e, provision on standard assets and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

<b>Quantitative disclosures</b>	<b>Amount in Rs. Mn.</b>
(b) Capital requirements for credit risk:	283,532.20
➤ Portfolios subject to Standardised approach	
➤ Securitisation exposures	
(c) Capital requirements for market risk: Standardised duration approach;	20,515.42
➤ Interest rate risk	11,434.27
➤ Foreign exchange risk (including gold)	328.65
➤ Equity risk	8,752.50
(d) Capital requirements for operational risk: Basic Indicator Approach	23,801.98
➤ The Standardised Approach (if applicable)	
(e) Common Equity Tier 1, Tier 1 and Total Capital ratios: For the top consolidated group; and For significant bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied)	
➤ Common Equity Tier 1 Capital (CET 1)	<b>7.65%</b>
➤ Tier 1 Capital (T 1)	<b>8.69%</b>
➤ Total Capital Ratio	<b>11.24%</b>

## **Table DF-3 “Credit risk: General disclosures for all banks”**

### **Qualitative Disclosures**

- a) **The general qualitative disclosure requirement with respect to credit risk, including:**
- **Definition of past due and impaired (for accounting purposes)**

#### **1.0 Bank of India:**

The Bank follows Reserve Bank of India regulations, which are summed up below:

#### **1.1 Non-performing Assets:**

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank.

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’ as indicated below, 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.
- vi. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization dated February 1, 2006.
- vii. Bank should classify an account as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.
- viii. A loan for infrastructure/non-infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue) unless it is restructured and becomes eligible for classification as “Standard Asset”
- ix. A loan for an infrastructure project will be classified as NPA if it fails to commence commercial operations within two years from original DCCO, even if it is regular as per record of recovery, unless it is restructured and becomes eligible for classification as “Standard Asset”
- x. A loan for a non-infrastructure project will be classified as NPA if it fails to commence commercial operations within twelve months from original DCCO, even if it is regular as per record of recovery, unless it is restructured and becomes eligible for classification as “Standard Asset”

## **1.2 'Out of Order' status:**

An account is treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. 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 debited during the same period, these accounts are treated as 'out of order'.

## **1.3 Overdue:**

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.

## **1.4 Non Performing Investments:**

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. Any credit facility availed by the issuer is NPA in the books of the bank, investment in any of the securities issued by the same issuer is treated as NPI and vice versa.
- 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.

## **2.0 PT Bank of India Indonesia Tbk (Subsidiary):**

The Credit Quality is assessed based on the factors such as business prospects, performance of the debtor and repayment capacity. It is undertaken depending upon the materiality and significance of each assessment factor and components and the relevance of the assessment factors and components to the characteristics of the debtor concerned. Accordingly, the assets are classified into current, special mention, sub-standard, doubtful and loss category.

“Assets” are classified into Earning Assets and Non-Earning Assets. Earning Assets are provision of funds by a bank to earn revenues. “Non-Earning Assets” are assets of the Bank other than Earning Assets with potential for Loss.

An asset becomes non-performing when it ceases to generate revenue for the bank. A non-performing asset is a loan or an advance where the arrears in principal and / or interest exceed 90 days.

Past due: Any amount due to the bank under any credit facility is “past due” if it is not paid on the due date fixed by the bank.

On 1<sup>st</sup> January 2010, PT Bank of India Indonesia Tbk started implementation of the New Accounting Policy i.e. PSAK 50 & 55 which is similar to the International Accounting Standards IAS 32 & 39 according to which the financial asset must be presented at the fair value. We are now in progress to integrate PSAK calculation into bank’s core banking, which is in line with our business plan that is up-gradation technology.

Outstanding Loans and advances reviewed by quantitative approach should be classified as follows:

No of Days Past Due	Classification	Provisioning
91-180	Substandard	10%
181-270	Doubtful	50%
271 and More	Loss	100%

### **3.0 Bank of India (Tanzania) Ltd & Bank of India (New Zealand) Ltd (Subsidiaries):**

Credit risk is a risk of financial loss to the bank, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and it arises principally from the bank’s loans and advances to customers and other banks, and investment in debt securities.

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit committee. The credit department of the bank, reporting to the Credit committee is responsible for management of the bank’s credit risk, including:-

- i. Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- ii. Establishing the authorization structure for approval and renewal of credit facilities. The credit limits are governed by the Credit policy, as approved by the board.
- iii. Reviewing and assessing credit risks.
- iv. Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances)

### **3.1 Definitions of past due and impaired (for accounting purposes):**

Overdrafts and other credit facilities without specific due dates shall be considered past due if:

- i. Exceeds the customer's borrowing limit.
- ii. Customers borrowing limit is expired.
- iii. Deposits are insufficient to cover the interest calculated and due for the period
- iv. Bill has been dishonoured
- v. Bill or account is not paid on due date

Loans which are payable in installments are considered as past due if any of the installments have become due and unpaid for thirty days or more.

Outstanding Loans and advances reviewed by quantitative approach should be classified as follows:

<b>No of Days Past Due</b>	<b>Classification</b>	<b>Provisioning</b>
91-180	Substandard	10%
181-270	Doubtful	50%
271 and More	Loss	100%

### **4.0 Bank of India Uganda:**

Outstanding Loans and advances reviewed by quantitative approach should be classified as follows:

<b>No of Days Past Due</b>	<b>Classification</b>	<b>Provisioning</b>
91-179	Substandard	20%
180-365	Doubtful	50%
365 and more	Loss	100%

### **5.0 Bank of India (Botswana) Ltd.:**

Outstanding Loans and advances reviewed by quantitative approach should be classified as follows:

<b>No of Days Past Due</b>	<b>Classification</b>	<b>Provisioning</b>
1 year	Substandard	10%
1 year & above and < 2 years	Doubtful	20%+100% of shortfall
> 2 years to 4 years	Doubtful	30%+100% of shortfall
> 4 years	Doubtful	100%
271 and More	Loss	100%

## **Discussion of the Bank's Credit Risk Management Policy:**

### **A. Bank of India**

- a) In a bank's portfolio, losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions or from reduction in portfolio value arising from actual or perceived deterioration in credit quality.
- b) Against this backdrop, a robust risk management framework is necessary for the long-term financial health of a bank. Credit Risk Management encompasses identification, measurement, monitoring and control of the credit risk exposures.
- c) The Bank has identified various types of credit risk at a generic level in the Credit Risk Management policy. More granular identification is done at the product /process level. Various risks are looked into before introducing new products/processes, which are cleared from the risk angle
- d) The Credit Risk Management framework outlined in the policy is built on three distinct building blocks namely **Policy & Strategy, Organizational Set up and Operations/Systems**

#### **i) Policy and Strategy:**

The Bank has been following a conservative risk philosophy, which has steered the bank through difficult times. However, the Bank has an open policy regarding new and unexplored areas and new opportunities are not lost sight of. The important aspects of this philosophy are embodied in the circulars and are periodically codified in the form of Manual of Instructions.

The business objectives and the strategy of the Bank is decided taking into account the profit considerations, the level of various risks faced, level of capital, market scenario and competition. The Bank is always conscious of its asset quality and earnings and hence judiciously matches profit maximization with risk control.

The Credit Risk Management policy and significant credit risk related policies like Credit Policy, and Credit Monitoring Policy are approved and periodically reviewed by the Board of Directors. The Credit Policy covers various areas of credit like Clientele, Marketing, Segmented Approach to Lending, Credit Delivery, Credit Thrust, Tenure of Credit, Credit Acquisition, Risk Rating (including risk acceptance criteria), Pricing, Credit appraisal, Assessment of Limits, Exposure Norms, Industry Norms, Collateral and Margins, Review of Relationship, Scheme of Delegation, Statutory and other Restrictions and Documentation. Credit Policy for International Operations is in place and each center has its own credit policy dovetailed to the main policy. The delegation of powers

for credit matters is covered by a separate policy. In addition, Credit Risk is tracked and monitored as per the Credit Monitoring Policy, Restructuring Policy, Write Off and Recovery Policy, Asset Classification and Provisioning Policy, Bank Exposure Policy, Country Risk policy and Credit Audit Policy are also in place. Investments are contracted as per the policy guidelines laid down in the Investment Policy and after clearance by the Investment Committee.

**ii) Organizational Set up:**

The organizational structure of the Bank for Credit Risk Management function has the Board of Directors at the Apex levels that have the overall oversight of management of risks. The Risk Management Committee of the Board (R. Com) which is the sub-committee of the Board headed by the Chairman & Managing Director and whose members also include heads of Credit, Market & Operational Risk Management Committees, devises the policy and strategy for integrated risk management including credit risk. At the operational level, the Credit Risk Management Committee (CRMC) manages the credit risk. The main functions includes implementation of credit risk management policy approved by the Board, monitoring credit risk on a Bank wide basis, recommending to the Board for its approval all policies relating to credit matters including delegation of credit, prudential limits on large credit exposures, portfolio management, etc.

The Risk Management Department headed by the Chief Risk Officer of rank of General Manger, measures, controls and manages credit risk on bank wide basis within the limits set by the Board and enforces compliance with risk parameters set by Board/R. Com/M.Com. The Credit Monitoring Department headed by a General Manager, monitors the quality of loan portfolio, identifies problems and takes steps to correct deficiencies. Loan review / credit audit is undertaken by the Credit Audit function.

**iii) Operations/Systems/Processes:**

The Bank has proactive Credit Risk Management practices like consistent standards for the credit origination, maintenance and documentation for all credit exposures including off balance sheet items, periodic individual obligor reviews, periodic inspections and collateral management systems.

Credit risk limits including obligor limits and concentration limits by industry, systems and procedures for monitoring financial performance of customers and for controlling outstanding within limits are followed. Checks and balances are in place for extension of credit viz. separation of credit risk management from credit sanction, vetting of new products and systems from risk angle by the CRMC, multiple credit approvers, system of



assigning risk rating, vetting of ratings, mechanism to price facilities depending on the risk grading of the customer, Credit Risk Evaluation Committee (CREC) for vetting credit proposals from risk angle, credit process audit, and post sanction review systems and an independent audit and risk review function. Proposals for investments are subjected to credit risk analysis, detailed appraisal and rating. As a matter of entry level, minimum ratings/quality standards, industry, maturity, duration, issue-wise limits are stipulated for investments to mitigate the adverse impact of concentration and risk of liquidity. Investment exposure is taken into consideration while computing exposure to a customer/group. A suitable framework is in place to provide a centralized overview on the aggregate exposure on other banks and half-yearly reviews are undertaken at a single point. The country exposures are monitored on half yearly basis.

A diversified portfolio of risk assets is maintained and a system to conduct regular analysis of the portfolio so as to ensure ongoing control of risk concentrations is in place. A conservative policy for provisioning in respect of non-performing advances is followed. Management Information System (MIS) is being upgraded with introduction of Credit Risk Management System, which would enhance the capabilities of the bank to manage and measure the credit risk inherent in all on- and off-balance sheet activities.

**iv) The following tools are used for credit risk management/ mitigation :**

➤ **Credit Approving Authority – Delegation of Powers:**

The Bank has a well-defined scheme of risk based delegation of powers with a multi-tier risk based approving system, which is reviewed periodically and revised as and when necessary to meet the compulsions of business environment. The delegation of powers is linked to the rating of the borrower with powers for sanction of higher limits to better-rated customers. At present, all credit proposals falling within the delegated authority of the General Manager and above are being routed through the “Credit Risk Evaluation Committee (CREC)” to bring in an element of independence and off-site evaluation of risks perceived in credit proposals. The General Manager, Risk Management Department, who has no volume or profit targets, is mandatory member of the CREC.

As per Ministry of Finance Guidelines, Credit Committees with sanctioning powers have been formed at various administrative levels to exercise delegation of powers. At Head Office level, three Credit Committees (GMLCC, EDLCC and CAC) are functioning to deal with proposals falling beyond the delegated powers of the field functionaries. Such Credit Committees (SZLCC/ZLCC/NBGLCC) have also been set-up at Zonal Office/NBG office for considering the credit proposals falling within their powers.

➤ **Prudential Limits:**

Prudential limits on various aspects of credit/investment like Single/Group borrower limits for various types of borrowers are in place.

➤ **Risk Rating/Pricing:**

The bank has introduced rating models for various segments, which serve as a single point indicator of diverse risk factors of a counter party and support credit and pricing decisions.

➤ **Credit Audit/Loan Review Mechanism (LRM):**

Credit Audit/LRM is an effective tool for constantly evaluating the quality of loan book and to bring about qualitative improvements in credit administration

v) **Portfolio Management through analysis:**

It is also important to have in place a system for monitoring the overall composition and quality of various credit portfolios and investments. With this objective, to start with, the bank has introduced a simple portfolio-monitoring framework. Going forward, the bank will be graduating to a more sophisticated Portfolio Management model. Rating Migration of accounts with Rs. 10 lacs and above is being done on half yearly basis and submitted to Board. Credit Risk Management Software (CRMS) is being implemented phase-wise. Bank is getting prepared for adopting Advanced Approaches.

e) **Risk Measurement:**

At present, Credit Risk is assessed through risk rating at the individual level and through Risk Weighting of the assets at the portfolio level and capital is maintained based on Risk Weights. The Bank has migrated to the Standardized approach under the New Capital Adequacy Framework (Basel II), effective 31st March 2008.

f) **Risk Reporting System:**

All credit related policies are cleared by the CRMC (which is the operational level committee for credit risk) before submission to the appropriate authorities for approval. Various Credit Related reporting are submitted to CRMC to enable proper monitoring.

g) **Risk Review:**

Audit –Credit Risk Management Systems procedures and Tools are also subjected to internal audit for ensuring effectiveness.

**B. PT Bank of India Indonesia Tbk (Subsidiary):**

PT Bank of India Indonesia Tbk has established a Risk Management Committee (RMC) and the Risk Management Unit (RMU) which is independent of the Operational Unit and the Internal Audit Unit ("Internal Audit") in the hope of overall risk management can be integrated, targeted, coordinated and sustainable. Furthermore, to monitor the effectiveness of implementation of tasks - RMC and RMU, the Bank has established a Risk Monitoring Committee which is directly responsible to the Board of Commissioners.

The Bank has managed 8 (eight) types of risk according to Bank of Indonesia which are credit risk, liquidity risk, market risk, operational risk, compliance risk, legal risk, reputation risk and strategic risk. Banks also create risk profiles which can broadly map the activity that has risks as well as potential risks that disrupt the Bank business continuity. Assessment of risk type is a combination of the risks inherent in any functional activity (inherent risk) and risk control systems.

The Bank is selective in approving new credits and maintains higher loan provisions than that required by the Regulator. In collateral based lending, hair cut is applied to the value of collateral. The Risk Manager of the bank reports to the Director Compliance. Risk Management Unit (RMU) supervises/ has oversight of the credit approval process.

**C. Bank of India (Tanzania) Ltd , Bank of India (New Zealand) Ltd (Subsidiaries), Bank of India (Uganda) Ltd and Bank of India (Botswana) Ltd**

Monthly interest application has become a useful tool to tackle potential delinquencies or defaults in standard accounts. To retain the asset quality, the Bank has adopted the following policy, Branches should promptly act and:-

- i. Recover the overdues or at least the critical amount through active follow up with borrowers;
- ii. Put the accounts under holding on operations in case of temporary cash flow mismatches;
- iii. Reschedule the repayment terms as per expected cash flows;
- iv. Restructure the dues in keeping with the expected cash flows and gaps in cash flows, if any as per guidelines given in the restructuring policy.

Any one or more of the above actions are taken by the Bank before the account becomes NPA.

**Measures for follow up of Special Mention Account (SMA) / NPA Accounts:**

The various means of monitoring / resolving NPAs generally available to the Banks are listed below:

- I. **Before the account becoming NPA (Special Mention A/c)**
  - a. Close monitoring for compliance of sanction terms to maintain asset quality.
  - b. Reminders to be sent promptly whenever irregularities are observed.
  - c. To recover overdues quickly to ensure account does not slip to NPA category
  - d. Periodic inspection of the unit and charged assets along with analysis of financial data.
  - e. To restructure the dues before accounts become NPAs. Remedial action includes enhancement of moratorium period, funding of interest, and deferment of installments.
  
- II. **After the account becoming NPA – following measure to be initiated for recovering Bank’s dues. The following means have to be effectively pursued for resolution of NPAs.**
  - a) Appropriation of liquid securities (TDR, shares, margin money etc.) and pledged goods, to reduce outstanding
  - b) Disposal of other securities, with the co-operation of borrowers.
  - c) Compromise settlement of dues through negotiation
  - d) Re-calling the advance
  - e) Filing suit in Court– Execution of decree
  - f) Lastly, after all the chances of recovery of dues are exhausted, we may resort to writing off of the balance dues. All these means have to be effectively pursued for resolution of NPAs.

**Quantitative Disclosures:**

**a. The total gross credit exposures**

(Rs. In Mn)

Category	Amount
Fund Based	4,053,306.04
Non Fund Based*	900,163.41

\*Excluding Credit Equivalent of Derivatives

**b. The geographic distribution of exposure is:**

(Rs.in Mn)

	Domestic	Overseas
Fund Based	2,877,027.75	1,176,278.29
Non Fund Based	706,611.22	193,552.19

c. Industry type distribution of exposure (Fund Based & Non Fund Based) is as under:

Industry Name	Fund Based (Outstanding) Rs. in Mn.	Non Fund Based (Outstanding) Rs. in Mn.
Coal	2,324.05	64,874.07
Mining	35,996.80	-
Iron & Steel	133,908.79	533.88
Other Metal & Metal Products	37,911.21	-
All Engineering	16,739.01	19.12
Of which Electronics	2,358.50	-
Electricity	212,264.13	
Cotton Textiles	46,015.03	5,252.23
Jute Textiles	1,110.92	1,395.32
Other Textiles	53,914.36	8,440.82
Sugar	22,883.67	1,479.15
Tea	8.28	35.70
Food Processing	20,986.32	7,411.70
Vegetable Oil & Vanaspati	3,919.07	18,250.40
Tobacco & Tobacco Products	8,086.33	587.51
Paper & Paper Products	14,881.08	1,155.80
Rubber & Rubber Products	23,937.87	15,262.36
Chemical, Dyes, Paints etc.	50,929.87	19,379.95
Of which Fertilisers	5,559.96	1,457.90
Of which Petro-chemicals	12,931.37	7,776.56
Of which Drugs & Pharmaceuticals	19,220.00	4,838.14
Cement	15,436.64	772.14
Leather & Leather Products	4,303.06	728.23
Gems & Jewellery	109,543.82	7,114.63
Construction	33,640.53	17,490.06
Petroleum	41,577.22	14,463.63
Automobiles including Trucks	26,207.42	6,849.25
Computer Software	-	-
Infrastructure*	479,117.81	110,085.50
Of which Power	324,962.89	57,766.32
Of which Telecommunications	9,359.28	490.33
Of which Roads & Ports	105,151.30	30,164.98
Other Industries	82,271.26	162,979.76
Residuary Other Advances (to balance with Gross Advances)	2,714,429.23	435,602.23
<b>Total</b>	<b>3,980,079.62</b>	<b>900,163.41</b>

- Exposure to Infrastructure Sector at 12.04% exceeds 5% of total fund based advances.
- Exposure to Infrastructure Sector at 12.23% and Coal at 7.21% exceeds 5% of total non-fund based outstanding.

d. The residual contractual maturity break down of assets is:

(Rs in Mn)

	Advances	Investments (gross)	Foreign Currency Assets
Next day	147,106.01	202,594.55	40,525.77
2 – 7 days	91,650.58	25,002.97	37,233.50
8 –14 days	89,806.13	26,670.20	48,393.92
15 – 28 days	94,586.57	16,495.14	75,078.93
29 days – 3 months	346,701.95	72,815.27	229,087.70
>3 months – 6 months	440,645.13	71,413.87	292,593.72
> 6months – 1 year	337,873.63	118,625.53	190,801.03
>1 year – 3 years	510,463.22	146,238.35	213,586.18
> 3 years – 5 years	440,635.03	164,941.91	82,207.43
> 5 years	1,383,913.79	338,878.95	46,256.54
<b>Total</b>	<b>3,883,382.04</b>	<b>1,183,676.75</b>	<b>1,255,764.70</b>

***\*Figures are shown on net basis***

e. The gross NPAs are:

Category	(Rs in Mn)
Sub Standard	106,338.08
Doubtful – 1	80,236.18
Doubtful – 2	64,754.12
Doubtful – 3	5,833.32
Loss	11,914.18
<b>TOTAL</b>	<b>269,075.88</b>

f. The amount of net NPAs is Rs.157,889.50 Mn.

g. The NPA ratios are as under:

- Gross NPAs to Gross Advances: 6.80%
- Net NPAs to Net Advances: 4.11%

h. The movement of gross NPA is as under:

	(Rs in Mn)
i) Opening balance at the beginning of the year	222,076.75
ii) Additions during the year	65,608.19
iii) Reductions during the year	18,609.29
iv) Closing balance at the end of the year (i+ii-iii)	269,075.65

i. The movement of provision for NPAs is as under:

	(Rs in Mn)
i) Opening balance at the beginning of the year	74,425.84
ii) Provisions made during the year	33,595.55
iii) Write-off/write-back of excess provisions	11,052.57
iv) Closing balance at the end of the year (i+ii-iii)	96,968.82

j. The amount of non-performing investment is Rs.9,612.11 Mn.

k. The amount of provision held for non-performing investment is Rs.7,211.99 Mn.

l. The movement of provisions for depreciation on investments is as under

	(Rs in Mn)
i) Opening balance at the beginning of the year	10654.89
ii) Provisions made during the year	385.08
iii) Write-off/write-back of excess provisions	30.68
iv) Exchange Difference	12.00
v) Closing balance at the end of the year (i+ii-iii-iv)	10,997.30

m. **NPA and Provisions maintained by Major Industry or Counterparty type for Bank of India [Solo] :**

Industry Name	NPA Rs. in Mn.	Provision Rs. in Mn.
Coal	357.31	54.26
Mining	3,736.96	951.79
Iron & Steel	21,386.13	7,046.18
Other Metal & Metal Products	9,710.31	3,883.03
All Engineering	2,650.71	842.74
Of which Electronics	531.58	278.42
Electricity	15,363.90	4,085.17

<b>Industry Name</b>	<b>NPA Rs. in Mn.</b>	<b>Provision Rs. in Mn.</b>
Cotton Textiles	7,511.88	3,484.23
Jute Textiles	43.11	6.79
Other Textiles	10,382.46	3,367.58
Sugar	5,212.02	1,926.63
Tea	-	-
Food Processing	3,498.24	1,004.90
Vegetable Oil & Vanaspati	-	-
Tobacco & Tobacco Products	1,090.99	228.26
Paper & Paper Products	3,135.38	901.83
Rubber & Rubber Products	2,139.36	743.84
Chemical, Dyes, Paints etc.	7,368.26	2,290.97
Of which Fertilisers	8.03	2.24
Of which Petro-chemicals	1,352.43	393.25
Of which Drugs & Pharmaceuticals	5,211.28	1,588.70
Cement	2,230.83	717.88
Leather & Leather Products	546.75	161.05
Gems & Jewellery	10,430.98	3,114.01
Construction	5,443.16	755.84
Petroleum	1,685.52	536.19
Automobiles including Trucks	8,783.90	1,681.99
Computer Software	-	-
Infrastructure*	44,754.62	15,317.58
Of which Power	29,903.74	8,413.86
Of which Telecommunications	4,181.16	2,656.31
Of which Roads & Ports	6,195.82	3,306.16
Other Industries	19,182.92	7,940.33
Residuary Other Advances (to balance with Gross Advances)	97,609.76	44,638.85
<b>Total</b>	<b>268,891.56</b>	<b>101,596.70</b>

**n. Geography wise NPA and Provision [for Bank of India Solo]:**

(Amount in Rs Mn)

	Domestic	Overseas	Total
Gross NPA	244,016.30	24,875.26	268,891.56
Provision for NPA	87,105.40	14,491.30	101,596.70



## **Table DF-4**

### **Credit Risk: disclosures for portfolios subject to the standardised approach Qualitative Disclosure**

a) For portfolios under the standardized approach:

- Names of Credit Rating agencies used, plus reasons for any changes
- Types of exposure for which each agency is used; and
- A description of the process used to transfer public issue ratings on to comparable assets in the banking book.

#### **A. BANK OF INDIA**

1. The Bank has approved using the general rating of the following credit rating agencies for risk weighting under the standardized approach for CRAR calculations **CRISIL, ICRA, INDIA RATINGS, BRICKWORK, SMERA, and CARE for domestic claims and S&P, FITCH and Moody's for claims on non-resident corporates, foreign banks and foreign sovereigns**. SME ratings are not being used, as they are not approved by RBI.
2. The ratings of all these agencies are being used for all exposures subjected to rating for risk weighting purposes under the standardized approach for CRAR calculations under Basel-II. The process used to transfer public issue ratings on to comparable assets in the banking book is as per regulatory requirements of RBI. The public ratings published by the rating agencies on their website are used for this purpose. Only, ratings which are in force as per monthly bulletin of the concerned rating agency and which have been reviewed at least once during the previous 15 months are used.  
For all the exposures on a particular counterparty, bank uses the rating of only one agency, even though these exposures are rated by more than one with exception being where each of the exposures is rated by only one of the approved rating agencies.
3. To be eligible for risk-weighting purposes, it is ensured that the external credit assessment takes into account and reflects the entire amount of credit risk exposure the bank has with regard to all payments owed to it. Even while extending an issuer or an issue specific rating to any other exposure on the same counterparty it is extended to the entire amount of credit risk exposure i.e., both principal and interest. External assessments for one entity within a corporate group is not used to risk weight other entities within the same group.
4. For assets that have contractual maturity less than or equal to one year, short term ratings are used while for other assets, long term ratings are used. For Cash Credit exposures long term ratings are taken.

5. Where an issuer has a long-term exposure with an external long term rating that warrants a risk weight of 150%, all unrated claims on the same counterparty whether short-term or long-term, also receive a 150% risk weight, except in cases where credit risk mitigation techniques are used for such claims. Similar is the case with short-term rating.
6. The long-term ratings assigned by the approved rating agencies are directly mapped to the risk weights under the Standardized Approach for long-term exposures. On the contrary, the unrated short-term claim on counter-party attracts a risk weight of at least one level higher than the risk weight applicable to the rated short-term claim on that counter-party. Issue-specific short-term ratings are used to derive risk weights for claims arising from the rated facility against banks and a corporate's short-term rating is not used to support a risk weight for an unrated long-term claim.
7. If there are two ratings accorded by eligible credit rating agencies, which map into different risk weights, the higher risk weight is applied. If there are three or more ratings accorded by eligible credit rating agencies with different risk weights, the ratings corresponding to the two lowest risk weights are referred to and the higher of those two risk weights are applied, i.e., the second lowest risk weight.
8. The RW of the investment claim is based on specific rating by a chosen credit rating agency, where the claim is not an investment in a specific assessed issue:
  - i. the rating applicable to the specific debt (where the rating maps into a risk weight lower than that which applies to an unrated claim) is applied to the bank's un-assessed claim only if this claim ranks pari passu or senior to the specific rated debt in all respects and the maturity of the un-assessed claim is not later than the maturity of the rated claim, except where the rated claim is a short term obligation.
  - ii. if either the issuer or single issue has been assigned a rating which maps into a risk weight equal to or higher than that which applies to unrated claims, an unrated claim on the same counterparty, is assigned the same risk weight as is applicable to the rated exposure, if this claim ranks pari passu or junior to the rated exposure in all respects.

**B. PT Bank of India Indonesia Tbk (Subsidiary):**

As per prevailing norms in the Country, Credit Rating is not required to be done by any External Credit Rating Agency.

**C. Bank of India (Tanzania) Ltd, Bank of India (Uganda) Ltd) and Bank of India (Botswana) Ltd. :**

As per prevailing norms in the Country, Credit Rating is not required to be done by any External Credit Rating Agency. There is no credit rating agency operating/working in the Country.

**D. Bank of India (New Zealand) Ltd. (Subsidiary):**

Credit risk is disclosed through General Disclosure Statement on quarterly basis as per the requirements.

**Quantitative Disclosures**

(Rs in Mn)

For exposure amounts after risk mitigation subject to the standardized approach, amount of a bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted;	
The total credit exposure of the bank (subject to standardized approach), are classified under major risk buckets are as under: -	
Below 100 % risk weight:	4,695,065.06
100 % risk weight:	1,610,279.49
More than 100 % risk weight:	522,915.39
Deducted	

**DF – Disclosure in respect of computation of Leverage Ratio:**

(Amount in Rs. Mn)

Capital Measure (a)	3,16,714.40
Exposure Measure (b)	6,711,844.30
Leverage Ratio (a / b)	4.72%