Performance Highlights

- **Total Business** (Deposit+Advances) increased to Rs 10,45,625 crore reflecting a growth of 8.25% (y-o-y).
- **Gross Profit** and **Net Profit** were Rs 9,915 crore and Rs 3,398 crore respectively. Net Profit registered a growth of (-) 25.16% over the previous year.
- **Credit-Deposit Ratio** stood at 84.82% as against 86.15% last year.
- **Retail Credit** posted a growth of 14.06% constituting 14.07% of the Bank's Gross Domestic Credit in FY15.
- **MSME Credit** posted a growth of 9.46% constituting 17.27% of the Bank's Gross Domestic Credit in FY15.
- **Net Interest Margin (NIM)** as per cent of interest earning assets in global operations was at the level of 2.31% and in domestic operations at 2.91% during FY15.
- **Net NPAs to Net Advances** stood at 1.89% this year against 1.52% last year.
- **Capital Adequacy Ratio (CAR)** as per Basel II stood at 13.33%.
- **Capital Adequacy Ratio (CAR)** as per Basel III stood at 12.60%.
- **Net Worth** at Rs 36,895 crore registering a rise of 11.48%.
- **Book Value** improved from Rs 162.70 (Rs 813.50 pre split of shares) to Rs 166.83 on year.
- **Business per Employee** moved up from Rs 1,865 lakh to Rs 1,889 lakh on year.

Segment-Wise Performance

The Segment Results for the year FY15 reveal that the contribution of **Treasury Operations** was Rs 3,333 crore, that of Corporate/Wholesale Banking was Rs 936 crore, that of Retail Banking was Rs 3,005 crore, and of Other Banking Operations was Rs 50 crore. Your Bank earned a Profit after Tax (PAT) of Rs 3,398 crore after deducting Rs 1,904 crore of unallocated expenditure and Rs 2,022 crore towards provision for tax.

Dividend

Your Bank's Directors have recommended dividend of Rs 3.20 per share. The face value of Rs 2 each for the total outgo in the form of dividend, including taxes, will be Rs 851.69 crore.

Capital Adequacy Ratio (CAR)

Your Bank's **Capital Adequacy Ratio (CAR)** was comfortable at 13.33% under Basel II and at 12.60% under Basel III as on 31st March 2015. Moreover, your Bank’s Tier 1 ratio was at 9.87% and common equity Tier 1 was at 9.35% under Basel III framework.

Your Bank's Net Worth as at 31st March 2015 was Rs 36,895 crore comprising paid-up equity capital of Rs 443 crore and reserves (excluding revaluation reserves) and FCTR of Rs 36,452 crore. An amount of Rs 2,547 crore was transferred to reserves from the profits earned.

Provisions towards Retirement and Other Benefits

During the year FY15, your Bank made provision towards contribution to gratuity (Rs. 40.04 crore), pension funds (Rs. 920.69 crore), leave encashment (Rs. 148.54 crore) and additional retirement benefits of Rs (-)211.33 crores (reversal on actuarial basis). Total provisions under these four categories amounted to Rs. 987.94 crore during the year FY15 and Rs 1,276.37 crore during the year FY14. Total corpus available with your Bank at the end of March 2015 under these heads was: Rs 1,491.36 crore (gratuity), Rs 8,583.68 crore (pension funds), Rs 781.97 crore (leave encashment) and Rs 369.87 crore (additional retirement benefit)

Key Financial Ratios

<table>
<thead>
<tr>
<th>Particulars</th>
<th>FY 15</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Average Assets (ROAA) (%)</td>
<td>0.49</td>
<td>0.75</td>
</tr>
<tr>
<td>Average Cost of Funds (%)</td>
<td>5.23</td>
<td>5.37</td>
</tr>
<tr>
<td>Average Yield (%)</td>
<td>7.53</td>
<td>7.68</td>
</tr>
<tr>
<td>Average Interest Earning Assets (Rs crore)</td>
<td>5,70,592.45</td>
<td>5,07,082.68</td>
</tr>
<tr>
<td>Average Interest Bearing Liabilities (Rs crore)</td>
<td>5,69,190.46</td>
<td>5,02,176.05</td>
</tr>
<tr>
<td>Net Interest Margin (%)</td>
<td>2.31</td>
<td>2.36</td>
</tr>
<tr>
<td>Cost-Income Ratio (%)</td>
<td>43.63</td>
<td>43.44</td>
</tr>
<tr>
<td>Book Value per Share (Rs)</td>
<td>166.83*</td>
<td>813.50</td>
</tr>
<tr>
<td>EPS (Rs)</td>
<td>15.83*</td>
<td>107.38</td>
</tr>
</tbody>
</table>

*post split of face value of the share
Management Discussion and Analysis

Economic Scene in FY15 and Outlook for FY16

During FY15, while the growth outlook remained subdued throughout the year, the sentiments were optimistic as they received a boost from a host of domestic and global factors such as formation of stable government, sharp fall in crude oil prices, passing of major bills such as insurance and mining, and investment oriented union budget. As a result, the Indian economic outlook improved amidst subdued growth prospects of major advanced and emerging economies.

As per the revised and rebased estimates for GDP data released by Central Statistical Office (CSO), the GDP is to grow at 7.4% in 2014-15 as against 6.9% in 2013-14 and 5.1% in 2012-13. While the industry and services sector are estimated to grow at a higher rate in 2014-15 than that in 2013-14, the agriculture sector was affected adversely by deficit and uneven spatial distribution of rains during kharif season and unseasonal rains in rabi season. The index of industrial production (IIP) which saw buoyant growth in first quarter of the year slipped sharply only to rise again in February 2015 at 5%. As a result, the IIP growth for FY15 was at low rate of 2.8% on y-o-y basis. Although production of capital goods and non-oil non-gold imports gathered some momentum, the vicious cycle of supply constraints, stranded investments, stressed bank balance sheets, risk aversion and weak demand continued during FY15. The exports growth was subdued during the year and the imports were also weak, resulting in narrowing of trade deficit. However, as the portfolio flows were buoyant given the surge in equity markets, the net capital flows being significantly larger than the external financing requirements, foreign exchange reserves rose to a peak level of US$ 343.0 billion during the year.

However, there were some green shoots of growth visible during the year. The new investments proposals saw some improvement in 2014-15. The parliament passed bills covering insurance and coal sectors. In the Union Budget, the government announced a 25% increase in capital spending – primarily on highways and railways to kick-start the investment demand. A healthy shift was underway from government subsidies to investments.

A slew of initiatives were taken in the current financial year that includes rationalization of administered pricing policies in petroleum and natural gas and to ensure adequate availability of key inputs like coal and power. The biggest financial inclusion initiative under the Pradhan Mantri Jan Dhan Yojana (PMJDY), extending financial services to the large hitherto un-served population to unlock growth potential was successful. Substantive progress has been made in direct benefit transfer linked to Aadhar.

For a large net importer of crude oil like India, the decline in crude prices since June 2014 by about 50% has been a favourable external shock. This has had a wide positive effect, for instance, on growth, easing of inflationary pressure and lowering current account deficit. The declining input costs manifested in the sharp fall of the CPI (combined) from 8.59% in April 2014 to 5.17% in March 2015 much below the target set by the Reserve Bank of India (RBI)’s glide path and WPI slipped from 5.5% in April 2014 to (-) 0.17% in November 2014 and thereafter remained in negative zone till March 2015 at (-) 2.33%.

During the initial phase of the FY15, the inflation was at elevated level while growth remained subdued. The RBI kept the rates unchanged to contain the demand pressures and rupee volatility, however in order to support the slowing growth, the RBI had cut the SLR by 150 bps with 50 bps cut each on June 14, 2014, August 9, 2014 and February 7, 2015. But, as the disinflation process strengthened since July 2014 on account of faster than expected decline in fuel and food prices, given the persisting slack in economic activity and weakened pricing power, the RBI cut the repo rate by 50 bps with 25 bps on January 15, 2015 and March 4, 2015 each. This was also supported by high quality fiscal consolidation by the Union Government.

A number of important changes happened in the operation of the monetary policy during the year. As per the recommendation of the Dr Urij Patel committee, the RBI adopted the new CPI (combined) as the key measure of inflation and there was explicit recognition of the glide path for disinflation. The RBI had set the target to keep the economy on a disinflationary course, taking CPI inflation to 8.0% by January 2015 and 6.0% by January 2016. The RBI revised its liquidity management framework from September 5, 2014, with more frequent 14-day term repos and daily overnight variable rate repo operations, to ensure flexibility, transparency and predictability in liquidity management operations.

In February 2015, a historic landmark agreement was signed by the Government of India and the Reserve Bank of India that committed to an institutional architecture that accords price stability as a major objective of monetary policy. Apart from these developments, the RBI also sought to widen the banking space by issuing license to new market participants as well as introduce payment banks to cater to specialized payment functions.

During the year, the markets remained concerned about the possible US Fed rate hike following the signs of strengthening of the US economy. But as the year progressed and there were signs of weakness, the rate normalization was deferred. Further, the massive quantity easing in Europe and Japan gave a boost to their economy. With the increased signs of China’s economy slowing down gathered momentum, the Indian economy began to be considered to be among the better performing economies amidst dismal growth outlook.

Most of the private and public think-tanks from across the globe including International Monetary Fund (IMF) have projected higher growth for Indian economy in 2016. Moreover, the Moody’s rating agency revised the rating
outlook to positive from stable as they perceive higher probability of better growth outlook going forward. The revival of growth is helped by the government’s continued commitment to lower its budget deficit while also investing more to upgrade infrastructure sector, railways and power lines. While the uncertainty pertaining to the US Fed rate normalization, geo-political risks affecting the stability in crude oil prices, probability of below normal monsoon, the strengthening of the green shoot of recovery to a broad based growth, and pace of reforms remain the key uncertainties going forward.

Performance of Indian Banking Sector in FY15 and Outlook for FY16

The Banking sector was facing multifarious challenges with a subdued credit growth, heightening asset quality concerns amidst weakening corporate balance sheets and capital conservation given the tighter Basel –III capital norms.

During FY15, both the credit and deposit growth of the banking industry slipped to multiyear low on the back of overall economic slowdown, stalled projects, weak investment, stretched corporate balance sheets and supply constraints. The credit growth on an average basis was at around 10% during FY15. Apart from weak macroeconomic environment, the banks remained risk averse amidst surging asset quality concerns. Further, the alternative sources of credit such as commercial papers and external commercial borrowings remained buoyant source of funds. Moreover, during the year, the banks resorted to sale of assets to asset reconstruction companies.

During the year, the banks reduced deposit rates on various maturities driven by the sharp fall in inflation and the RBI cutting SLR and policy rate cuts during the year. The major concern of the banking sector was regarding the asset quality which resulted in higher provisions, thereby adversely affecting the profitability of the banks.

With the number of initiatives of the government to revive the economy and accommodative policy stance of the RBI, there are green shoots of economic recovery. However, a broad based revival in the economy, in particular infrastructure, would have a positive impact on the banks’ asset quality and consequently on the overall performance of the banking industry.

Apart from these concerns, the banking industry has been facing the challenges of raising capital to meet the Basel –III capital requirements. With the liquidity coverage ratio and monitoring tools being implemented from January 2015, capital conservation has assumed greater importance.

Amidst these challenges, the banking industry played a pivotal role in achieving the goals of Pradhan Mantri Jan Dhan Yojana (PMJDY) well ahead of its deadline. Further, the banks played an important role in the government’s Direct Benefit Transfer, linked to Aadhar in the delivery of subsidies.

Risk Management

To ensure sustainable and consistent growth, your Bank has developed a sound risk management framework so that the risks assumed by the Bank are properly assessed and monitored. The ultimate responsibility for setting up the risk management framework lies with the Board of the Bank. It includes setting up risk appetite, framing policies and effective monitoring. Your Bank’s Board has put in place a robust Enterprise-wide Risk Management architecture so that the risks remain within the risk appetite defined by the Board.

Specific committees of the Board have been constituted to facilitate focused oversight on various risks. The Board has also constituted a Sub Committee of Board on ALM and Risk management which oversees the inter linkages between different type of risks. Policies approved from time to time by the Board of Directors or committees of the Board form the governing framework for each type of risk. The business activities are undertaken within these policy frameworks.

A brief outline of the mechanism for identifying, evaluating and managing various risks within your Bank is as follows.

Asset Liability Management (ALM)

Your Bank’s Asset Liability Management (ALM) is aimed at strategic planning, implementation, and control processes that affect the volume, mix, maturity, rate sensitivity, quality and liquidity of the Bank’s assets and liabilities, thereby ensuring that the returns are commensurate with the level of risk taken.

The ALM is the function of Asset Liability Management Committee (ALCO), which comprises of General Managers and Executive Directors and is headed by the Managing Director & CEO. It operates under the guidance and supervision of the Board and/or Sub-Committee of Board on ALM and Risk Management. It meets at regular intervals to review the interest rate scenario, product pricing, maturity profile of assets and liabilities, demand for funds, cash flows of the Bank, profit planning and overall Balance Sheet Management. The ALCO is also entrusted with the job of fixing and reviewing Base Rate of the Bank.

In your Bank, the liquidity risk is measured and monitored through two approaches—Flow approach and Stock Approach. Flow approach is done through preparation of Structural liquidity statement on a daily basis against prudential caps fixed for liquidity gap positions. The quality of liquidity is further tested by working out various ratios under Stock Approach, wherein a series of prudential caps are tested on a daily basis. The compliance to Stock Approach caps ensures that the Bank has managed its liquidity through appropriate diversification and kept it within the sustainable limit. Moreover, liquidity position is projected every fortnight, for the subsequent three months on a dynamic basis through Dynamic Gap Reports.

For measurement and monitoring of Interest rate risk,
Credit Risk

Credit risk implies the possibility of losses associated with default in repayment or diminution in the credit quality of borrowers or diminution in the value of primary and/or collateral assets. Credit risk is managed in your Bank through a well established Board approved framework that sets out policies, procedures and reporting. Adequate attention is given to segregate the activities of policy framers and risk takers. Your Bank has a well structured credit approval process with a well defined Board approved credit policy to monitor and mitigate risks associated in Bank’s lending.

Credit Risk Rating in your Bank involves a method of systematically classifying credit proposals according to their quality and inherent risk characteristics. Rating is an important single point indicator of credit quality to the Bank as also to other stakeholders (viz. regulators, analysts, auditors etc.). Your Bank has adopted a robust web based two dimensional credit rating system which consists of borrower rating as well as facility rating.

Over the years, your Bank has gained good experience in internal rating and has thus built up data on credit rating migration. This robust platform has enabled your Bank to get an approval of regulator for a parallel run under Foundation Internal Rating Based (FIRB) approach of Credit Risk under Basel II rules from 31st March, 2013. Under the IRB approach, the banks are allowed to develop their own empirical model to quantify required capital for credit risk. IRB implementation will make your Bank more risk sensitive and would benefit the Bank with improved risk management systems and strong risk assessment processes, and possibly reduced credit risk capital requirements.

Your Bank’s corporate research cell prepares industry report to assess the risks prevalent in industries where the Bank has sizable exposure and also identifies the sunrise industries. To manage imprudent concentration, your Bank has also put in place prudential caps across industries, sectors and borrowers. Also, the corporate research cell carries out detailed studies on sectoral exposure, credit concentration, ratings distribution and migration.

Market Risk

Market Risk implies the “risk” of loss of earnings or economic value due to adverse changes in market rates or prices. The change in economic value of different market products is largely a function of change in interest rates, exchange rates, economic growth, business confidence etc.

Your Bank has clearly articulated policies to control and monitor its treasury functions. These policies comprise management practices, procedures, prudential risk limits, review mechanisms and reporting systems. These policies are reviewed regularly in line with changes in financial and market conditions.

The Interest rate risk in your Bank is measured through Interest Rate Sensitivity Gap Reports and Earning at Risk. Furthermore, your Bank calculates duration, modified duration, PV01, Value at Risk for its investment portfolio consisting of fixed income securities on daily basis. It monitors the short-term Interest rate risk from the NII (Net Interest Income) perspective and long-term interest rate risk from the EVE (Economic Value of Equity) perspective. Moreover, the stress testing of fixed interest investment portfolio through sensitivity analysis and equities through scenario analysis is regularly conducted in your Bank. The foreign exchange risk and equity price risk is monitored too and measured through daily marking to market, stop loss limits, VaR limits, portfolio size limits, IGL, AGL etc.

The Value at Risk for the treasury positions is calculated through historical simulation method for a ten days holding period, at 99.0% confidence level.
Operational Risk

Operational Risk implies the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, but excludes strategic and reputational risks. Your Bank is implementing a comprehensive Operational Risk Management Framework (ORMF) to meet the qualitative and quantitative requirements of the Standardized Approach (TSA) and Advanced Measurement Approach (AMA) of Basel II requirements. Operational Risk Management Committee (ORMC) of your Bank shoulders the responsibility of monitoring and controlling the operational risk by way of prescribing/amending processes, imposing controls and defining roles and responsibilities. Your Bank has sound operational risk governance practice with three lines of defence mechanism such as Business line management, independent corporate operational risk management function and an independent inspection and audit function to ensure that its internal guidelines, policies and procedures are complied with.

Your Bank has implemented a globally accredited sophisticated web-based Operational Risk Management System to capture, measure, monitor and manage its operational risk exposure.

Your bank is one of the promoters and initial equity capital subscribers to Cordex India Private Limited, which will be a consortium of Operational Risk loss data in India for the banking industry.

Basel III Implementation

The Basel III capital regulations have been implemented by Indian banks with effect from April 1, 2013. To ensure smooth transition to Basel III, appropriate transitional arrangements have been made with capital requirement and disclosures at consolidated level which are to be disclosed with the publication of financial results have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital. This implementation requires enhanced quality and quantity of capital on one side and more elaborate disclosure on the other. The bank is fully equipped to comply with the regulatory norms with reasonable cushion over the minimum regulatory capital requirements.

Risk Based supervision (RBS)

The Department of Banking Supervision (DBS) at Reserve Bank of India (RBI) has adopted a Risk Based Supervisory (RBS) approach, based on the recommendations of the High Level Steering Committee (HLSC) for Review of Supervisory Processes of Commercial Banks. The RBI’s revised supervisory approach is called Supervisory Program for Assessment of Risk and Capital (SPARC), which was rolled out to your Bank in the 2012-13 supervisory cycle. RBS is driven by Offsite as well as Onsite supervision which requires a bank to put in place robust systems for data collection and compilation process and reporting.

SPARC is risk focused and intended to increase the effectiveness and efficiency of the supervisory process. The two major areas of assessment under SPARC are Risk and Capital Assessment. This assessment is done from quantitative and qualitative aspects. Based on the evaluation of these two aspects, the probability of failure of a bank and the likely impact of this failure on Banking System is calculated.

The banks under SPARC are mandated to submit the following data and information, in addition to the existing DSB returns, in forms under three Tranches as under:

i. Risk and selected financial parameters: Tranche I and IA
ii. Control and Governance Oversight Information: Tranche II
iii. Compliance Information: Tranche III

Expectations from banks

The following expectations with respect to the reporting of data and information should be met by the banks:

i. Timely submission of data and information
ii. Accuracy of data and information submitted
iii. Consistency of data
iv. Availability of evidence to substantiate/validate the data/information submitted
v. Ability to provide a further drill down/break-up of the data as and when requested by the RBI.

It may be noted that your Bank has successfully completed the second cycle under SPARC for the FY15 and is now well positioned to embark on the third supervisory cycle of 2015-16.

Credit Monitoring

Credit monitoring is one of the most important tools for ensuring quality of advance assets. Your Bank has the system of monitoring of the advance accounts at various levels (Branch/Region/Zone and Corporate) to prevent asset quality slippages and to take timely corrective actions to improve the quality of its credit portfolio.

A separate department for Credit Monitoring functions at the Corporate level, headed by a General Manager, and one at the Regional and Zonal level, started functioning since September 2008. The Slippage Prevention Task Force (SPTF) formed at all Zonal, Regional offices in terms of the Bank’s Domestic Loan Policy was activated for the purpose of arresting slippages and also for initiating necessary restructuring in potential and viable sick accounts at an early stage in a time bound manner.
The primary objectives of the Credit Monitoring Department at the Corporate level are enumerated as under:

- Identification of weakness/Potential default/incipient sickness in the advance account at an early stage and initiation of suitable and timely corrective actions for preventing further impairment in advance accounts / deterioration in credit quality of the borrowal accounts;
- Based on the RBI guidelines for Revitalizing Distressed Assets in the Economy, accounts with incipient stress are identified under Special Mention Accounts (SMA) categories. SMA accounts are followed up for the formation of the Joint Lenders Forum and options to resolve the stress under Corrective Action Plan are explored namely Rectification, Restructuring and Recovery;
- Prevention of slippage in the Asset Classification and relegation in Credit Ratings through vigorous follow up;
- Identification of suitable cases for restructuring/ rescheduling/ rephasingment as well as further financing in deserving and genuine cases with matching contribution from the borrower; Liaisoning with CDR Cell, Zonal Offices & Regional Offices;
- Taking necessary steps / regular follow up, for review of accounts and compliance of terms and conditions, thereby improving the quality of Bank’s credit portfolio;
- Monitoring progress of accounts under Board for Industrial and Financial Reconstruction (BIFR).

Monthly Monitoring of Advances accounts

On-line web-based software developed by the IT Department for Monthly Monitoring Reports (MMR) in respect of advance accounts with Fund Based and Non-Fund Based (FB+NFB) exposure of Rs 10 crore and above was launched in January 2013 and is being upgraded time to time.

Based on the MMRs, the follow up actions are taken for ensuring expeditious review of accounts, rectification of irregularities, compliance of terms and conditions in high value advance accounts for improving the asset quality of your Bank’s credit portfolio.

Restructuring of Advances Accounts

As a part of an on-going business strategy to improve upon the quality of advance assets, your Bank reaffirmed the need to look into the stressed advance portfolio on a continuous basis, industry-wise as well as borrower-wise, and to initiate suitable action by way of restructuring based on the viability of the project/activity.

During the financial year 2014-15, the Bank undertook restructuring of various advances accounts as per the table given below.

### Restructuring of Advance Accounts (Global) – 2014-15

<table>
<thead>
<tr>
<th></th>
<th>CDR Mechanism</th>
<th>SME Restructuring</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Advances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructured</td>
<td>42</td>
<td>1,098</td>
<td>5,098</td>
<td>6,238</td>
</tr>
<tr>
<td>Amt. Outstanding</td>
<td>1,498</td>
<td>1,281</td>
<td>4,367</td>
<td>7,146</td>
</tr>
<tr>
<td><strong>Sub-standard</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Advances Restructured</td>
<td>3</td>
<td>2,233</td>
<td>494</td>
<td>2,730</td>
</tr>
<tr>
<td>Amount Outstanding</td>
<td>6</td>
<td>727</td>
<td>138</td>
<td>871</td>
</tr>
<tr>
<td><strong>Doubtful Advances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructured</td>
<td>2</td>
<td>2,270</td>
<td>313</td>
<td>2,585</td>
</tr>
<tr>
<td>Amount Outstanding</td>
<td>272</td>
<td>682</td>
<td>133</td>
<td>1,087</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>47</td>
<td>5,601</td>
<td>5,905</td>
<td>11,553</td>
</tr>
<tr>
<td>Amt. Outstanding</td>
<td>1,776</td>
<td>2,690</td>
<td>4,638</td>
<td>9,104</td>
</tr>
</tbody>
</table>

Economic Intelligence Unit

A specialised Economic Intelligence Unit (EIU) located at the Corporate Office of your Bank supports your Bank’s Top Management in several critical areas like Macroeconomic Forecasting, Investor Relations, Business Strategy Formulation, Asset-Liability Management, and in discussions/deliberations with Regulators – domestic and international and Rating Agencies. The EIU regularly provides the Top Management of your Bank as well as its operational units a periodic outlook on key macroeconomic and financial variables like industrial and infrastructure growth, inflation, interest rates, stock and debt market movement, sectoral credit deployment and resource mobilisation of the banking industry, liquidity conditions, exchange rates, etc.

By providing deep understanding of macroeconomic aspects, corporate sector health and banking sector policies, the EIU of your Bank supports the Bank’s efforts in tapping right kind of business opportunities and swiftly responding to market dynamics.

The EIU publishes a weekly newsletter (e-publication) covering weekly macroeconomic developments and policy...
Internal Control Systems

Your Bank has a well established Central Internal Audit Division (CIAD) that examines and ensures the adherence to systems, policies and procedures of the Bank. The guidelines received on various issues of internal control from Reserve Bank of India, Government of India, Bank’s Board and the Audit Committee of the Board (ACB) have become part of the Internal Control System for better risk management.

With the size of business increasing year after year, Central Internal Audit Division is constantly aiming for curbing the inherent risks through effective control mechanism so as to safeguard the Bank’s interest.

The CIAD operates through thirteen Zonal Internal Audit Divisions to carry out audit of Branches/Offices as per the periodicity decided by the Audit Committee of the Board and examines adherence to such systems of internal control and risk management.

Audit Committee of the Board oversees the overall Internal Audit function of the Bank. The committee guides in developing effective internal audit, concurrent audit, IS Audit and all other inspection & audit functions for protecting the assets of the Bank. The committee monitors the functioning of the Audit Committee of Executives and inspection / audit department in the Bank. Audit Committee of Executives is one layer above CIAD and it monitors the entire Internal Audit System in your Bank.

All the branches of your Bank are covered under Risk Based Internal Audit (RBIA). A total of 4,291 branches were inspected during FY15. Out of these, 3,453 branches (80.43%) were in Low Risk, 756 branches (17.61%) were in Medium Risk and 82 branches (1.91%) were in High Risk categories.

The I.S. Audit Cell working under Audit Division, is based at Mumbai and performing the function of Offsite Surveillance. The coverage of Concurrent Audit has been increased to 1,036 branches in 2015-16 from 982 branches in 2014-15 and will cover 70.72% of the Bank’s total deposits, 78.82% of its total advances and 74.10% of its total business as on 31.12.2014.

To sum up, the Central Internal Audit Division’s principal function is to monitor compliance of systems & procedures laid down by the Bank, the Regulator and the Government of India.

Operations and Services

Customer-Centric initiatives

As always, efficient customer service and customer satisfaction are the primary objectives of your Bank in its day to day operations. Your Bank is highly responsive to the needs and satisfaction of its customers, and is committed to the belief that all technology, processes, products and skills of its people must be leveraged for delivering superior banking experience to its customers.

Recently, your Bank has taken several measures to improve the customer service at its branches and at the same time, strengthened the customer complaint redressal machinery for fast disposal of customer complaints.

Some of the measures taken by your Bank for fraud prevention and enhancing customer service during FY15 are as under.

Fraud prevention measures:

- Guidelines to be followed while passing Inter-SOL Clearing / transfer transactions, Screening of cheques through Ultra Violet Machine, precautions to be taken in Government Accounts and other precautionary measures to prevent frauds were reiterated to branches.
- All Non MICR / CTS branches / CBOs were advised to contact base branch over phone/fax/email and seek confirmation for ascertaining the genuineness of all transactions and to keep on record such confirmation for cheques of Rs.2 lakh and above.
- Master Circular on Fraud Prevention measures was issued.
- New Procedure was developed in respect of handling transactions by employees in their own account at single / one man branches.
- Confirmation of Inter-SOL Clearing transactions at Base Branches - Report for Base Branches to check Inter-SOL Clearing transactions (Off-SOL clearing transaction report) which contains list of cheques of Rs.2 lakh and above drawn on their branch presented in Inter-SOL clearing at other centres with phone number of branch where the cheque has been presented with name and phone number of customer to enable the base branches to confirm with their customer for genuineness of transactions.
- Soft copy of Telephone Directory is provided to all branches to enable them to contact branches while passing Inter-sol transactions. The same is updated from time to time.
- Email Alerts to Corporate and Government Customers for debit transactions of Rs. 1.00 lakh and above
- The precautionary measures to be taken while receiving cheques issued in favour of “Yourself / Bank of Baroda” were reiterated to the branches to avoid fraudulent transactions in the accounts.
- In order to prevent fraudulent fund transfer through e-mails, branches have been advised that e-mails is not a valid mandate for banking transactions and the guidelines to take precautions are circulated.

Customer Service:

- SMS alerts in respect of acknowledgement of Form No. 15 G/H and noting thereof in the system.
The bilingual Comprehensive Notice Board displayed in branches for convenience of customers were redrafted & redesigned and sent to all Zones for its implementation.

“Miss Call” facility to customers was started wherein the customer will give “Miss Call” to Bank through the mobile number registered in the Bank and the customer will receive the balances of their accounts through sms.

Charges for Non Maintenance of minimum balance in inoperative accounts have been removed in terms of the RBI’s mandate.

To bring uniformity of Inter-Sol charges, all charges have been made similar at base and non-base branches except cash handling charges by removal of cash withdrawal charges at non-base branches.

To satisfy the inquiry of cheques presented in inward clearing, the branches can provide comprehensive information to customers about the cheques drawn by them.

Other initiatives:

- Entry of KYC document (Photo Identity Card) details in Finacle system in respect of NEFT transactions for walk-in customers for Rs.20,000/- and above and less than Rs.50,000/-.

- Implemented Depositor Education and Awareness Fund Scheme-2014 (DEAF) of the RBI.

- Process of refund of balances of unclaimed deposit accounts (Current and Savings Bank) transferred to the RBI under Depositor Education and Awareness Fund Scheme - 2014 (DEAF) of the RBI has been advised to branches.

- Implementation of “Foreign Accounts Tax Compliance Act (FATCA)” for resident accounts (Obtaining declaration). FATCA declaration is the new US law enacted by the US Government.

- Online Customer Satisfaction Survey was conducted during 11.03.2014 to 20.05.2014 to know about the customer’s views / problems faced by customers and to take remedial measures. Emails were sent to customers inviting them to participate in the survey. The findings of the survey and suggested action points to remove the deficiencies were advised to all the Zones to monitor and ensure the compliance thereof. Further, Staff College was advised to discuss findings of the Survey during all training programmes to improve Customer Service.

- Your Bank’s branches have been advised to register Mobile number and email id in accounts to facilitate the Bank to notify the customer by SMS / email etc. All Zones and Regions are requested to advise branches to take prompt action for registration of mobile number in order to comply with the RBI instructions.

**Efforts to improve Customer Service at Branches**

In your Bank, the feedback on quality of customer service at branches is obtained through the Branch Level Customer Service Committee meetings that are held every month in which customers from various cross sections of the society are invited including senior citizens and pensioners. The suggestions/views generated during the meetings are collated and an appropriate follow-up action is taken to examine the feasibility to implement the suggestions for improving the service quality.

Your Bank is focused towards providing excellent customer service through all delivery channels and has been making continuous efforts for enhancing the level of customer satisfaction by leveraging technology to provide e-products and alternative delivery channels e.g. ATM/Debit cards, POS, Internet Banking, Mobile Banking, etc., best suited to the diverse needs of different customers. The varied interests and expectations of customers are taken care of by improving upon various processes and procedures.

**Compliance**

Your Bank is a member of the Banking Codes and Standards Board of India (BCSBI) and has adopted the “Code of Commitment to the Customers” prescribed by the BCSBI. It has also adopted the “Code of Bank’s Commitment to MICRO and Small Enterprises”. These have been placed on your Bank’s website and also made available to customers at the branches.

The following measures were initiated to create and enhance awareness about BCSBI codes amongst customers:

A. As per the directions of the Committee of Executive Directors, during the review of verticals of Corporate Office, Branch Managers’ meeting / workshop is being organized by the Executives of Head Office, Baroda, at Head quarters of Regions keeping in view the increasing number of frauds and non/poor compliance of guidelines on prevention of frauds, KYC AML and BCSBI Code. The emphasis of workshop was to interact with Branch Heads on various issues pertaining to measures on prevention of frauds, compliance of KYC guidelines, E-KYC, compliance of BCSBI Code and other Compliances.

B. To enhance level of awareness about BCSBI Codes amongst customers, E-mails are sent to customers
whose e-mail ID are registered with your Bank advising in Hindi & English to them that “We are BCSBI Code Compliant and committed to treat Customers fairly as per BCSBI Codes of Bank’s Commitment to Customers and Micro and Small Enterprises. To download the Codes please click to “http://www.bankofbaroda.com/bcsbicode.asp”’. More than 17,57,000 email have been sent during FY15.

C. The message “For BCSBI Codes of Bank’s Commitment to Customers visit www.bankofbaroda.com / www.bcsbi.org.in” is being printed / displayed in bilingual on a) Statements of accounts  
b) ATM screen and backside of the ATM transaction slips  
c) Inside cover of Passbook (regular passbooks and passbooks used for Self Service Passbook printers)  
d) Banner on your Bank’s website

D. Upon registering complaint in Standardised Public Grievance Redress System (SPGRS) Module, an Online Complaint Registering system, the following message is incorporated in Auto Reply: “We are BCSBI Code Compliant and committed to treat customers fairly as per BCSBI Codes of Bank’s Commitment to Customers and Micro and Small Enterprises. For details, Please visit our website www.bankofbaroda.co.in or www.bcsbi.org.in

E. Zones have been advised to adhere to the following :  
a. To use services of FLCC for creating awareness amongst trainees.  
b. To send a copy of Code to all new accounts along with letter. (copy of codes were sent to about 14,64,000 plus customers up to March 2015)

F. Your Bank’s Marketing Department, Mumbai have:  
i. Arranged to publish advertisement as per following details in seven National Daily News papers in Hindi, English, Gujarati and Marathi languages on 07.08.2014 and 11.08.2014. “हम वैश्विक बैंकिंग सिद्धांत संवृत्त अनुशंसक है और प्राकोको और सूचना तत्वों के प्रति श्रेष्ठ सीमित विशिष्टता की वैश्विक आर्थिक संवृत्त के अनुसार प्राकोको से संबंधित व्यवहार करने के लिए प्रतिबद्ध है । अधिक जानकारी के लिए कृपया हमारी वेबसाइट देखें www.bankofbaroda.com or bcsbi.org.in किसी भी प्रकार के लिए मान्यतेन्हेतु प्रति की जीडीसीकॉड, नेतृत्वकी शाखा का संरक्षण करे।”

ii. Your Bank has also arranged for incorporating a note in advertisement brochures of the Bank with either of the following captions: - “For BCSBI Codes of Bank’s Commitment to Customers and Micro and Small Enterprises visit www.bankofbaroda.com / www.bcsbi.org.in”

“Bank of Baroda is complying with BCSBI Codes - for BCSBI Codes of Bank’s Commitment to Customers and Micro and Small Enterprises visit www.bankofbaroda.com / www.bcsbi.org.in”

G. Your Bank’s MSME Department, have advised all the branches to ensure that copy of BCSBI code of MSE should be furnished to all the new borrowers while advising sanctions and in respect of existing borrowers, the same should be sent by email.

The following measures initiated by the Staff College to create and enhance awareness about BCSBI codes amongst staff members:

- Introduced one session of BCSBI Codes in all training programs of Staff College and all Training Centres to enhance awareness among the Staff / participants. So far, 810 such programs have been conducted which were attended by 21,124 trainees from 01-04-2014 to 31-03-2015.

- A quiz is being conducted about the contents delivered during the program that checks the level of awareness of the participants and also revises the bullet points of the subject.

- E-learning Module on BCSBI Codes provisions is uploaded on the KM portal of your Bank.

- Incentive scheme to staff is under process of approval to motivate them to take up the E-learning Module of BCSBI Codes.

Customer Service Committee of the Board

Your Bank has a Sub-Committee of Board for Customer Service which is headed by your Banks’ Managing Director & CEO with the following members as on 31st March 2015 :  
1. Shri Ranjan Dhawan Managing Director & CEO  
2. Shri B B Joshi Executive Director  
3. Shri K. V. Rama Moorthy Executive Director  
4. Shri Prem Kumar Makkar Director  
5. Shri Bharatkumar D. Dangar Director

This Sub-Committee addresses the issues relating to the formulation of policies and assessment of their compliance which brings about consistent improvement in the quality of customer service. It also monitors the status of the number of deceased claims pending for settlement beyond 15 days pertaining to depositors/locker hirers/depositors of safe custody articles, and reviews the status of implementation of awards passed by the Banking Ombudsman

Standing Committee on Customer Service

Your Bank has also set up a Standing Committee on Procedures and Performance Audit on Customer Services, comprising of three eminent public personalities as members along with all the Executive Directors and four General Managers of your Bank. This Committee oversees timely and effective compliance of the RBI instructions on Customer Service and also reviews the practices and procedures prevalent in your Bank and takes necessary corrective steps on an ongoing basis.

The suggestions emanating in the Branch Level Customer Service Committee meetings are obtained by your Bank’s
Head Office on quarterly basis from Regional Offices and placed before the Standing Committee on Procedure and Performance Audit on Customer Services. The feedback of the committee meetings is then put up to the Customer Service Committee of the Board of Directors.

**Customer-Centric initiatives and Redressal of Complaints**

Your Bank has a Board approved policy on Customer Grievance Redress and the same is placed on the Bank’s website. Your Bank is also having a well structured Customer Grievance Redressal Mechanism, due to which the TAT has considerably reduced and the outstanding complaints have also come down.

The General Manager, Operations & Services, is designated as Nodal Officer for customer complaints in your Bank. Moreover, all Zonal Heads and Regional Heads are designated as Nodal Officers for their respective Zones and Regions. Further, the names of all Nodal Officers along with their contact numbers are displayed in all the branches of your Bank.

A quarterly review note on customer grievances is placed before the Board of Directors giving position of customers’ complaints received by your Bank.

To minimize customer complaints and to ensure hassle free customer service, a regular analysis of complaints is done on monthly basis and action points / findings are sent to all Zonal/Regional Heads for taking remedial measures to minimize recurrence of such complaints in the future. Your Bank is also focused on rendering best banking services to the customer courteously.

Your Bank is having a web based online complaint registration and redressal system in the name of Standardized Public Grievance Redress System (SPGRS). An icon has been provided on home page of your Bank’s website, through which your Bank’s customer can lodge their complaint online and a system generated tracker id for their future reference and tracking is created. A facility of uploading complaint/ redressal reply in pdf or txt format upto 500 kb has also been provided in the system.

The system not only facilitates a speedy redressal of the complaints, but enables your Bank to maintain centralized data base of complaints. Your Bank has provided a facility to lodge complaint/suggestion to non-customers also. Moreover, your Bank’s customers can re-open their complaints within 15 days of its redressal, if they are not satisfied with the redressal and the same will be attended by the next higher authority/functional head.

**Systems for KYC-AML-CFT**

**Know Your Customer (KYC) norms/Anti-Money Laundering (AML) Standards / Combating of Financing of Terrorism (CFT) measures and Obligation of Bank under PMLA, 2002**

Your Bank has a Board approved KYC-AML-CFT Policy. The said Policy is the foundation on which the Bank’s “implementation of KYC norms, AML standards, CFT measures and obligation of the Bank under Prevention of Money Laundering Act (PMLA) 2002” is based. The Bank issues guidelines to operational units on issues relating to KYC-AML-CFT issues based on the directives of the regulators.

Your Bank has a Board approved KYC-AML-CFT Policy. The said Policy is the foundation on which the Bank’s “implementation of KYC norms, AML standards, CFT measures and obligation of the Bank under Prevention of Money Laundering Act (PMLA) 2002” is based. The Bank issues guidelines to operational units on issues relating to KYC-AML-CFT issues based on the directives of the regulators.

The major highlights of KYC-AML-CFT implementation across your Bank are as under:

- The Bank generates Cash Transaction Reports (CTRs) electronically for submission to Financial Intelligence Unit-India (FIU-IND), through the electronic medium.
- The “AML Solution” for generating system-based alerts has been installed and implemented. The scope has been further widened with addition of more alert definitions as per recommendations of IBA working group. Your Bank has a Designated Director for overall compliance of KYC-AML-CFT guidelines.
- There is a system-based detection and submission of Suspicious Transaction Reports (STRs) to the Financial Intelligence Unit-India (FIU-IND).
- System-based Risk Categorization (from AML angle) of Bank’s customers’ accounts has been done every half year.
- The Bank files Counterfeit Currency Reports (CCRs) and Non Profit Organizations Transaction Reports (NTRs) to FIU-IND, New Delhi every month. Your Bank generates Cross Border Wire Transfer Reports every month through electronic media and submits the same to FIU-IND, New Delhi.
- The Bank is in the process of allotting Unique Customer Identification Code (UCIC) to all its existing customers as per the RBI guidelines.
- Online verification of PAN from NSDL has been operationalised as a major step to tackle money laundering activities.
- CBS system has been modified suitably not to accept cash deposits of Rs.50,000/- and above in absence of PAN / Form No. 60/61.
- Your Bank has implemented Aadhaar based e-KYC in collaboration with UIDAI. Real-time checking of names from UNSCR list is available in all the branches as a step towards CFT.

The full KYC compliance entails Staff Education as well as Customer Education for which the following measures are taken by the Bank:

- A comprehensive list of KYC documents is uploaded on your Bank’s website (www.bankofbaroda.com) for the benefit of customers.
• Mobile based SMS are being sent and notices have been published in local and national dailies for updation of KYC data in accounts of the customers.

• A KYC-AML page is created at the Bank’s INTRANET for posting reference material on KYC-AML-CFT education for staff.

• Regular training sessions are conducted on the KYC-AML-CFT guidelines at the Bank’s training establishments.

• Training is being arranged for the Bank’s senior officials/executives at RBI, IBA (Indian Banks’ Association) and National Institute of Bank Management (NIBM).

• Sustained efforts are being made to create expertise at the Banks’ Head Office for the Corporate Oversight and also for the KYC Audit of branches.

• Regular On-site and Off-site test checking is being carried out to find out deficiencies and prompt rectification.

Compliance Function

Your Bank has put in place a Board approved Compliance Policy outlining the compliance philosophy of the Bank based upon the directions of the RBI on Compliance Function in banks. The said Policy is the foundation on which all Compliance Function of your Bank is based. Compliance Function in your Bank is an integral part of governance along with internal control and compliance risk management process supported by a healthy compliance culture in the Bank.

Major Initiatives / highlights of Compliance Function

• Compliance Department is set up at the Bank’s Corporate Office headed by Chief General Manager reporting to Senior Management of the Bank

• Apart from qualified staff in the Compliance Department at Corporate Centre, each Functional Department at Corporate Office of the Bank, Controlling Offices across India i.e. Zonal / Regional Offices and Overseas Branches / Offices and Subsidiaries are posted with Compliance Officers (COs) to look after Compliance Function.

• Compliance Function ensures observance of statutory provisions contained in various legislations viz. Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, Securities and Exchange Board of India Act and Prevention of Money Laundering Act and also the regulations of the various Regulators where the Bank is having its Offices / Branches in overseas centres. It also ensures Standards and Codes prescribed by BCSBI (Banking Codes and Standard Board of India, IBA (Indian Banks’ Association), FEDAI (Foreign Exchange Dealers Association of India), FIMMDA (Fixed Income Money Market and Derivatives Association of India) are complied with.

• In order to keep the compliance staff up-to-date with developments in the areas of banking laws, rules and standards, regular and systematic education, Workshops on Compliance are conducted regularly. Knowledge Management Tools for the purpose have also been uploaded on the Bank’s site (https://intranet.bankofbaroda.co.in). Workshop on compliance is also being arranged for Branch Managers of selected Branches and Regional / Zonal Compliance Officers in the Regions wherein various compliance issues at Branch / Regional / Zonal and Corporate levels are discussed with greater emphasis on KYC / AML norms so as to create mass awareness about the Compliance.

Back Office Operations

Regional Back Offices and City Back Offices

Your Bank is having 13 Regional Back Offices (RBOs) at present with one RBO opened during the year under review at Hyderabad. Now, your Bank has one RBO in each zone for processing of CASA account opening forms and issue of Personalized cheque books. More than 5,000 branches of your Bank are linked for centralized account opening process through RBOs and issuance of Personalized cheque books.

Shri P. Srinivas, Executive Director and other dignitaries during the inauguration of Regional Back Office in Hyderabad

Your Bank is having 85 centralized city back offices for processing of inward and outward cheques through clearing. During the year under review, 100% migration to CTS (Cheque Truncation System) clearing has taken place in Southern Grid and also at all the 20 MICR (Magnetic Ink Character Recognition) locations of the Western Grid. Also, CTS clearing has been implemented in Northern Grid consisting of 21 MICR centers. CTS clearing is functioning in all the 3 Grids viz., Southern, Western and Northern Grids smoothly.

Government Business & Currency Chest

Your Bank focused on Government Business in a dedicated fashion during FY15 to augment its fee-based income. Some of the major initiatives taken during the year under review are listed below.

• Public Provident Fund (PPF):- Your Bank undertook special efforts for the mobilization of PPF accounts with effect from 01.10.2014 to 31.03.2015 and achieved annual target of opening of new 82,926 PPF accounts.
• **New Pension Scheme (NPS):** Your Bank also undertook special endeavors for the mobilization of NPS-Lite accounts under National Pension Scheme during the period from 01.04.2014 to 31.03.2015 and as on 31.03.2015, total no. of new NPS-Lite accounts opened were 95,475.

• **Training:** Your Bank conducted workshops on Government & PSU Business, thereby sensitizing 1,534 staff members at 27 locations and 315 BCs/BFs/VLEs at 13 locations.

• **Government Business:**
  - Your Bank became the Accredited Banker to newly formed Ministry of Ayush (Department of Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homoeopathy).
  - Your Bank canvassed following Government business from PSUs:-
    - Term Loan of Rs. 2,000 crore sanctioned to NTPC Ltd (National Thermal Power Corporation).
    - Short term loan of Rs. 1,100 crore sanctioned to Ministry of Fertilizers.
    - Deposits of Rs. 563 crore canvassed from REC Ltd. (Rural Electrification Corporation Ltd.)
  - Your Bank has entered into an agreement with FSSAI (Food Safety & Standards Authority of India) and Ministry of Agriculture for collection of fees.

• **Digital India initiative:** Your Bank participated in Digital India initiative of Government of India, the highlights are as under
  - Your Bank is one of five banks associated with Government of India’s prestigious e-Biz portal, which would launch about 50 services along with major state services.
  - Digital Life certificate (DLC) got automated in March, 2015. Digitizing the whole process of securing life certificates which will be beneficial to all pensioners.
  - Your Bank is one of the Authorized Bank to undertake Goods & Service Tax (GST) collection that is likely to be implemented from FY16.
  - Digitalization of Pension Payment Order (e-PPO) for speedier pension processing and disbursement.

• **State Tax & Non-Tax Collections:**
  - Your Bank has been authorized for collection of VAT (Value Added Tax) in the State of Telangana.
  - Your Bank has taken up the work of State Road Tax collection, collection of Chennai Property Tax and collection of fees on behalf of Association of Surgeons in the State of Chennai.
  - Your Bank has been authorized to collect State Taxes through e-GRAS (Online Government Receipts Accounting System), integrated Baroda Connect with e-Governance Portal and conceded centralized Seamless payment for National Health Mission under ASHA (Accredited Social Health Activist) in the State of Rajasthan.
  - Your Bank has been authorized to collect Mahanagar Palika Property Tax in the State of Karnataka.
  - Your bank is participating in Madhya Pradesh Cyber Treasury work.

• **Social Security Schemes:**
  - Your Bank has started disbursing Social Security pension under the initiative HRYSSP (Haryana Social Security Pension).
  - Your Bank established PDMC (Pension Disbursement Monitoring Cell) for Freedom Fighter pensioners at Ministry of Home Affairs, New Delhi.
  - Your Bank initiated the process of payment of pension to Freedom Fighter pensioners.
  - Your Bank has been authorized for payment of Pension to Railway pensioners in additional eight states, i.e. Karnataka, Odisha, Kerala, Telangana, Jharkhand, Jammu & Kashmir, Himachal Pradesh and Andhra Pradesh, thereby putting your Bank in the position to undertake this business across all states (except Union Territories).
  - New Pension Accounts opened during the financial year were over 20,000, the largest number of accounts canvassed in any single year.

• **E-Stamping business:** Your Bank started providing e-stamping facility in 76 branches across three additional states namely Tamil Nadu, Jharkhand and Rajasthan, taking the total no. of states to eight.

• **Other initiatives:**
  - Your Bank has implemented the following initiatives of Government of India:-
  - Distribution of Kisan Vikas Patra, 2004 through selected Bank branches.
  - Introduction of Sukanya Samriddhi Account, a scheme launched by Government of India for the welfare of girl child under the campaign “Beti bachao, beti padhao.”
Cash Management & Currency Chest

- Initiatives taken by the Currency Chest & Cash Management Department:
- Door Step Banking Services (DSBS). Your Bank has launched the DSBS in three Cities of Mumbai, New Delhi (NCR) and Vadodara. The product is very good for CASA growth. More customers be included in the scheme.
- Installation of NSM to comply with the Clean Note Policy of RBI: Your Bank has floated the request for procurement (RFP) of 3,682 Note Sorting Machines (NSMs) for remaining branches and Currency Chests during 2014-15. Of them, 3,193 NSMs have been delivered/installed in branches and Currency Chests and rest are underway for installation. All the branches shall be equipped with the NSMs by June 2015.
- Detection and Impounding of Counterfeit Notes: Your Bank has detected, impounded and reported 5,507 counterfeit Notes during the year 2014-15 against 573 Counterfeit Notes in FY14.

Vigilance

Despite global changes towards automation and other drastic changes that are taking place in the banking industry, its very nature remains person oriented. Banking unlike production organisations demands personalised service hence the quality of its service largely depends upon the quality and attitude of its personnel.

It has been the endeavour of Vigilance department to encourage and enable the operating level staff as also those at controlling offices to exercise due care and caution to take preventive and detective measures. This helps in increasing efficiency and creating an environment of security for the honest work force.

Careful distinction is made between cases of gross negligence and cases of business decisions gone awry. Periodical monitoring of individual cases is carried out to ensure that inquiries are quickly concluded and are perceived as fair by all concerned. Endeavour is made towards ensuring that penalties, where necessary, are timely and just.

Vigilance machinery in your Bank is effectively performing its proactive role in new risk prone areas emerging in computerised / e-banking environment, in addition to sensitising all categories of staff members with the various preventive measures.

To bring about greater transparency in procurement and tendering processes in your Bank, Notice inviting tenders / details of tenders awarded by the Bank and summary of tenders/ contracts concluded are put on the Bank’s website for widest possible publicity. Also, Standardized Public Grievance Redress System (SPGRS) as advised by MOF for uniform implementation in PSBs is made active with effect from 11.01.2013.

Your Bank follows Central Vigilance Commission Guidelines on Whistle Blower Complaints under Public Interest Disclosure and Protection of Informers (PIDPI) resolution.

Business Performance

Given below are the details of your Bank’s major achievements on the business front during FY15.

Resource Mobilisation and Asset Expansion

The share of Bank’s Deposits in total resources stood at 86.37% as of 31st March 2015. Total Deposits of your Bank grew from Rs 5,68,894 crore to Rs 6,17,560 crore, posting a healthy growth of 8.55% over the previous year. Of this, Savings Bank Deposits – a critical component of Low-Cost Deposits grew by 14.24% from Rs 96,437 crore to Rs 1,10,172 crore.

The share of low cost deposits (Current + Savings) or CASA deposits in Total (Domestic + Overseas) Deposits was at 26.39% and in Domestic Deposits at 33.01%.

Your Bank’s Total Advances expanded by 7.82% during FY15 led by 7.24% expansion in Domestic Advances and 9.10% expansion in Overseas Advances.
Composition of Funds – Global

<table>
<thead>
<tr>
<th>Particulars (Rs crore)</th>
<th>End March 2014</th>
<th>End March 2015</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>5,68,894.39</td>
<td>6,17,559.52</td>
<td>8.55</td>
</tr>
<tr>
<td>- Domestic</td>
<td>3,79,054.04</td>
<td>4,14,277.85</td>
<td>9.29</td>
</tr>
<tr>
<td>- Overseas</td>
<td>1,89,840.35</td>
<td>2,03,281.68</td>
<td>7.08</td>
</tr>
<tr>
<td>Borrowings</td>
<td>36,812.97</td>
<td>35,264.28</td>
<td>-4.21</td>
</tr>
</tbody>
</table>

Global Advances (Net)

<table>
<thead>
<tr>
<th>Particulars (Rs crore)</th>
<th>End March 2014</th>
<th>End March 2015</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advances</td>
<td>3,97,005.81</td>
<td>4,28,065.14</td>
<td>7.82</td>
</tr>
<tr>
<td>- Domestic</td>
<td>2,72,168.96</td>
<td>2,91,870.22</td>
<td>7.24</td>
</tr>
<tr>
<td>- Overseas</td>
<td>1,24,836.85</td>
<td>1,36,194.92</td>
<td>9.10</td>
</tr>
</tbody>
</table>

Deposit Resources

Your Bank’s business vertical “Deposit Resources” is aimed to bring better synergy between business models persuaded by the Bank and the organizational structure promoting the corporate goals and thereby ensuring focus on consistent and broad based growth in CASA as well as Retail Term Deposit. As a conscious decision, the retail deposits share was focused to grow with rationalization of the bulk deposits.

Resource Mobilisation

Your Bank has in place outbound sales out-fits for garnering new resources from the catchment area and adding to the client base of the Bank. With the active contribution of these outfits & all its 5,000 plus branches, your Bank has canvassed 128.21 lakh new Savings Bank accounts and 1.20 lakh new current accounts in FY15. This organic growth was achieved through constant monitoring of new accounts opened and supplemented by special SB Drive from 18th August 2014 to 20th September 2014. During the drive, 16.59 lakh new accounts were opened and an amount of Rs.1,068.34 crore was mobilized. At the end of FY15, the domestic deposits of your Bank stood at Rs.4,14,278 crore, against Rs. 3,79,054 crore as of March 2014 registering a steady growth of 9.29%, despite a conscious shedding of high cost and preferential rate bulk deposits during the year.

Growth under Retail Deposits-

Savings Deposits of your Bank Domestic operations reached at Rs.1,06,736 crore reflecting the growth of Rs.13,355 crore at 14.30% on year-on-year (y-o-y) basis in March 2015.

Domestic Current Deposits of your Bank reached at Rs.30,016 crore as on 31st March 2015 against Rs. 27,000 crore in March 2014 indicating the annual growth of Rs.3,016 crore at 11.17% on y-o-y basis in March 2015.

Share of domestic CASA of your Bank to total deposits (domestic) of the Bank increased from 31.76 % as of end March 2014 to 33.01% as of end March 2015.

Retail Time Deposits of your Bank reached the level of Rs.1,66,509 crore in March 2015 as compared to Rs.1,25,421 crore as of March 2014 registering growth of 32.76% on y-o-y basis. Share of retail term deposits (excluding CDs) to total term deposits (excluding CDs) increased from 52.41% in March 2014 to 62.87% in March 2015 as a consequence of the Bank’s thrust on retail growth and reducing reliance on Bulk Deposits.

Average Growth is an important indicator of consistent progress. In line with Bank’s objective of steady growth in deposits across various deposit segments, your Bank has achieved average growth of Rs.10,308 crore in average CASA deposits and Rs.33,273 crore in total deposits during the year FY15 on daily average basis, which works out to 10.12% growth in total average deposits of which growth in average savings deposits was healthy at 12.14%.

Other Business initiatives

- Special Focus for activation of dormant accounts: To revive & strengthen the relationship with existing customers, your Bank initiated a special focus for activation of dormant accounts. A total of 8.39 lakh dormant Savings Bank Accounts were activated during FY15.
- Special Focus for Issuance of Debit Cards specially in existing active SB accounts: Your Bank is continuing its focus for issuance of Debit Cards specially in old & active SB accounts having balance Rs.5,000/- and above. During FY15, an aggregate of 8.40 lakh Debit Cards were issued in such accounts, while all new accounts are being supplemented automatically by a debit card.
- Focus on funding of zero balance accounts to widen the active customer base: The list of SB accounts having zero balance was being sent to each Region/Zone on regular intervals for follow up for funding these accounts. During FY15, a total of 5.76 lakh such accounts were funded mobilizing Rs.457.59 crore in these accounts.

NRI Services

Indians abroad remain financially connected to India...
through remittances, bank deposits, real estates and other investments. NRI deposits have been consistently helping the banks for its deposit resources. Your Bank’s NRI Services department, which came into existence on 01.04.2011, has been constantly facilitating the operating units with suitable strategies for providing integrated Banking services to NRI customers by leveraging on technology platform, sharpening skills of staff and evolving synergies with overseas branches so as to become preferred Bank for NRI Services & Products.

### NRI Deposits

<table>
<thead>
<tr>
<th></th>
<th>31.03.14 Actual</th>
<th>31.03.15 Actual</th>
<th>YOY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>NRE</td>
<td>24212</td>
<td>29201</td>
<td>4989</td>
</tr>
<tr>
<td>NRO</td>
<td>2708</td>
<td>2863</td>
<td>155</td>
</tr>
<tr>
<td>FCNR</td>
<td>18153</td>
<td>20836</td>
<td>2683</td>
</tr>
<tr>
<td>Total NRI Dep.</td>
<td>45073</td>
<td>52900</td>
<td>7827</td>
</tr>
</tbody>
</table>

The total NRI deposit registered a growth of 17.37% over March 2014, which is one of the best growth rates among peer banks.

### Initiatives taken during FY15:

1. Special NRI deposit campaign & Data Cleaning in non KYC compliant account campaign launched from 01.11.2014 to 31.12.2014. During the period, your Bank opened 18,562 new accounts & mobilized Rs.1,463 crore.
2. Constant drive on rejuvenation of Dormant NRE accounts, funding of zero balance accounts, issuance and delivery ADCs to active accounts, redressal of customer grievances yielded good results in augmenting NRI resources
3. "Baroda Flash Remit" web based online inward remittance product in tie up arrangement with UAE Exchange House launched.
4. Facilitated introduction of STP model for ‘Rapid Funds 2 India’ inward remittance product in the UK territory to reduce TAT.
5. Under Risk Based Supervision of the RBI, your Bank introduced several system checks and measures for compliance of the RBI and other statutory and regulatory guidelines eg. cleansing of KYC in accounts of NRI/PIOs, updation of Passport details and others.
6. The proposal for opening one more Specialized NRI Branch in Greater Mumbai Zone was cleared.

### Wholesale & Mid Corporate Banking

A strong corporate credit culture and healthy growth in credit has been the consistent differentiators of your Bank for the past few years.

Your Bank’s Large Corporate & Mid Corporate Banking Division offer an array of funded and non-funded credit products for meeting the Term Lending and Working Capital financial requirements of the Corporates for their existing, expansion and/or new ventures. The products basket includes Term loans, Demand Loans, Corporate Loan, Foreign Currency Loans, Loans, Cash Credit, Bills Discounting, Top-up Facility for the Working Capital Facilities, Trade Finance Products, Syndicated Loans, Advance Against Future Rent Receivables and many more suiting to the needs of Corporates. The product offerings are flexible and suitably structured taking into account the customers’ specific needs and risk profiles.

The corporate customers are identified as large and mid corporates based on their sales turnover i.e. sales over Rs 500 crore are classified as large corporates and those having annual sales turnover of between Rs 150 crore to Rs 500 crore are classified as mid-corporates.

Credit matters for Mid Corporate segment are handled under a separate vertical i.e. Mid Corporate Banking with a view to accelerate the flow of credit to these borrowers and increase substantially their numbers. In order to have focused business approach for catering to the valued Mid – Corp business segment, initially, 16 Mid Corporate branches were opened across the country. During financial year under review, your Bank opened one more Mid Corporate Branch in Jogeshwari (Mumbai).

Possessed by the customer-centric approach, your Bank has made consistent achievement in providing superior & faster delivery through efficient channels and adoption of better practices in credit administration to multinationals, domestic business houses and prime public sector companies.

Your Bank continues to strive for improvement in the response time. During the previous financial year, further efforts were made to improve the speed of decision making without compromising with the quality of decision. Need based further delegation of decision making powers in credit matters was made to expedite the decisions and reduce the turnaround time at all levels.

Your bank has introduced the system of “Online loan application tracking” to facilitate knowing status of loan applications submitted by the applicants. In the system, all loan applications, on receipt at the branch level, are entered into a Loan Tracking Module by the Branch Officials and a system generated acknowledgement would be made...
available to the applicant containing unique application number and password. The applicant would be able to track the status of his application by logging through ‘loan tracking’ link providing on to Bank’s website.

During the year, the non-food credit growth, in general, remained low in the Indian banking industry. However, even during this phase, your Bank’s Large & Mid Corporate Banking Division undertook the identification of corporates for credit expansion and created 115 new relationships (70 Large and 45 Mid) through its Fast Track Desk. The department sanctioned fresh credit facilities to large & mid corporate to the tune of Rs.25,423 crore during the year. Total sanctions under Large & Mid Corporate Division amounted to Rs.1,00,676 crore during the year including fresh and enhancement in existing accounts under various sectors /industries with projects /units spread across the country.

Your Bank organized the conclave of Branch Leaders of CFS Branches to understand the difficulty experienced by the units at ground level to facilitate them to garner maximum business and to percolate the corporate expectation.

The Bank remained sensitive to the imminent stress in some sectors while taking credit decisions in accounts under such sectors.

Your Bank attaches higher degree of importance to the quality of appraisal and efficient processing of credit proposals at all levels to maintain the asset quality and realizes the importance of skilled and motivated employees to achieve the same. Keeping this in view, your Bank continued its thrust on regular grooming of Credit and Forex Officers and provides specialized training within the Bank as well as in collaboration with various institutions. To increase such training facilities, the Bank has tied-up with reputed Institutes for comprehensive credit grooming of its officers.

In order to improve and ensure quality submission of appraisal notes to the sanctioning authorities, your Bank has introduced the system of submission of “check-list” on critical parameters, along with each credit proposal at all levels. Your Bank has taken other measures also to enhance the due diligence at all levels e.g. availability of critical caution information at levels through Bank’s intranet page.

Your Bank’s Large Corporate Banking Division also houses the “Domestic Foreign Business” (DFB) Division. DFB contributes significantly to support domestic branches to handle and promote Forex Business and strives to enhance the turnover as well as Fee based Income. During the year under review, your Bank added 3 more “Authorised ‘B’ Category” Branches to deal in Forex Business directly and to act as nodal branches for their nearby branches. Through DFB, your Bank issues Gold Cards to its valued Exporter Customers which facilitates them with additional flexibility in export credit at concessional pricing. So far, your Bank has issued 612 gold Cards.

The Large Corporate Banking Division also houses “TUFS Cell” in it, acting as Nodal Bank for TUFS Scheme implemented by Ministry of Textile aiming at promoting technology upgradation in textile industry by providing subsidy towards interest and investment in machinery by the Textile Units, across the country. Your Bank is one of the major Banks, facilitating the Textile Units to avail such subsidies. The Bank presently has over 1,000 Term Loans covered under the different schemes under TUFS. To further promote and educate the Branch level staff, about the scheme, the TUFS Cell has been conducting various locational workshops directly to field level staff as well to the trainers.

**Retail Credit**

Retail banking services continued to remain an important business division of your Bank in FY15 as well. This division focuses on meeting the financial needs of personal and small business customers (traders) who are looking for accessible and affordable banking services.

The performance of your Bank’s Retail banking division during the year under review is as under.

**Growth under Retail Lending**

Your Bank’s Retail Loan Book consists of five key products viz. Home Loan, Auto Loan, Education Loan, Traders Loan and Mortgage Loan, which constituted 78.35% of total Retail Loans as at end-Mar, 2015. The other products namely LABOD/ODBOD constituted 18.18% of the Bank’s total retail loan.

The other retail loan products like Baroda Personal Loan and other miscellaneous products viz. Doctors Loan, Loan against Government securities etc., constituted 3.47% of Retail Loans.

Total Retail Loans stood at Rs 52,488 crore as on 31st March, 2015 as against the level of Rs 46,019 crore as on 31st March, 2014. Absolute growth of Rs 6,469 crore (14.06%) was registered during FY15 as against a growth of Rs 7,973 crore (20.96%) during the previous financial year. Under five key products which constituted 78.35% of total Retail Loans, an absolute growth of Rs 4,623 crore (12.67%)
was posted during FY15 as against Rs 5,899 crore (19.28%) during FY14.

Home Loans: Absolute growth of Rs 2,984 crore (15.26%) was registered during FY15 as against a growth of Rs 3,513 crore (21.89%) during FY14. However, disbursement of Rs.6,335 crore has been made during the financial year ended 31st March 2015 as against Rs.6,372 crore during the same period last year.

Auto Loans: Absolute growth of Rs 517 crore (14.19%) was registered during FY15 as against a growth of Rs 698 crore (23.71%) during FY14. However, disbursement of Rs.1,796 crore has been made during the financial year ended 31st March 2015 as against Rs.1,778 crore during the same period last year.

Baroda Traders Loans: Absolute growth of Rs 754 crore (8.96%) was registered during FY15 as against a growth of Rs 1,215 crore (16.89%) during FY14.

Baroda Mortgage Loans: Absolute decline of Rs 333 crore (11.76%) was registered during FY15 as against a growth of Rs 367 crore (14.92%) during FY14.

Education Loans: Absolute growth of Rs 36 crore (1.74%) was registered during FY15 after adjustment of Education Loan Interest Subsidy received from Govt. of India under new CSIS scheme as against a growth of Rs 106 crore (5.40%) during FY14.

NPAs under Retail Loans
The amount of Non Performing Assets as on 31.03.2015 under Retail Loan stood at Rs.1,101 crore (2.10 %) as against the level of Rs.901 crore (1.96%) as on 31.03.2014.

As at end March 2015, the NPAs in Retail Loans have increased by Rs.200 crore (22.20%) over the 31.03.2014 level as compared to increase of Rs.232 crore (34.61%) during the last Financial year 2013-14.

Initiatives in Retail Banking During FY15
• Introduction of:
  • Baroda Education Loan to students of Premier Institutions - New Special Education Loan Scheme for students pursuing courses in premier Educational Institutions.
  • Baroda Home Loan Advantage Scheme - Home Loan linked with SB A/c
  • Baroda Home Loan Suraksha Personal Loan - New Personal loan for home loan borrower for funding life insurance premium under group credit life insurance.
  • Baroda Pre-approved Home Loan - New scheme to give ‘in-principle approval’ for a home loan to prospective borrower prior to identification of house / flat property.
  • Baroda CRE Home Loan – Home Loan for third house.
  • Modification in education loan scheme under Baroda Scholar regarding disbursement of loans before obtaining VISA in case of educational loan for studies in New Zealand apart from Australia wherein this facility is already available.

• Retail Loan Campaigns and Disbursement Fortnights launched for various products during different periods of the year.

• Reduction of 1% in rate of interest for Baroda Traders Loan with effect from 01.12.2014.

Other Initiatives:
• Your Bank opened 15 new Retail Loan Factories aggregating to 60 at present during FY15.
• Animation video films (CDs) in Hindi on retail loans have been released by your Bank to all the zones for wide publicity of home loan, car loan etc.

Wealth Management Services
Your Bank is offering Wealth Management Services since 2004 to its customers with a view of providing various financial services, apart from the regular banking activities. Life Insurance, Non-Life Insurance, Health Insurance, Mutual Funds, Online trading account etc are offered to the customers through various tie-up partners. The two JV (Joint Venture) Companies of the Bank, one in Life Insurance and the other in Mutual Fund business, has got established in the market over the years. Your Bank distributes the products of the JV companies as well as various products of third party companies with whom the tie-up arrangement is there.

During the year FY15, with a view of improving the Current Account Portfolio, thrust was given for installations of Point of Sale (POS) machines of Bobcards at Merchant establishments. A total of 3,565 new POS machines have been added during the year. This has helped in acquiring as well as retaining current deposit customers. The POS customer base has shown significant growth during the last year.

Your Bank provided the ASBA facilities, both online and offline, and it is receiving good response from customers. This helps the Bank in retaining the float balance in operating
accounts and to be competitive in the segment, especially during the period when IPO/FPO/RI (Right issues) etc are increasing.

The Life Insurance, Non Life Insurance and Mutual Fund business income of your Bank has shown healthy increase during the last year against the previous year figures. Your Bank is committed to provide more personalised services to ensure customer delight and will move forward in the same direction.

MSME Business

Considering the importance of this vital sector to your Bank and to the nation’s economy, the Bank considers financing the units in Manufacturing and Services activity which have investment in Plant & Machinery and Equipment respectively, in excess of Regulatory guidelines and have turnover upto Rs. 150 crore on the same footing as the MSME units. This is done internally to give preferred attention to this “Expanded” sector on the lines of Regulatory MSME enterprises. However, for reporting to the Regulators, the performance of your Bank is reckoned on Regulatory lending only i.e. to units / borrowers who comply strictly with definition of Micro, Small and Medium Enterprises.

Performance under this Regulatory category for your Bank has been very encouraging despite the overall slow-down in the economy.

Growth of MSME Business

The total outstanding in MSME Sector works out to Rs 61,993 crore as on 31st March 2015. The growth in lending to MSME Sector during the last three years is given in the table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth  (%), YoY</th>
</tr>
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<tbody>
<tr>
<td>2012-13</td>
<td>30.31%</td>
</tr>
<tr>
<td>2013-14</td>
<td>21.21%</td>
</tr>
<tr>
<td>2014-15</td>
<td>9.46%</td>
</tr>
</tbody>
</table>

Major Achievements in FY15

- The growth in MSME advances in FY15 was lower than the previous year (i.e.) 2013-14 due to subdued economic conditions and lack of demand from bigger companies to which the MSME segment is the major supplier. In earlier years, the growth was high partially due to reclassification of accounts as per RBI guidelines.
  - The MSME advances of Rs 61,993 crore as of end-Mar 2015 reflected a growth of 9.46% over the MSME advances in the previous year.
  - The advances of Rs 31,120 crore to Micro Enterprises for FY15 to total MSE credit of Rs 50,300 crore as of preceding year stood at 61.87% in FY15 comfortably reaching the mandatory target of 60% fixed by the RBI.
  - The MSME advances as on 31st Mar, 2015 contributed 17.27% to the gross domestic advances of your Bank.
  - The advances to Micro & Small enterprises reached the level of Rs 55,535 crore as against the Government set mandatory target of Rs 56,000 crore by end-Mar, 2015.

Initiatives / Strategies adopted during FY15

1. Your Bank has established Baroda Micro Enterprises (BME) cell with one cell each per Region and Lead district, thus targeting 100 BME Cells to facilitate focused attention on financing of Micro Enterprises. As at 31.03.2015, 80 BME cells were operationalised.
2. A two day review meeting was held at Staff College, Ahmadabad for all 52 SME Loan Factory heads on 20/21 June 2014. The review meeting was addressed by the Chairman & Managing Director and Executive Director of your Bank.
5. The proposal for opening SME Loan Factory (SMELF) at Mumbai Metro Central (MMCR) Region, Muzaffarpur and Burdwan was approved. Consequently, the SMELF at MMCR was opened on 10.09.2014 and SMELF at Muzaffarpur was opened on 09.03.2015. SME Loan Factory at Burdwan is likely to be opened shortly.
6. MSME Corporate module in ‘Lending Automation Processing System (LAPS)’ is rolled out in all SME Loan Factories with effect from 03.11.2014 so as to reduce the turn around time (TAT).
7. Your Bank has given focus on collateral free lending under CGTMSE scheme.
8. Your Bank participated in exhibition, seminars during the year to build brand image of the Bank.
9. To improve the operational efficiency of SMELF, Operational and administrative guidelines on SME Loan Factories were reviewed and updated.
10. Your Bank approved New Schemes during 2014-15 which are as under.

- Proposal to Implement the scheme named as a “Integrated Development of Leather sector (IDLS)
scheme” promoted by Footwear Design & Development Institute Ministry of Commerce & Industry, Govt. of India approved by CPC.

- New scheme named as “Baroda self employment programme for individuals and group enterprises/SHGs (Restructured SJSRY scheme) under NULM approved by CPC.

- Fresh scheme for financing units in Chemicals & Pharmaceuticals at Bharuch Region.

**Following Schemes were renewed during FY15**

- Agro Based scheme on Pan India basis approved by CPC, with increased limits for extension of coverage.

- Area specific scheme for financing units in Hosiery Industry at Kanpur.

- Area specific scheme for financing Tea Processing Units at West Bengal & Sikkim Region.

- Area specific scheme for financing manufacturing of shoes at DMR II & AGRA Regions approved by CPC.

- Area specific scheme for financial assistance to Marble, Granite, Sand, Red Kota stone processing units by Branches in Rajasthan Zone.

- Area specific scheme for financial units engaged in a) Re-Rolling Mills b) manufacturing of machine tools and c) Textiles printing activity at Rajkot Region.

- Area specific scheme for financing manufacturing units engaged in Hand Tools and Sport goods at the Punjab, Jammu & Kashmir Region.

- Area specific scheme for financing Mineral grinding units (Ball Mills) in Udaipur, Ajmer and Jodhpur Regions.

- Area specific scheme for financing Hotels/Motels/Resorts at Dehradun Region.

- Scheme for financing Textiles units on Pan India basis.

- Area specific scheme for financing Brass manufacturing units at Jamnagar Region.

- Scheme for financing Road Transport operators for purchase of New Vehicles from commercial vehicle manufacturers.

- Scheme named “Baroda Arogyadham Loan”.

- Scheme named “Scheme for financing SME borrowers for purchase of New Vehicles”.

- Scheme named “Baroda Overdraft against Land & Building”.

- Area specific special scheme for financing Automobiles & Engineering Units at Chennai Metro Region.

- Scheme for financing persons with disability promoted by NHFDC.

- Financing foundries at the Rajkot Region (NGZ) and Maharashtra & Goa Zone.

- Financing Ceramic Tiles/Floor Tiles/Wall Tiles/Vitrified Tiles/Ceramic & Sanitary ware units at Rajkot & Ahmedabad.

- Financing Plastic & Plastic packaging units at Bulsar, Indore Regions and Greater Mumbai Zone.

Area Specific schemes approved as above for certain pockets where there is a concentration with units with same or similar activity and with good business potential, have yielded satisfactory results. Cluster Development is also being undertaken with lead district branches having a larger role to play in the ensuing year.

**Rural and Agricultural Lending**

As you all are aware, your Bank has always been a frontrunner in the area of Priority Sector and Agriculture lending. It has been harnessing the vast potential of the rural market through its wide network of 1,912 rural branches and 1,386 semi-urban branches.

Even during FY15, your Bank opened 250 new branches in rural and semi-urban areas.

Your Bank is the proud Convener of State Level Banker’s Committee (SLBC) in the states of Uttar Pradesh and Rajasthan. Your Bank shoulders the Lead Bank Responsibility in 48 districts in the states of Gujarat (14), Rajasthan (12), Uttar Pradesh (15), Uttaranchal (2), Madhya Pradesh (2), Bihar (2) and Delhi (1).

Your Bank has also sponsored three Regional Rural Banks (RRBs) in three states with a network of 1,821 branches and total business of Rs 37,529.15 crore as of March, 2015.

**Performance of Priority Sector Lending in F.Y. 2014-15**

Priority Sector Advances of your Bank surged from Rs.93,728.13 crore as on March 2014 to Rs 1,03,342.67 crore as on March 2015 and formed 36.40% of the Adjusted Net Bank Credit (ANBC) against the mandated target of 40.00%.

Agriculture Advances: The Direct Agriculture advances of your Bank increased to Rs26,610.92 crore over the previous year with an absolute growth of Rs 4,493.41 crore (20.32%) during the year. The total agriculture advances of your Bank have grown by Rs 5,730.94 crore and reached Rs 37,403.29 crore as at end-March 2015. It is a good performance given the weak economic environment and erratic monsoons.
during the year. Your Bank’s Direct Agricultural advances formed 9.37% of ANBC as of March 2015 against the mandated target of 13.50%. The Total Agricultural Advances were at 13.17% of ANBC against the mandated target of 18.00%.

Under its flagship agriculture loan product “Baroda Kisan Credit Card”, your Bank issued as many as 2.28 lakh Credit Cards during FY15 to provide credit to farmers across India. Baroda Kisan RuPay Card, an ATM enabled smart Card, has been issued to 4.12 lakh farmers for their convenience. Your Bank financed as many as 3,05,950 new farmers during FY15 granting them loans worth Rs 5,447.29 crore.

As a part of its microfinance initiatives, your Bank credit linked 7,543 Self Help Groups by granting loans amounting to Rs 101.84 crore during FY15 thereby taking the total number of SHGs credit linked to 1.91 lakh with a loan amount of Rs 1,772.41 crore.

**Business and Social Initiatives**

Your Bank introduced various initiatives/strategies to harness the emerging opportunities in rural and agriculture lending. Some of them are mentioned below.

1. Understanding the importance of adding new farmers to the fold in order to augment Agriculture advances, your Bank conducted two special campaigns viz. ‘JODEN KISAN’ during the Kharif and Rabi seasons under which 1.75 lakh new farmers were added to whom disbursements worth Rs 2,788 crore was made. Another Campaign for Investment Credit was also undertaken, in which disbursements of Rs 840 crore were made.

2. Your Bank has identified 466 Thrust Branches across India to boost Agriculture lending. These branches contributed 35.95% of the total Agriculture outstanding of the Bank as at 31st March 2015.

3. Your Bank formulated various area-specific schemes which are tailor-made to cater to the needs of the local farming community, with various freebies like concessions in rate of interest & charges etc. Eleven such schemes to accommodate the varied needs of farmers were approved and implemented during the year under review.

4. Your Bank launched Agriculture Loan Factories for bettering customer service and improving the volume and quality of the agriculture advances. Three such pilot factories have started functioning in Mehsana in Gujarat, Bareilly in U.P and Muzaffarpur in Bihar.

5. At present, your Bank has 49 Baroda Swarojgar Vikas Sansthan (BSVS), Baroda R-SETI Centers across India training the youth and imparting them knowledge and skills required for taking up self-employment ventures. During FY15, about 33,309 youth beneficiaries were trained at these centres, out of which 18,523 have established self-employment ventures. Out of the total 2,25,104 beneficiaries trained by these centers so far, 1,39,052 have successfully taken up their own self-employment ventures.

6. Your Bank has established 49 Financial Literacy Centres (FLC) across India, christened as “SARATHEE” to impart financial literacy and credit counseling services to the needy to help them avail financial services from the Banking system and also to provide counseling services to those under financial distress. Your Bank has opened these centers under the patronage of its BSVS Trust and free services are provided to all by these centers.

**Performance of RRBs Sponsored by your Bank**

Presently there are three RRBs sponsored by your Bank:

- Baroda Uttar Pradesh Gramin Bank, Head Office: Raebareli.
- Baroda Rajasthan Kshetriya Gramin Bank, Head Office: Ajmer.
- Baroda Gujarat Gramin Bank, Head Office: Bharuch.

The aggregate business of these three RRBs rose to Rs 37,529.15 crore as of March, 2015 from Rs 33,169.55 crore as at end-March, 2014, registering a growth of 13.14%.

The three RRBs together posted a Net Profit of Rs 347.91 crore during FY15 as against Rs 289.40 crore earned during FY14.

The Net Worth of all these RRBs put together improved from Rs 1,523.82 crore as on 31.03.2014 to Rs 1,871.73 crore on 31.03.2015 and “Reserves and Surplus” from Rs 1066.92 crore to Rs 1,414.83 crore.

**Advances to SC/ST Communities during FY15**

The outstanding advances granted by your Bank to SC/ST communities have been growing year after year. This is evident from the fact that the outstanding advances granted to these beneficiaries went up from Rs 4,810 crore as at end-March, 2014 to Rs 4,997 crore as at end-March, 2015.

In fact, the SC/ST communities accounted for a share of 22.20% in the total advances granted to weaker sections by your Bank. Furthermore, a special thrust is laid by your Bank in financing SC/ST under various government sponsored schemes namely National Rural Livelihood Mission (NRLM), Swarna Jayanti Shahari Rojgar Yojana (SJSRY), Prime Minister Employment Generation Programme (PMEGP), etc. Baroda Swarojgar Vikas Sansthan (BSVS) have been giving due preference to SC/ST communities while selecting the trainees. It is heartening to indicate that so far, these centres have trained 15,801 youths under the SC/ST category.

**Bank’s Committed Efforts at Financial Inclusion (FI)**

Financial Inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups within a reasonable distance. The Financial Inclusion Plan aims at providing easy access to financial services to all sections of the society who are deprived of it so far at affordable cost thereby bringing them into the
mainstream financial sector. Implementation of Financial Inclusion is not a new concept for your Bank. Financial Inclusion activities are being implemented by your Bank since inception through various Governments sponsored programs, lending to the poorest of the poor, lending to the minority communities, lending to SC/ST, lending to priority sectors, etc. However, the RBI has permitted rendering of Banking Services through Business Correspondent channel in the year 2005 and advised all commercial banks in the year 2010 to submit Board Approved Plan for providing Banking Services in Rural Unbanked areas under Financial Inclusion.

As desired by Government of India and directed by the RBI, the Board had approved a Financial Inclusion Plan for implementation by your Bank within a period of three years commencing from 2010-11. The plan had envisaged covering 20,000 villages in a span of three years under Financial Inclusion utilizing various technology based initiatives. Thereafter, the Ministry of Finance and the RBI advised the banks to cover the villages having population above 2,000 by March 2012. Accordingly, your Bank was allotted 2,855 villages which were covered well within the set timelines.

Thereafter, the RBI had advised to provide banking services to all villages within the service area of the bank in 3 years i.e. 2013-14 to 2015-16. Accordingly, your Bank’s Board has approved disaggregated FIP for all 21,526 service area villages of your bank to be covered in 3 years i.e. up to March 2016. As per board approved FIP, the year wise target for coverage of service area villages is 11124, 16324 & 21526 during 2013-14, 2014-15 & 2015-16, respectively. Your Bank has already surpassed the annual target of village coverage 2015-16 in December 2014 itself. All other parameters of Annual Target set in disaggregated financial inclusion plan for March 2015 have also been achieved.

Models used by your Bank for FI:
Your bank has adopted various models for providing banking services under financial inclusion such as:

a) ICT based BC model
   1. POS (Point of Sale)
   2. Kiosk
b) Mobile Van

c) Brick & Mortar Branches

a) Information and Communication Technology (ICT) based BC model:

1. POS based BC Model

This solution is based on Application Service Provider (ASP) model with smart cards/card less/Aadhaar based technology for financial inclusion. Under this model, Business Correspondents are appointed by banks through service providers who are provided with point of sale (POS) devices, using which they carry out transactions for the customers who have opened accounts through BCs or having Aadhaar linked bank account at their doorsteps. Transactions processed at BC locations are authenticated through biometric authentication. These transactions are online real time basis in core banking of the bank. The POS devices deployed in the field are capable to process the transactions on the basis of Smart Card, Account number (card less) and Aadhaar number (AEPS transactions). The BC is fixed point online and interoperable. TCS and HCL are providing banking services through POS model.

2. KIOSK BC Model

It is web-based application which can be accessed through internet connectivity on laptop or desktop by authorized individual. This is card less solution; account holder can operate the account on the basis of account number as well as Aadhaar number. Kiosks are connected with your CBS through web based connectivity from the computer system/ laptop of the kiosk operator. Transactions are processed through biometric authentication on online real time basis. CSC e-governance Service India Ltd, FIA Technology Services Pvt Ltd, NICT, Vakrangee and Geosansar are appointed as corporate BCs for providing banking services in the villages allocated to the bank as well as for implementation of Urban Financial Inclusion.

b) Mobile Van:

The customized vehicle (van) is specifically designed for the purpose of banking activity. The exterior of the van is covered with bank advertisements and information about products offered by the Bank in rural areas. Thereby, it is also an advertising media for the Bank in rural segment. The van is equipped with computer hardware and connectivity to access the CBS. The Bank staff is deployed on the van to provide banking services in the villages. The van is moving into the cluster of villages on predetermined day and time which are in proximity to the existing branches, for providing online banking services. The banking services are being provided during fixed days in a week. Presently, 20 mobile vans have been deployed for catering financial services to 258 villages in the states of Uttar Pradesh, Rajasthan, Gujarat, Uttarakhand, Bihar, Madhya Pradesh and Goa.

c) Brick and mortar branch:

The brick and mortar branches are opened in a comparatively bigger village having potential and viability. Such centers are
identified during the course of finalization of Bank’s branch expansion plan. The Bank has 1,912 rural branches. During FY15, your Bank opened 351 (Rural 140) new branches.

Urban Financial Inclusion:
The rural inhabitants have largely remained the focus of your financial inclusion efforts since, a large proportion of the villages are still unbanked. Besides, the people living in rural and far flung areas, urban poor still have no access to formal financial products and services like savings, credit, remittance and insurance, forcing them to depend on usurious informal sources to meet their personal, health, and livelihood-related needs. Many of those are normally migrant labors, hawkers, slum dwellers from rural areas that generally leave their villages for livelihood. In order to cover them under financial inclusion the Government of India has completed the first phase of Jan Dhan Yojana campaign in all states to bring these vulnerable groups under mainstream financial system. Your bank has deployed 2,355 urban BCs at various locations across the country.

Product Offered under Financial Inclusion
1. Basics Savings Bank Deposit Account with in-built OD facility
   The product is specially devised for individuals from Financial Inclusion villages as per the RBI guidelines. The account can be opened without depositing any amount which doesn’t attract any penalty and will be opened through BC. These accounts can be operated through business correspondent as well as at the branches. In-built overdraft facility up to Rs.5000 is available under the scheme subject to satisfactory conduct of account in the preceding six months.

2. Recurring Deposit Account
   At present, Recurring Deposit Accounts are offered to the financial inclusion account holders through your Bank branches. The product offers lump sum amount to the account holder on maturity. Offering this product through your Bank’s BCs is under process.

3. Baroda Kisan Credit Card (BKCC)
   This product is for farmers which cover their needs like production credit, investment credit, personal loan needs as well as consumption needs. It is flexible in utilization of the limit as he can utilize the limits as per his requirements during the year.

4. Baroda General Credit Card (BGCC)
   The BGCC is implemented through all the branches of your Bank. The credit facility offered under the scheme would include working capital and term loan requirements of the entrepreneurs.

5. Baroda Swabhimaan Suraksha (Low Premium Insurance)
   Your bank has introduced life insurance product with low premium for financial inclusion customers in coordination with India-first Life Insurance Company. An insurance cover of Rs 5,000 to Rs 50,000 is available at premium of Rs. 20.88 per thousand for 5 years.

Highlights of the Bank’s Performance under Financial Inclusion for FY15
- Your Bank has surpassed all targets of Disaggregated FIP 2016 in December 2014 itself.
- Your Bank has covered 22,030 villages against a target of 16,324.
- Your Bank has opened 163.33 lakh “Basic Savings Bank Deposit Account” against target of 78.82 lakh for FY 2014-15.
- The Bank has opened 52.05 lakh accounts through Business Correspondents as against a target of 18.82 lakh for FY15.
- The balance outstanding in the “Basic Savings Bank Deposit Account” of your Bank is around Rs 3,456 crore as against a target of Rs 2109.46 crore for FY15.
- Your Bank has sanctioned overdraft of Rs 16.46 crore as against a target of Rs. 9.11 crore in Basic Saving Bank Deposit Account for FY15.
- Your Bank has 2644 Ultra Small Branches in villages with population above 2000.
- The Bank has opened 2355 Urban kiosk as against a target of 500 for FY 2014-15.

Financial Literacy Key to successful Inclusion
The desired objective of Financial Inclusion can be achieved only when we are able to generate equal responses from the villages. In order to invoke responses amongst villagers, there is a need to educate them on various banking facilities and its benefits to them. In particularly, the benefits of savings, Aadhaar seeding, maintaining minimum balance, eligibility for availing Overdraft, use and safekeeping of RuPay cards, USSD facility, eligibility of availing accidental & life insurance, lodgment of claim under insurance, micro insurance products, pensions, benefits of Kisan Credit Card (KCC), GCC, prompt repayment, availability of other retail and SME loans to them. In other words, financial literacy would be the key for success of financial inclusion initiatives of the bank. Therefore, all constituents of FI need to develop a bond with each other for not only to provide banking facilities but also to create awareness of banking and banking products amongst the population through Financial Literacy, wherever implementing Financial Inclusion programme. Your Bank’s link branches and BCs are arranging Financial Literacy campaign regularly by conducting meetings in their service area villages and schools. Standardized financial literacy material such as comic booklet, audio visuals is being used for spreading the financial literacy and 48,199 camps have been organized so far.

Your Bank has also taken the following major initiatives towards financial literacy in rural part of the country.
1. **Baroda Swarojgar Vikas Sansthan (Baroda RSETI)** is a trust formed by the Bank way back in 2003 for undertaking skill building activities for unemployed rural youth and providing hand holding support to them till their settlement in their respective venture. Your Bank has established 49 such centers all over the country which have conducted 1,055 training programmes during FY15 in which 29,245 candidates were trained. During the year under review, 14,568 candidates established their business ventures successfully. The settlement ratio of candidates trained to candidates settled in business works out to 49.81%.

2. **Around Forty Nine Financial Literacy & Credit Counseling Centres (FLCCs) “SAARTHEE”** are operational across the country. Since inception, around 2,02,128 individuals visited FLCCs of which in 1,65,681 cases, the issues were resolved.

3. **Around Fifty two Baroda Grameen Paramarsh Kendra’s** facilitate financial education, credit counseling, information sharing and problem solving on technical issues, synergy & liaison with other organizations for value added services and development activities in rural areas.

4. **Mobile Micro Finance Loan Factory** has been established with a vision to provide credit and banking facilities to SHGs at their doorstep under the SHG – Bank linkage program, ensuring hassle free and prompt credit delivery within maximum of 4 days & Hassle free credit to the SHGs.

5. **“BYST-BoB Entrepreneurship Development Programme” (BYST)** provides end-to-end support to disadvantaged young dynamic micro-entrepreneurs in the form of Loans, Business Mentors, Training, and Networking & Marketing.

**Pradhan Mantri Jan Dhan Yojana (PMJDY)**

The Hon’ble Prime Minister announced a new scheme The Hon’ble Prime Minister announced a new scheme under Financial Inclusion, during his address to the nation on the occasion of Independence Day i.e. 15th August 2014 known as “Pradhan Mantri Jan Dhan Yojana” (PMJDY) which has been launched on 28th August 2014. PMJDY is a comprehensive financial inclusion plan wherein the ambit of financial inclusion is enlarged to make it more meaningful. It is a National Mission for Financial Inclusion. Under PMJDY, there are 6 focused initiatives (6 Pillars) and the timelines for each initiative are defined. It is a mission mode project to be completed in two phases starting from 15 August 2014 up to 14 August 2018.

Pradhan Mantri Jan-Dhan Yojana lies at the core of development philosophy of “Sab Ka Sath Sab Ka Vikas”. Every household having bank account would gain access to banking and credit facilities. This will enable them to secure their savings in a better manner and also to come out from the habit of raising funds from informal sources.

As a first step, every person who opens the account under PMJDY will get a RuPay debit card and would be eligible for Rs.1,00,000/- accident insurance cover. After six months of satisfactory conduct of account, they would be able to get an overdraft facility up to Rs 5000/-. Further, the account holders who opened account between 15.08.2014 to 26.01.2015 will get additional term insurance of Rs.30,000/- from LIC limited to one member in the household. Besides the financial literacy programs other insurance and pension products like Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana have been made available to account holders.

Initiatives under PMJDY:

- Your bank has been allotted 6,829 SSAs by SLBCs covering 22,030 villages and 3,023 wards across the country. Your Bank has since saturated all households in service area and allocated urban wards by opening of 79.53 lakh Basic Savings Bank Deposit Accounts after successfully completing survey in the allotted villages and wards.
- As on 31.03.2015, your Bank has mobilized Rs 1,101 crore in PMJDY accounts. The average per funded accounts balance is around Rs. 2,558.
- Your Bank’s share in opening PMJDY account is 5.7% of the total accounts opened by all banks and share in deposits mobilized is 7.86%.
- The Bank has issued 77.42 lakh RuPay debit cards to PMJDY account holders as on 31.03.2015.
- Your Bank has appointed 8,751 Business Correspondents (BC) points across the country out of which 2,355 BC have been appointed in Urban Locations.
- Your Bank branches have organized 48,199 camps periodically for opening of accounts, conducting financial literacy sessions, distribution of financial literacy materials, distribution of pass books and RuPay Debit cards, etc.
- Your Bank has been giving overdraft facility to account holders under Financial Inclusion for their day-to-day financial needs.
• Your Bank has introduced micro insurance facility through India First Insurance Company at affordable premium that is borne by customers.

• e-KYC has been implemented at the branches as well as BC points for opening of Aadhaar based accounts.

• Your Bank has also rolled out Aadhaar Enabled Payment System (AEPS) facility at BC Points.

• The Bank has implemented Unstructured Supplementary Service Data (USSD) for carrying out mobile banking transactions on basic mobile handsets. Facilities available under USSD are balance enquiry, money transfer, mini statement, knowing Aadhaar link bank a/c.

• Standardized Financial Literacy material such as comic booklet, audio visual has been supplied to all Zones, Regions and branches for spreading financial literacy.

• Your Bank organized capacity building program for BCs at Regional/District Level.

• Joint Workshops of BCs and Branch Head to improve coordination and resolve issues in the field were organized by your Bank.

International Operations

Global growth in 2014 was lower than initially expected, continuing a pattern of disappointing outturns over the past several years. Growth picked up only marginally in 2014, to 2.6%, from 2.5% in 2013. While activity in the United States and the United Kingdom has gathered momentum as labor markets healed and monetary policy remained extremely accommodative, the recovery has been sputtering in the Euro Area and Japan as legacies of the financial crisis linger, intertwined with structural bottlenecks. China, meanwhile, is undergoing a carefully managed slowdown.

Business & Profit Performance:

During FY15, the total business (Deposits + Net Advances) of the Bank’s overseas branches registered a growth of 7.88% The Customer Deposits increased by 2.35%, Total Deposits by 7.08% and Net Advances by 9.10%.

During FY15, the International Operations have contributed a significant 32.47% to Bank’s global business.

Total Assets:

Total Assets of the Bank’s International Operations have shown a growth of 8.02% in March’2015, that is, an increase of Rs.18,565 crore over March’2014.

Profit:

It was a year of consolidation for the international operations. Amidst global slowdown and pressure to maintain the margins, your Bank was able to maintain the gross profit for the year FY15 more or less in line with the previous year. There was a modest increase of 1.17% in gross profit as against March’14. This is due to the proactive measures taken by the overseas territories and adaptability to changing scenarios. The Net Profit however showed negative growth of 40.66% as against the previous year due to higher provisioning for NPA and taxes.

Contribution of international operations to the Bank’s global Net Profit is 20.15%.

Asset Quality

Asset quality has increasingly gained importance in the current banking scenario. Your Bank has taken all out steps to have an efficient credit monitoring mechanism at the overseas centers. The Bank is making concentrated efforts to identify, measure, monitor, and control credit risk.

In the wake of the global slowdown, many economies across the world have been affected. This has put pressure on the asset quality of the banks. Your Bank has further enhanced the credit monitoring techniques so as to maintain the asset quality.

Net Advances during FY15 have increased by 9.10% over the level of previous year. Your Bank has put in best efforts to maintain the quality of assets, as the Gross NPA’s of International operations as % to Gross Advances of International Operations was 1.70% as on Mar’15 which shows an increase from the level of 1.57% as of Mar’14.

International Presence

Your Bank’s international presence covers 24 countries through its 104 branches/offices as under:

- Bank’s Overseas Branches/Offices: 60
- Bank’s Representative Office: 1
- Branches of Bank’s Overseas Subsidiaries: 43
- TOTAL: 104

The Bank also has following Joint Ventures/Associates:

1. Indo Zambia Bank Ltd., Zambia having 27 branches
2. India International Bank (Malaysia) Bhd., Malaysia having one branch.
OVERSEAS EXPANSION:
During FY15, your Bank opened two new branches of overseas subsidiaries viz. one at Meru, Kenya and another at Mwanza, Tanzania.

Future Plans
Your Bank has plans to further expand its presence in upcoming centers in the countries where the Bank is already present and also to enter new countries offering opportunities for profitable growth of business.

Necessary infrastructure is being created for further expanding the network in UAE, Kenya, Uganda, Botswana, Ghana and New Zealand.

The overseas expansion is considered in line with the various directives issued from Ministry of Finance, Govt. of India regarding overseas expansion of Public Sector Banks of India.

Syndication Centres
Syndicated loans have become a very significant source of financing in the Global financial markets. Your Bank has a Global Syndication Centre at London and Regional Syndication Centres at Dubai and Singapore which focus on the business of Syndication Loans in International Market. Your bank has also set up an International Merchant Banking Cell (IMBC) at Corporate Office, Mumbai, which mainly caters to the requirements of Indian corporates and also supports the regional syndication centres to canvass business from Indian corporates who are in need of foreign currency resources.

Products and Services
While operating in 24 different countries, your Bank has devised customized products and services according to the local needs for each country of operation. Your Bank provides state of the art products and services in the international market to suit the business needs of the International market.

The single Core Banking Solution at all its overseas branches and subsidiaries facilitates introduction of new products and services and also to carry out modification/improvement in line with the requirements of customers in the country of operation.

Technology
- The number of ATMs at overseas Territories and subsidiaries increased to 96 (56 on-site and 40 off-site) as on March, 2015 from 91 (54 on-site and 37 off-site) as on 31st March, 2014.
- Debit Card/ATM card issuance is implemented in 11 overseas territories/subsidiaries out of which four territories/subsidiaries are having tie up with Global Payment Technology company M/s VISA. Further, VISA accreditation approval is given to Kenya subsidiary and is in progress for Oman, Guyana and Uganda subsidiaries/territories.
- Many of the territories / Subsidiaries are moving to chip-based debit cards. The EMV (chip cards) implementation in UAE territory has been completed and implementation in Oman, Mauritius and New Zealand territories is in progress.
- Fraud Management Solution (2FA) has been implemented in internet banking of New Zealand, UAE, UK, Uganda, and Kenya and compatibility of e-banking in Smart Phones has also been enabled for these territories/subsidiaries. The FMS implementation is in progress for Botswana, Fiji, Oman, Mauritius, Seychelles and Ghana territories/Subsidiaries.
- The Cheque Truncation & Automated Clearing House has been implemented in Botswana and implementation is in final stage in T&T, Seychelles.
- Approach finalized for sending SMS alert using the local SMS aggregator in International territories/subsidiaries. Implementation completed in Kenya and is in progress for 5 territories/subsidiaries. (Fiji, Guyana, Uganda, Botswana and China).
- In view of the end of technical support for Windows XP, Migration to Windows 7 has been completed in most of the territories/Subsidiaries and in the remaining places, it is in final stage.
- CBS database for all international territories/subsidiaries has been upgraded from Oracle 10 G to Oracle 11G.

Risk Management in Overseas Operations
The risks inherent in Overseas operations of your Bank is diverse owing to the economic, financial and cultural situations of the specific territory. Your Bank identifies officers having operational experience and fair understanding of Risk management for each of the
under review, your bank carried out a detailed study for transactions across the country. During the financial year of Authorized Branches dealing in foreign exchange, automated dealing system caters to the needs of clients swaps, forwards and options facilitated by the advanced technology platforms used by your bank. A sophisticated automated dealing system caters to the needs of clients of authorized branches dealing in foreign exchange transactions across the country. During the financial year under review, your bank carried out a detailed study for implementation of Global Treasury Solution in Mauritius, and is likely to implement the same in the next financial year.

Credit rating system has been rolled out at all the overseas centres which functions under the overall supervision of credit risk validation cell at corporate office. Similarly, ASCROM system has been implemented to capture entire credit risk related data which does asset classification, generates specific provisions, Basel II RWA and other related MIS reports.

Systems to capture market risk on global basis is being implemented at global mid office, Treasury branch in Mumbai and is in quite advanced stage. Operational risk Management system, which was successfully implemented in two zones of domestic operations is likely to be rolled out in overseas operations shortly.

**Regulatory Compliance**

Your Bank has a reputation of being a Regulatory Compliant Bank. Your Bank ensures that the stringent of the home/host country regulatory norms are followed. All the regulatory issues and guidelines are attended on top priority basis.

Well-integrated compliance setup ensures that the compliance issues of the Bank are handled in a timely manner. Your Bank has posted dedicated compliance officers at overseas centres whose skills are continuously enhanced through continuous skill updation trainings. Your Bank does not see compliance as merely a regulatory requirement but a duty to protect the interest and reputation of the Bank and its other stakeholders.

All the overseas territories/subsidiaries have prudential Policies/Manuals in varied areas of banking as per their respective regulatory requirements which are periodically reviewed to ensure that they are in conformity with the regulatory guidelines and requirements.

**Treasury Operations**

Your Bank operates its treasury from a state of the art dealing room at Baroda sun tower at its corporate office in Mumbai. This dealing room is well positioned to scale up your bank’s Treasury Operations and keep pace with the latest developments in the market. Your Bank’s Treasury handles domestic treasury operations and covers activities in various markets i.e. Foreign Exchange, Interest Rates, fixed income, derivatives, equity and other alternative asset classes. A basket of financial products are offered to the Bank’s clients like interest rate swaps, currency swaps, forwards and options facilitated by the advanced technology platforms used by your bank. A sophisticated automated dealing system caters to the needs of clients of authorized branches dealing in foreign exchange transactions across the country. During the financial year under review, your bank carried out a detailed study for implementation of Global Treasury Solution in Mauritius, and is likely to implement the same in the next financial year.

During FY15, the global economy struggled to gain momentum as many high-income countries continued to grapple with legacies of the global financial crisis. While growth in the United States and the United Kingdom has gathered momentum as labour markets healed and monetary policy remained extremely accommodative, the recovery has been sputtering in Japan. China, is undergoing a gradual slowdown. Weak activity in the Euro Area; a severe slowdown in Russia combined with a sharp depreciation of the rouble against the U.S. dollar and a sharp contraction in Ukraine present difficult headwinds to the region. FY15 also saw the continued quantitative easing program from Japan and European Central Bank (ECB) commenced its quantitative easing programme in Q4 of FY15.

Oil prices have declined sharply from $ 110 per barrel in April 2014 to $ 53 per barrel on 31st March 2015. A number of factors such as abundant supply of shale gas oil, slowdown in Chinese economy, European economy in doldrums, appreciation of the U.S. dollar and OPEC policy objectives have driven the recent plunge in oil prices. For oil-importing countries like India, weak oil prices support activity and reduce inflationary, external and fiscal pressures.

Domestically, export growth has been robust during the first half of FY15 before declining in the last quarter. Investor confidence has been bolstered by the election of a reform-minded government. After the formation of stable government at the centre, Indian markets saw major inflow of portfolio investments in debt and equity segments. FII inflows along with better than expected current account deficit enabled Rupee to remain appreciated against currencies of major countries though Rupee depreciated against the dollar. Rupee depreciated from Rs.59.89 per USD on 2nd April 2014 and closed at Rs.62.50 on 31st March 2015. However Rupee appreciated from 99.72 per GBP on 2nd April 2014 and closed at Rs.92.45 on 31st March 2015 while Rupee appreciated from 82.58 per EUR on 2nd April 2014 and closed at 67.20 on 31st March 2015.

Looking at the economic scenario and inflation trends, the RBI cut benchmark rates by 50 Basis Points during the financial year. RBI has reduced the repo rate from 8.00% to 7.5% in two tranches of 25 bps each. The RBI has introduced term repos of various maturities for easy transmission of liquidity in the system. The overall allocation of funds under LAF repo and term repo against surplus slr securities was limited to 0.25% of Bank’s net demand and time liabilities (NDTL) and 0.75% of the net demand and time liabilities (NDTL) of banking system respectively. Further, banks were permitted to maintain a minimum daily CRR balance of 95.00% of the total requirement down from earlier requirement of 99.00%.
Your Bank was able to capitalize on the opportunity offered by higher yields in the First half of the year to add bonds to the portfolio and enhance the average yield on investments. The average yield on Domestic SLR investments increased to 8.22% as on 31.03.2015. The sharp downwards yield movement in the second half of the year was adroitly handled to realise significant amount of profits on sale of bonds. During FY15, your Bank’s Treasury realised Profit on Sale of Investment and Exchange Earnings of Rs 1,009 crore and Rs 603 crore, respectively and earned Rs 10,379 crore as Interest/Discount.

Your Bank’s Treasury offers customized solutions using available products viz Interest Rate Swaps (IRS), Currency Swaps (CIRS), Interest Rate Futures, Forwards and Options to meet the Interest rate and Foreign Exchange risk mitigation requirements of the corporate clients. The Interest Rate Swaps and Currency options were widely used for hedging the interest rate and currency for the corporate. Your Bank’s Treasury started dealing in Currency Futures in the first quarter of the FY15 and emerged as one of the major player in the market. Arbitrage opportunities available between asset classes including Money Market CBLO, Call, Market Repo, Government Securities and Forex markets were effectively utilised.

Equity markets improved during First half of FY15 amid FII inflows and change in investors’ sentiments after stable government at centre in May 2014 general elections. The Equity desk of the treasury actively churning its portfolio and booked profits at regular intervals.

The Foreign exchange desk of the Treasury retained its position as one of the premier market players in the Forex desks of the Public Sector Banks. The Proprietary trading desk was active in encashing the available arbitrages and mobilised resources in tight situations of liquidity impacting the Indian markets.

Your Bank’s Treasury Mid-Office monitors market exposures and limits fixed by the Board of Directors, on a real time basis. The Risk Management parameters, including Value-at-risk (VaR) are used to measure Market Risk on all portfolios. These measures are backed up by the Back Testing on risk numbers and Stress Testing of various investment and currency portfolios.

Corporate Social Responsibility (CSR)

As a responsible corporate citizen, it has been the endeavour of your Bank to empower the community through socio-economic development of the underprivileged and weaker sections. In its continued efforts to make a difference to the society at large, your Bank intensified its efforts further in this direction in FY15.

Some of the initiatives in the domain of CSR undertaken by your Bank are as follows:

- Your Bank has established 49 Baroda Swarojgar Vikas Sansthan Kendra (Baroda R-SETI) for imparting free training to unemployed youth to develop their entrepreneurial skills to become self employed. This is expected to improve the economic status of their families and also give a boost to various regional economies within these locations. Almost all the Lead Districts of your Bank have an R-SETI in which 2,25,104 youth have been trained and 1,39,052 have been gainfully self employed or taken wage employment.

- In order to spread awareness among the rural masses on various financial and banking services and to speed up the process of financial inclusion, your Bank has also established 49 Financial Literacy and Credit Counseling Centres (FLCCs) across India. These centres will impart financial literacy in the form of simple messages like Why Save, Why borrow from banks, Why borrow as far as possible for income generating activities, Why repay in time, Why insure yourself, Why Save for your retirement, etc.

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- Your Bank had spent Rs.10.58 crore through Baroda Swarojgar Vikas Sansthan towards imparting free training to unemployed youth to develop their entrepreneurial skills to become self employed and spreading awareness among the rural masses on various financial and banking services and to speed up the process of financial inclusion, through Financial Literacy and Counseling Centres of R-SETIs.

Corporate Social Responsibility (CSR)

- Your Bank has set aside Rs. 5 crore towards construction of toilets in schools in the states of Rajasthan, Uttar Pradesh and Gujarat under "Swachh Vidyalaya Campaign".
Asset Quality Management

Improvement in Asset Quality and Reduction of NPA has been the major focus for your Bank. The year FY15 was a challenging year for the banking industry to maintain the Asset Quality due to continuous stress in the economy and slow economic recovery. Indian banks, in general, witnessed heavy incidence of slippages in FY15 due to sluggish domestic growth and uncertainty in global markets leading sluggish exports of various products including textiles, engineering goods, leather, gems, etc which has adversely affected the performance of corporate as well as small and medium enterprises. Due to various depressed economic parameters impacting the Bank, fresh slippages, during the year, were at 2.05% of the opening Standard Advances of your Bank. Against the backdrop of high slippages, the ratio of Gross NPA to Gross Advances was at 3.72% as on 31st Mar, 2015. Consequently, the ratio of Net NPA to Net Advances increased to 1.89% by end-Mar, 2015.

In the past several years, your Bank has made all out efforts to maintain the Loan Loss Provisioning ratio at or above the mandated norm of 70% set by the RBI. However due to steep rise in NPAs and higher provisioning, the loan loss coverage ratio was at 64.99% during FY15, after factoring in the Prudential/Technically Written-off advances.

Your Bank has developed a comprehensive structure for recovery and credit monitoring function at the Branch, Region, Zone and Corporate levels. Besides this, the Nodal Officers at each DRT centre were assigned the role of follow-up of legal cases on day to day basis so as to minimize the delay in obtaining decrees and execution thereof in order to expedite and maximize recoveries. For Recoveries in all DRT Suit filed NPA accounts, the assets charged to the banks are now being sold through E-auction to get a fair market value. In addition to above, to expedite the recovery, your Bank has appointed Recovery Agents for assisting in taking possession of assets & other pre/post sale activities and Consultants have been appointed to liaison with Official Liquidator (OL) to get the recoveries realised by OLS. The maximum participation in National Lok Adalats dated 06.12.2014 and 14.02.2015 was ensured apart from regular participation in Regional Lok Adalats.

During FY15, your Bank laid specific focus on recovery of small accounts by organizing Lok Adalats and Recovery Camps at village/town level. Moreover, special Schemes called Bhagirath Prayas were also launched during first half of the FY15. Your Bank also launched an incentive linked recovery scheme called “Sankalp-VII”, to enlist personalized attention of each and every staff member in pursuing recovery efforts of small value accounts with an outstanding up to Rs.25 lakhs. The cash recovery made during FY15 under the scheme was at Rs.10.29 crore.

To give more emphasis to NPA recovery, your Bank has observed 23rd February, 2015 and 23rd March 2015 as ‘Recovery Day’ for undertaking recovery work exclusively. Total NPA recovery of Rs. 172.00 crore was effected across the country by your Bank during these Recovery Days.

Due to the focused attention, the cash recovery in NPA accounts during FY15 substantially improved to Rs.1492.81 crore, from Rs 887.41 crore recovered during FY14. Similarly, the up gradation was higher at Rs.1058.43 crore during FY15 compared to Rs. 684.72 crore during FY14.

The asset classification wise breakup of advances portfolio of your Bank is as under.

<table>
<thead>
<tr>
<th>Asset Category (Gross)</th>
<th>31st March 2015</th>
<th>31st March 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>4,21,018.94</td>
<td>3,91,823.53</td>
</tr>
<tr>
<td>Gross NPA</td>
<td>16,261.45</td>
<td>11,875.90</td>
</tr>
<tr>
<td>Total</td>
<td>4,37,280.38</td>
<td>4,03,699.43</td>
</tr>
<tr>
<td>Gross NPA is comprising of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-standard</td>
<td>4,368.56</td>
<td>3,809.20</td>
</tr>
<tr>
<td>Doubtful</td>
<td>10,382.67</td>
<td>6,863.10</td>
</tr>
<tr>
<td>Loss</td>
<td>1,510.22</td>
<td>1,203.60</td>
</tr>
<tr>
<td>Total Gross NPA</td>
<td>16,261.45</td>
<td>11,875.90</td>
</tr>
</tbody>
</table>
Information Technology (IT)

Your Bank has undertaken a total end-to-end business and IT strategy project covering your Bank’s domestic, overseas and subsidiary operations.

Your Bank has built the best of technology infrastructure by implementing a state-of-the-art Data Centre conforming to Uptime Institute Tier-3 standard and also a Disaster Recovery Site in different seismic zone with redundancy built in every single point of failure to ensure uninterrupted banking service delivery to customers.

In addition to the Disaster Recovery Centre, your Bank has also implemented the Near Disaster Recovery Centre during the year to ensure Near Zero Data Loss as part of its Business Continuity Planning and Disaster Recovery strategy.

Your Bank continued to optimise its technology initiatives like windows server virtualization, desktop virtualization and backup consolidation as green initiatives and also to improve Data Centre operational efficiency. Application virtualization, Automatic Storage Management (ASM) & Real Application Clusters (RAC) Implementation, Bandwidth up-gradation, provision of backup link, use of new technology based on MPLS (Multi Protocol Label Switching) for improving uptime and on demand upgrade are some of the major initiatives.

Your Bank has been undertaking regular capacity planning, upgrade and refresh to support growing demand of business at various service delivery channels.

Your Bank has implemented Enterprise Management System and modules have been deployed to effectively manage and monitor Bank’s growing IT infrastructure.

Your Bank has deployed centralised IT architecture to provide the Core Banking Solution (CBS) and other application platform to all its domestic branches and 23 overseas territories, providing ease of management & monitoring and optimisation of resources. Your Bank’s Regional Rural Banks (RRBs) are also on the CBS Platform with delivery channels.

Alternate Delivery Channels

• Internet Banking - BARODA CONNECT

Your Bank continued to add more facilities under its Internet Banking (Baroda Connect) channels. New enhanced features are such as online e-banking registration, view and deposit to PPF accounts, Salary upload facility, Mobile OTP generation through smartphone, Tax payments of various States, IMPS (Immediate Payment services). Other key enhancements like integration with Government of India portal e-biz.gov.in, Citrus and PayTM payment solution provider, and introduction of Maker/Checker for shopping mall transactions of corporate customers are also implemented. Internet Banking facility is made available on all Smart-phones/tablets offering comfort of anywhere banking to its customers. Internet Banking has also been implemented in total 16 overseas territories viz. Tanzania, Uganda, Kenya, Mauritius, Seychelles, Botswana, New Zealand, UAE, Fiji, UK, Oman, Ghana, Australia, Trinidad & Tabago, Guyana and USA. Internet banking is also provided in all RRBs sponsored by your Bank. In order to enhance security and confidence in Internet Banking, your Bank introduced enhanced security features by deploying Fraud Management Solution, including step-up authentication based on risk analysis, two factor authentications by enabling OTP, PULL OTP, SMS OTP, QnA. Your Bank has also introduced use of digital certificates for corporate customers for authentication and non repudiation in high value interbank transactions through internet banking.

Your Bank has initiated the process of implementing Fraud Management Solution for T&T territory where transaction-based e-Banking is implemented.

• Mobile Banking – BARODA M-CONNECT & IMPS

Mobile Banking application has been completely revamped in your Bank to appeal to our new generation and technology savvy customers enhancing its look and feel, user-friendliness and user experience. The Mobile Banking platform as an alternate delivery channel offers many features and facilities to customers, viz., icon based user interface, balance enquiry, mini statement, fund transfer, stop payment, cheque status, other services. Mobile banking application is made available in all i-Phones, Blackberry, Android, Windows devices. Immediate Payment Services (IMPS) are implemented covering Person to Account (P2A), Merchant Payments (P2M), Aadhaar based remittance (P2U). IMPS merchant payments (P2M) enabled for Mobile top-up / DTH top-up, Insurance premium payment, Online shopping, Over-the counter payments, fees payments to schools/colleges/ universities, Utility Bill payments, Travel & Ticketing, Temple Donations, Non internet based railway ticket booking through mobile phones using IMPS – IRCTC. Under Mobile Banking, your Bank is now enabled NUUP (National Unified USSD Platform), providing ease of use and convenience to customers.

On the Mobile platform other key facilities have been introduced like Mobile Passbook (M-Passbook) application
for ease and convenience to customers to access their account statements and Missed call facility for customers to get their account balance information on phone by SMS.

• eLobby

Your Bank embarked on the next level of customer engagement by enabling 24 X 7 services for customers through eLobbies. Self-service devices like Bunch Note Acceptors, Cash Recyclers, Self-Service Pass Book Printers, Cheque Deposit Kiosk, Multi function Kiosks, were installed in onsite/offsite locations. Cash deposit in Bunch Note Acceptors was enabled through card as well as account number to provide convenience to customers. In the coming years, large scale expansion of this network is targeted. Your Bank is proposing to introduce these self-service devices to top 1000 branches across the country.

• ATM

The ATM switch is deployed for India, UAE, Oman, Mauritius, Fiji, Tanzania, Botswana, Trinidad & Tobago (T&T) and New Zealand. Visa Chip Based Card Implementation has been completed in India, Oman and Mauritius. Your bank has successfully upgraded from Debit Card Management System (DCMS) to Card Management System (CMS) for all territories except Mauritius and RRBs. Your Bank is also issuing Non Personalised Debit Cards to enable faster and hassle free delivery of cards to the customer over the counter at the time of account opening itself. Your Bank has enabled card to card transfer and E-commerce transaction with Debit Card and PIN from ATMs during the year. Many customer centric services such as NEFT remittances from ATMs, RuPay Debit Cards, RuPay POS and RuPay KCC Cards, RuPay e-commerce, Brown label ATMs, Collection of Insurance premium for India First Life Insurance Policy holders, Cheque book request, Immediate Payment Services (IMPS) through ATMs are available. Talking ATMs deployed for visually impaired persons. Your Bank has also completed certification of RuPay Chip card for international usage, enabling cash withdrawal & balance enquiry for prepaid cards, gift cards & General Purpose Reloadable cards on ATMs, Aadhaar seeding through ATM. For enhanced security as well as implementation of the RBI mandates, chip based cards were introduced. Further, Multi-factor authentication for card not present transactions implementation of Fraud management Solution in ATMs/ POS in India was done. Samagra RuPay Debit card as per the directives of Madhya Pradesh Government and Bhamashah RuPay Debit Cards as per the directives of Rajasthan Government are implemented. ATM Transaction receipt printing in regional languages such as Hindi, Regional Language Screen selection for Gujarati, Marathi, Tamil, Malayalam, Telugu, Kannada and Bengali are enabled on ATM. Visa Debit card for UAE, BSP (Bank South Pacific) Interchange was implemented for Fiji and Chip Based Card was implemented in India, Oman and Mauritius. Your Bank has successfully launched RuPay ATM and RuPay KCC cards for its RRBs also. Online Hot listing of Debit Cards was enabled for Oman, New Zealand, Fiji. The RBI mandate for rationalization of ATM charges for metro and non metro was implemented.

• SMS Banking

For customers who desire to avail only information based banking services, your Bank has introduced SMS banking for balance enquiry, mini statement, Cheque status from the registered mobile number. This is a very simple and easy to use product that a customer can start using without any registration process.

• Contact Centre

Your Bank has implemented Customer Relationship Management as a new initiative to get 360 degree view of the customer for providing better services through a contact centre over phone in order to improve their satisfaction and loyalty. Existing customers/Prospective customers may call on Toll Free no. (1800223344 & 18001024455) wherein following services can be availed of.

• Issuance of a cheque book
• Enquiry about products and services
• Account Enquiry – Balance, Transaction, Amount in Clearing etc.
• Hot-listing of ATM cards
• Stop payment marking / un-marking
• Request for issuance of debit card
• Request for re-generation of debit card PIN
• Support for e-banking users
• Re-generation of mobile banking password
• On-line (paperless) TPIN generation facility
• Other information regarding products and services of your Bank is also provided to prospective customers/ account holders.

• The CRM applications is linked to sales offices like Retail Loan Factories (RLFs), City Sales Offices (CSOs) wherein the leads generated at contact centre on the basis of enquiry about the products by customers are transferred to these offices for further processing.
• Your Bank is managing recovery processes through contact centre wherein customers are informed about the EMI and due amounts. This shall facilitate customers to deposit EMI/due amount on demand dates.
• Online messaging (webchat) for customers has been integrated with Bank’s website and are handled by contact centre agents.
• Outbound calls by Contact Centre to customers for new services have been implemented during the period under review.

Payment Systems

• All branches of your Bank are enabled for interbank remittances through RTGS and NEFT. The RTGS and NEFT have also been interfaced with your Bank’s internet banking portal. The Straight through Processing (STP) of NEFT & RTGS have been implemented for
your Bank as well as RRBs. RTGS & NEFT have also been implemented in Uganda territory.

- Internet Payment Gateway services for debit cards/credit cards are increasingly offered to merchants and internet shopper as a safe and secure channel for online purchases.
- The SWIFT facility for worldwide inter-bank financial communication is provided at Foreign Exchange Authorized Branches in India as also in 22 overseas territories.
- The Payment Messaging Solution (PMS) is implemented in 22 overseas territories & all authorized branches in India. PMS facilitates validation and formatting of SWIFT messages generated from CBS as per SWIFT standards, and also goes through AML check.
- During the year under review, under Cheque Truncation System (CTS) your bank has migrated additional MICR centers to respective CTS grid centers of Western Grid (Mumbai), Northern Grid (Delhi) and Southern Grid (Chennai).
- National Automated Clearing House (NACH) is implemented for both debit and credit transactions.
- Rapid funds to India have been implemented for New Zealand territory.

**Other Customer Centric initiatives**

- Your Bank has been offering highly customised IT enabled products and services tailored to the specific requirements of valuable clients. Other products and services like RBI Inflation Indexed Bonds, bulk issuance of gift cards, direct dispatch of debit card & PIN mailers to customers, remittances under Money Transfer Service Scheme for exchange house, etc., have been implemented as well.
- Cash Management System with Two Factor Authentication (2FA) is a full-function web enabled cash management solution offered to your Bank’s customers, covering services like Receipt Management (Collections), Payment Management and Invoice Management (Receiveable and Payable Management).
- The Retail Depository Services are made available to your Bank’s Retail as well as Corporate customers. With a centralized depository application, branches are equipped to provide depository services for both NSDL as well as CDSL. With Online Trading System, your Bank will be able to provide complete suite of online services to the customers for trading in instruments like equities, mutual funds, bonds and initial public offering (IPOs).
- Upgradation from DCMS (Debit Card Management System) to PA-DSS compliant solution CMS (Card Management System) for domestic and international territories to provide comprehensive management and support for your Bank’s Debit Card operations.
- Online Hot listing of Debit Cards enabled at BOBCARDS and Contact Centers.
- Your bank has completed integration with EBIZ government portal to accept customer’s offline payment requests (IFT & NFT) for Parastatal agencies and Ministry of Corporate affairs. E-Gras portal of Chandigarh also integrated in eBanking to accept the tax and non-tax revenue as per requirement of Finance Department, Chandigarh Administration. Electronic Data Interchange (EDI) package for Government of India, Customs House online integration with CBS has been completed.
- Your Bank has implemented Aadhaar based payment like Direct Benefit Transfer (DBT), Electronic Benefit Transfer (EBT). Direct Beneficiary Transfer under Aadhaar Payment Bridge System (APBS) and wages payment for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).
- Aadhaar Enabled Payment System (AEPS) for transactions initiated from POS terminals based on Aadhaar number in case of account opened under Financial Inclusion. Ministry of Finance guidelines for linking LPG id of customers though OMC is implemented.
- NPS, NPSLite (a scheme to provide financial security for economically disadvantaged people for protecting their future during old age), MGPSY for NRI have been deployed.
- The IT setup has been developed for account opening process and transactions, both online and offline, to be carried out through Business Correspondent thus enabling Financial Inclusion.
- To enable your Bank to have its pulse on the market, an online customer survey portal has been developed for is made available on Bank’s web site to customers/visitors to log and track the status of their Feedback/suggestions/complaints.
- Various initiatives like eKYC using Biometric and Aadhaar number, Simplified account opening process, separate module for ATM transaction pool a/c transfer / cash loading entries, IT Payment System, Document Management System – for PPOs and Online Indent for security forms have been undertaken during the year under review.
- Your Bank has also enabled SMS Alerts delivery facility to its customers for all transactions made through alternate delivery channels and for all CBS transactions above threshold limits. SMS alerts has been implemented for hot-listing of debit card, inward clearing cheques, for birthday wishes to customers, transaction declined at NPCI ATM/POS due to insufficient funds and submission of 15G/15H forms during the year. SMS alerts are also sent for non-financial events like Account opening, Account Activation, Change in interest rate on loan accounts, Installment due/overdue notice for loan
• Your Bank has implemented e-mail alerts to Corporate Customers for high value transactions and presentation of cheque in clearing transactions.

Support Services
• The Integrated Global Treasury Solution has been implemented in UK, UAE, Bahamas, Bahrain, Hongkong, Singapore, Belgium and in India, reducing the cost of operations and better fund management.
• For improving your Bank’s service delivery, the Back Office functions have been centralized at City Back Offices and Regional Back Offices. Your Bank now has 80 City Back Offices and 13 Regional Back Offices. The personalized cheque book issuance has been centralized. Your Bank has also started centralized FCNR operations.
• Your Bank has fully automated its Loan Processing (Retail, Agri. and SME) modules for better and quick customer service. Your Bank also provides a single click Online Loan Application feature for Home Loan, Auto Loan and Education Loan. LAPS – CIBIL interface for online report and scanning has been implemented. Loan tracking System and reporting has also been implemented.
• New Learning Management System in Community Cloud for Staff has been launched as e-learning initiative.
• Your Bank has implemented eBoard application for conducting paperless meetings Board/Steering committee meetings.
• Enterprise wide GL Solution has been implemented. This provides variety of inputs to your Bank for strategic decision making in business development and also generates enterprise wide consolidated reports.
• The Centralized Payroll, Salary module, e-TDS module and Leave Module have been implemented for all your Bank’s offices in India.
• The Human Resource Networking for Employees Service has been implemented with the objective of creating a central database of the Bank employees for facilitating decision-making, promotion and selection exercise as also for automating other HR processes.
• Your Bank has also undertaken, as a part of its business strategy, Data Warehouse for providing flexible and interactive source of strategic information, Customer Relationship Management for better customer insight and uniform customer view across channels. It has also facilitated Automated Data Flow to regulator. Your bank has implemented for the year under review Central Repository Information on Large Credit (CRILC) of RBI, Data Analytics and mining – customer segmentation.
• For regulatory compliance, the Anti Money Laundering (AML) has been implemented in India and 22 overseas territories. Your Bank has implemented Risk Management solution. Your Bank has also implemented AML solution in all its sponsored RRBs.
• Various new Regulatory requirements like Aadhaar seeding through different channels like SMS, ebanking, Demo for verification of Aadhar details from UIDAI, Bulk seeding of Aadhar, Asset Liability Management (ALM) module of OFSAA etc., were undertaken during the year.

Information Security
A robust Information Security Management System has been implemented to protect the existing technology setup against security threat. A Comprehensive Audit by External Agencies is being successfully carried out by your Bank for its Core Banking Solution and all other applications as well as for Data Centre/Disaster Recovery centre Infrastructure. Biometric Authentication is introduced for CBS Login at Branches.

Your Bank has a Security Operation Centre (SOC) for enhanced IT security. Your Bank’s Data Centre as well as Disaster Recovery Centre are ISO 27001 certified.

Your Banks has Implemented Fraud Management Solution for Internet Banking, ATM & POS. In order to enhance security and confidence in Internet Banking, your Bank introduced Fraud Management Solution, including two factor authentications in India and thirteen Overseas territories by enabling ARCOT OTP, PULL OTP and SMS OTP.

Your Bank is regularly conducting VAPT (Vulnerability Assessment & Penetration Testing) of external facing applications viz. EBanking, mail messaging, CMS, IPG etc.

Your Bank has enabled a Fraud Risk Management system for day-to-day monitoring of suspicious transactions at branches for protecting the interests of customers. While cyber-attacks have become more unpredictable and electronic payment systems vulnerable to new types of misuse, it is imperative that banks introduce certain minimum checks and balances to minimise the impact of such attacks and to arrest/minimise the damage.

To minimise the damage, your Bank has implemented following additional security measures:
• Your Bank has implemented the RBI mandates as part of Risk and Mitigation measures for card present transactions.
• All new debit and credit cards will be issued for domestic usage unless international usage is specifically sought by the customer.
• Your Bank will convert existing MagStrip Cards to EMV Chip card wherever mandated.
Your Bank has enabled PIN at POS.
Your Bank has enabled Digital signatures in Corporate Internet Banking for login and transactions providing additional security to corporate customers.

**E-business**

During the year, Transaction Banking Department has extended the reach of Alternate Delivery Channels/ Customer touch-points, increased their availability and enhanced overall value proposition for Customers. The infrastructure was strengthened with addition of new Baroda NonStop Lobbies (e-lobbies), ATMs, Cash Recyclers, Passbook Printers and Multi Function Kiosks. The services of Internet Banking, Mobile Banking, NEFT, Debit Cards, Prepaid Cards etc. were further improved for better service delivery, reducing operational cost and increase customer convenience.

Given below are the highlights of performance during the FY15:

- **Baroda NonStop Lobbies (e-lobbies)**
  - **Particulars**  | 31/03/2014 | 31/03/2015 | Addition during the year
  - No. of Baroda NonStop Lobbies | 45 | 151 | 106
  - Baroda NonStop Lobbies comprises of Five Self Service machines viz. Cash Recycler, ATM, Multi Function Kiosk, Passbook Printer and Digital Signage System for providing 24x7 routine banking services.
  - The lobbies are creating good visibility and encouraging response from Customers as well as staff members.

- **ATM deployment & Debit card issuance**
  - **Particulars**  | 31/03/2014 | 31/03/2015 | Addition during the year
  - No. of ATMs Operationalised | 6,254 | 8,030 | 1,776
  - No. of Debit Cards Issued (in Lakhs) | 121.90 | 225.64 | 103.74

- **Cash Recyclers/BNA**
  - **Particulars**  | 31/03/2014 | 31/03/2015 | Addition during the year
  - No. of Cash Recyclers/BNA deployed | 100 (BNA) | 390 | 290

- **Self Service Passbook Printers**
  - **Particulars**  | 31/03/2014 | 31/03/2015 | Addition during the year
  - No. of SSPBP installed | 1,200 | 2,300 | 1,100
  - No. of Magnetic Strip Passbooks issued (in Lakh) | 8.23 | 65.67 | 57.44

- **Internet Banking (Baroda Connect)**
  - **Particulars**  | 31/03/2014 | 31/03/2015 | Increase in %
  - No. of Users (in Lakhs) | 13.68 | 17.08 | 24.85
  - No. of A/cs Linked (in Lakhs) | 61.79 | 81.23 | 31.46

- In the year under review, your Bank launched three variants of Debit Cards i.e. RuPay PMJDY Debit Card, Samagra RuPay Debit Card for M.P. Government, Bhamashah RuPay Debit Card for Rajasthan Government.
- New service of Electricity Bill Payment was started in all ATMs of Gujarat (Gujarat Urja Bill Payment Service).
- **Shri Ranjan Dhawan, MD & CEO inaugurating the E Lobby, Kodambakkam, Chennai Metro Region**
**Mobile Banking**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31/03/2014</th>
<th>31/03/2015</th>
<th>Increase in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Registrations (in Lakhs)</td>
<td>12.95</td>
<td>27.12</td>
<td>109.42</td>
</tr>
<tr>
<td>Total Turnover (in Lakhs)</td>
<td>46,525</td>
<td>2,91,527</td>
<td>526.60</td>
</tr>
<tr>
<td>Average Transactions per day</td>
<td>16,822</td>
<td>49,500</td>
<td>194.25</td>
</tr>
</tbody>
</table>

- A new icon based application was introduced with better user experience, improved fund transfer and mobile top-up facilities. Provision is now available to start bill payment services also.
- Introduced National Unified USSD Platform (NUUP) service for masses.

**Multi Functional Kiosk**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31/03/2014</th>
<th>31/03/2015</th>
<th>Addition during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of MFK Operationalised</td>
<td>--</td>
<td>122</td>
<td></td>
</tr>
</tbody>
</table>

- Multi Functional Kiosk offers facility of Cheque Deposit with CTS integration, Fund Transfer, Bill Payment, Internet Banking and Informational Services in an attractive user option.

**Internet Payment Gateway**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31/03/2014</th>
<th>31/03/2015</th>
<th>Increase in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Turnover (in Rs crore)</td>
<td>118.33</td>
<td>299.55</td>
<td>153.15</td>
</tr>
<tr>
<td>Profit (in Rs Lakhs)</td>
<td>130.02</td>
<td>183.43</td>
<td>41.08</td>
</tr>
</tbody>
</table>

- Your Bank has tie-up with Two Payment Aggregators viz. Citrus Payment Solutions Pvt. Ltd. and PayTM to offer Net Banking of major banks as additional payment option to customers of the enrolled merchants.

**Contact Centre**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31/03/2014</th>
<th>31/03/2015</th>
<th>Improvement in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Call attended by agents (in lakhs)</td>
<td>55.98</td>
<td>69.32</td>
<td>26.08</td>
</tr>
</tbody>
</table>

- The average number of calls attended by agents increased to 26,000 plus per day of your Bank’s Contact centre.
- New facilities enabled through Contact Centre like Web Chat to provide net based customer enquiry facility, outbound calling, fraud risk monitoring for ATM / POS transactions etc.

**NEFT/RTGS**

| Particulars | NEFT  | RTGS  |
|-------------|-------|-------|       |
| 31/03/2014  | 31/03/2015 | 31/03/2014 | 31/03/2015 |
| Total Inward Transactions (in Lakhs) | 281.39 | 404.34 | 27.05 | 31.55 |
| Total Outward Transactions (in Lakhs) | 97.76 | 143.68 | 32.67 | 37.01 |

**Baroda Cash Management**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>31/03/2014</th>
<th>31/03/2015</th>
<th>Increase in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>No of transactions (in Lakhs)</td>
<td>47.06</td>
<td>64.14</td>
<td>36.29</td>
</tr>
<tr>
<td>Turnover (in Rs crore)</td>
<td>27,388</td>
<td>31,262</td>
<td>14.14</td>
</tr>
<tr>
<td>Income (in Rs crore)</td>
<td>1.31</td>
<td>1.58</td>
<td>20.61</td>
</tr>
</tbody>
</table>

**Gift Cards**

- The Gift Cards issued during the financial year were at 53,124 by your Bank.
- The value of cards issued was at Rs. 20.16 crore
- The profit of Rs. 141.27 Lacs was earned during the year.

**Baroda TravelEasy Card**

- The Baroda TravelEasy Cards issued during the year were at 1,072
- The value of these cards issued was at Rs. 24.61 crore
- The profit earned was at Rs. 46.75 Lacs

**Depository Operations**

- Under Depository Operations, your Bank opened 946 accounts during the year

**Other Initiatives during FY15**

- Your Bank started “Missed Call” facility for customers to know their account balance. The current average calls are around 1,21,000 per day.
- National Automated Clearing House (NACH), a new platform for processing of electronic transactions e.g. ECS, APBS, DBTL transaction, is implemented in the Bank.
- To educate and update customers regarding e-products/services and related safeguards, your Bank has sent approx. 1.50 crore educational and awareness SMSs to Customers.
- To promote Bank’s products and services in an attractive manner, 400 large size LED screens are being installed in e-lobbies and high footfall branches across the country. The content for these displays would be relayed and monitored centrally from the transaction banking department.
Your Bank has carried out multichannel promotion of alternate delivery channels on TV, Radio, print media, Movies Theatres and hoardings at prominent locations. Additionally, audio visual presentation is prepared for the use of all the delivery channels and the same are shared with zones/regions for further propagation to the customers.

Proposed Initiatives for FY 2015-16

- To setup additional 100 Baroda NonStop Lobbies.
- To increase number of ATMs and Cash Recyclers to 10,000 and 2,500 respectively by 31.03.2016.
- To expand the network of Multi Function Kiosks to reach 1,000.
- To increase number of Self Service Passbook Printers to 3,000.
- To introduce two new variants of Debit Cards.
- Start value added services like Card to Card Fund Transfer, Railway ticket booking through Debit Card and ATM Pin, Debit Card blocking through SMS etc.
- Migration of ECS suite to NACH platform.

Human resources - “Creating Competence and Passion for Business Excellence”

The triumph and all round growth of your Bank is the outcome of the synergy of various assets that the Bank possesses. One of the most vital of them being its Human asset – its people, which has enabled the Bank to traverse through an all-encompassing growth trajectory.

Your Bank has a rich reservoir of Human capital comprising of the skill sets and competencies of over 49,000 employees who are at all times committed towards augmenting “Stakeholders’ Value through Concern, Care and Competence.”

In this journey of excellence undertaken to fulfill greater aspirations and bigger dreams to touch the lives of all the stakeholders, it is actually the people power of your Bank which makes the difference.

Realizing the criticality of this asset for the sustained growth of your Bank on one hand and the multiple challenges like the large number of retirements, massive intake of talent, huge training requirements, succession planning and engagement for higher productivity on the other hand, a lot has been done by your Bank in the area of Human Resources in the recent past and more so in the financial year FY15.

Besides excelling in the routine HR activities like recruitments, promotions, deployments, etc, a host of new HR interventions/ reforms have been introduced in your Bank. Following are some of the key interventions :-

1. Opening of HR Shared services CPC – To bring in desired focus and effectiveness in delivery of various HR programmes, a revised HR structure has been formulated under which, an HR shared services CPC has been created through which various routine HR claims hitherto being handled by Branches, Regional / Zonal offices have been centralised which has brought about tremendous efficiencies in HR administration and claim processes. Specifically, this has enabled:
   - Freeing up of HR time for development and engagement activities.
   - Uniform interpretation and application of the applicable rules related to reimbursements, etc. across the Bank and thereby removing the disparities.
   - Faster ‘Turn Around Time’ for settlement of claims - maintained at 48 hours from the date of receipt of the claim.

Online benefit / claims module activated in Payroll - Various benefits / perquisites to employees which were earlier claimed and processed manually have been made online through your Bank’s Payroll system and centralised at HR Shared services CPC.

2. Various IT tools implemented to improve HR administrative efficiency:

Manpower Planning tool put in place which determines manpower required for different Branches / units on a scientific basis. The output from the manpower planning tool facilitates various manpower planning related decisions – recruitment, new hire allocation, transfers and promotions.

3. Online Performance management module implemented:

The processes for the Performance management system for officers was made online with effect from the year 2014-15, in order to make the system more robust, objective and quicker.

4. Structured On-Boarding of New Hires:

In view of the large number of new recruits joining your Bank, a structured on-boarding programme was conducted to ensure both functional as well as cultural on-boarding, provides new hires, both officers and
clerical cadre, a pleasant joining experience and also to make them work-ready quickly. For officers, this on-boarding programme is for duration of 6 months, for specialist officers for around 7-8 weeks depending on the specialisation area and for clerks, the same is for a period of 2 weeks.

5. Introduction of a comprehensive Performance linked Incentive Scheme for employees:

A Comprehensive Performance linked incentive Scheme for the Bank was formulated and implemented encompassing all employees and all units under its ambit. This policy envisages payment of incentives to around 25% of employees by covering the top performing 25% Branches / units in your Bank.

The Performance linked incentive scheme was implemented with retrospective effect from 2012-13 onwards. Processing and payment of incentives to all eligible staff for 2012-13 was completed by 30th June, 2014. A total of around 11,614 employees received incentives covering 954 Branches, 14 Regional offices, 4 Zones and 32 operating units and a total amount of Rs. 26.12 crore was disbursed as incentives for the year 2012-13.

6. Employee engagement:

Various initiatives were formulated to keep employees motivated and engaged. The engagement initiatives were formulated with the objective of creating engagement of employees with the job, with their colleagues and with the organization. Different initiatives were implemented for improving employee – HR connect, focused employee communication and building loyalty, pride and commitment like introduction of structured system of HR visits to Branches, conduct of Business Town Halls, Exit interviews, etc.

Some of the key accomplishments worth mentioning in the HR sphere particularly in FY15 are as under:

Strategic workforce planning and Recruitment drive:

An optimal manpower mix is a prerequisite for the sustenance and growth of the business. Hence a scientific manpower planning model has been put in place for estimating manpower needs by level, skills and by Branch and also for strategic workforce planning for the next few years to feed into various other HR interventions of recruitment planning, career progression, vacancies and postings / deployment.

Your Bank has put in place a clearly defined Recruitment policy which steers the recruitment from different channels, hiring of larger numbers in view of the emerging requirements as projected by the strategic workforce planning.

A especially designed ‘Career portal’ has been launched on the Bank’s website which defines this Value proposition further with clearly laid out sections related to why your Bank should be the preferred choice for any prospective applicant by projecting the different facets of working at Bank of Baroda. These strategies provide a huge impetus to the “Employer Branding” of your Bank significantly.

For a Smooth and effective integration of the new hires into the Baroda Family, your Bank has also put in place a very well structured and a focused “On-boarding Programme” which not only aims at functional integration of the new recruits in the Bank but also their cultural assimilation into this institution. Going further, your Bank has also launched a focused Mentoring programme “Baroda Sarthy” for the new hires wherein the senior employee - a mentor handholds the new entrant to enable his smooth transition into the corporate world and help him/her adapt to the Value system and working of your Bank.

Baroda Manipal School of Banking

The Baroda Manipal School of Banking is a unique association of Bank of Baroda and Manipal Global Education to train students for a banking career in Bank of Baroda on a “first-day, first-hour” productive model, and thereby have a ready pool of trained Officers. The students undergo a focused one-year programme customized to the Bank’s requirements and this leads to the award of a post-graduate diploma in Banking and Finance, before they are absorbed in your Bank as probationary officers. The programme works on an inverted model of “Train Hire and Deploy”.

This innovative resourcing channel was initiated during the year FY12 and so far 3,417 students have undergone/undergoing this course and 2,156 students have joined your Bank as probationary Officers.

Recruitment drive during FY15:

Your Bank has been undertaking focused hiring efforts on a sustained basis year on year, to cater to retirements, resignations, sustained business growth and rapid branch expansion etc. Various recruitment exercises were undertaken during the year to address the emerging manpower requirements in your Bank. Recruitment of Specialist officers, Probationary officers and clerical
personnel were initiated to meet the needs of your Bank, both in terms of replacements for normal attrition and factoring in the business growth needs. Your Bank recruited 3,407 officers in various Grades / Scales (both Generalists & Specialists), 2,594 Clerks and 620 Subordinate staff, thereby inducting a total of 6,621 new employees in the Bank during FY15. The recruitment process is continued in the year 2015-16 also with various recruitment projects undertaken for filling up almost 5,550 posts of officers and 4,000 posts of clerks.

**Formulation of Talent Management system**

With a view to identify and groom young potential leaders in the Bank so that they can go on to man the critical leadership positions and there by fill up the foreseen leadership gaps in future, your Bank has taken a big stride of designing and implementing a well orchestrated Talent Management System. This system proactively identifies future potential leaders based on various criteria and also grooms them through a systematic developmental plan for each of the identified future leader.

This is an annual exercise and in FY15, your Bank was able to clearly identify around 20% people in specific scales of Officers viz. in Scales II, III, IV, V and VI as the future leaders.

**Framework for Career Progression**

Concerted efforts have been taken by your Bank for fostering the career progression of employees primarily to reward them for their efforts and performance and also to motivate them further to climb up the corporate ladder and thereby fulfill both organizational as well as personal aspirations.

Your Bank not only provides opportunities for upward movement in the hierarchy but also ensures horizontal movement of Officers across different functions to provide them wider exposure and carve out a definite career path for them.

Akin to recent years, in FY15 also, promotion exercise in all the cadres were conducted and a total of 2,259 employees as shown in the table below were promoted to higher grade / scale.

<table>
<thead>
<tr>
<th>Cadre</th>
<th>Promotion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Staff to Clerk</td>
<td>320</td>
</tr>
<tr>
<td>Clerk to Officer</td>
<td>575</td>
</tr>
<tr>
<td>JM-I to MM-II (Officer to Manager)</td>
<td>448</td>
</tr>
<tr>
<td>MM-II to MM-III (Manager to Sr Manager)</td>
<td>342</td>
</tr>
<tr>
<td>MM-III to SM-IV (Sr. Manager to Chief Manager)</td>
<td>410</td>
</tr>
<tr>
<td>SM-IV to SM-V (Chief Manager to Asstt. Gen. Manager)</td>
<td>100</td>
</tr>
<tr>
<td>SM-V to TEG-VI (Asstt. Gen. Manager to Dy. Gen. Manager)</td>
<td>43</td>
</tr>
<tr>
<td>TEG-VI to TEG-VII (Dy. Gen. Manager to General Manager)</td>
<td>21</td>
</tr>
</tbody>
</table>

**Implementation of HR Technology**

Your Bank has put in place a very comprehensive HR technology platform covering HRM, Training, and Payroll & Leave modules christened as the “Human Resources Network) for Employee Services (HRNes)”. This technology platform has enabled automation of various HR functionalities and processes. The HR Automation is a key enabler in the implementation and sustenance of various HR initiatives and certain processes have completely been automated thus enhancing the efficiency of the HR operations thereby reducing the turnaround time.

In addition to the above HR interventions, the setup of the HR function in your Bank has also further been strengthened and made more efficient by centralization of the routine admin activities into a HR Back-office.

**Special Thrust on Development of SC/ST/ Other Backward Communities**

Your Bank is committed to the constitutional safeguards and social objectives for development and welfare of persons belonging to SCs, STs and Other Backward Classes in the society. Your Bank is one of those banks in the entire banking industry that have the highest number of employees belonging to SCs and STs, which itself shows the commitment of the Bank towards their development and upliftment. Some of the highlights of your Bank’s efforts for development and welfare of people belonging to SCs and STs are enumerated as under.

**Reservation in Employment**

Your Bank observes all guidelines stipulated by the Government of India for reservation of posts in employment in All India recruitment and local recruitment. 15% posts are reserved for SCs and 7.5% posts are reserved for STs in all India recruitment as also for selection to Baroda Manipal School of Banking, it being another channel of resourcing started by your Bank. For other recruitments made on regional basis, appropriate percentage prescribed for various States is being observed. Special efforts are made like offering pre-recruitment orientation training to SC/ST applicants for recruitment in your Bank. Relaxation in age limit and qualifications are given and interviews of SC/ST candidates are taken on relaxed standards in order to ensure that appointment of candidates to the reserved posts happens. In the Interview Panel for recruitment, a member belonging to SC/ST is invariably associated.

Candidates belonging to SC/ST, who are called for interview, are reimbursed traveling expenses. In addition to providing reservation in employment, your Bank is also providing reservation and other enabling mechanisms in career growth and promotions for SC and ST employees as per the guidelines in vogue.

The staff strength and representation of SCs and STs as of 31st March 2015 is as under

<table>
<thead>
<tr>
<th>Cadre</th>
<th>Total</th>
<th>SC</th>
<th>SC %</th>
<th>ST</th>
<th>ST %</th>
</tr>
</thead>
<tbody>
<tr>
<td>OFFICER</td>
<td>22,256</td>
<td>3,864</td>
<td>17.36%</td>
<td>1,698</td>
<td>7.63%</td>
</tr>
<tr>
<td>CLERK</td>
<td>18,976</td>
<td>2,842</td>
<td>14.98%</td>
<td>1,474</td>
<td>7.77%</td>
</tr>
<tr>
<td>SUB STAFF</td>
<td>8,146</td>
<td>2,664</td>
<td>32.70%</td>
<td>805</td>
<td>9.88%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>49,378</td>
<td>9,370</td>
<td>18.98%</td>
<td>3,977</td>
<td>8.05%</td>
</tr>
</tbody>
</table>

**Reservation Cell**

An exclusive Reservation Cell in your Bank has been set up to monitor the reservation and other enabling
provisions for SC/ST employees. An executive in the rank of General Manager is appointed as Chief Liaison Officer for SC/ST/PWD & EX-Serviceman employees who ensures compliance of various guidelines pertaining to the SC/ST/PWD & EX-Serviceman employees. A Liaison Officer for SC/ST has been appointed in each Zone of the Bank who takes care of all matters and grievance redressal of SC/ST employees of that Zone.

Meeting with SC/ST Welfare Association
With a view to have direct dialogue and review of reservation and other special provisions for SC and ST, your Bank holds quarterly meetings with the representatives of SC/ST Welfare Association of the Bank at Corporate level. Your Bank’s Managing Director & CEO and Senior Executives including the Chief Liaison Officer for SC/ST/PWD & Ex-Serviceman participate in the meeting.

Bharat Ratna Dr. Babasaheb Ambedkar Memorial Trust
Your Bank has established the “Bharat Ratna Dr. Babasaheb Ambedkar Memorial Trust” in 1991 for promoting welfare activities for the benefit of SC/ST employees and their family members. Apart from scholarships to children of employees belonging to SC/ST, the Trust also provides scholarship to needy students belonging to SC/ST community, in general, in major centres of the country.

National Commission for Safai Karmacharis
National Commission for Safai Karmacharis visited Mumbai on 19.03.2015. The suggestions and guidance of the Commission are being scrupulously observed by your Bank.

Owing to the above work done in the HR sphere, your Bank is yielding positive recognition in the employers market which can be testified by the fact that Bank of Baroda has become the most preferred PSU Bank for new recruits as per the IBPS Rankings.

A Dedicated Cell for Training and Development

Research, Learning and Development
The learning system in your Bank has successfully built its brand in banking industry during last couple of years by commencing series of innovations and path breaking initiatives and has acquired a brand name of ‘Baroda Academy’.

Training has now emerged as a critical function in the organizational endeavour to compete and keep the workforce fit enough to take on the competition. Baroda Academy is focusing on comprehensive grooming of staff in key banking areas like credit, forex, core banking etc. apart from on boarding new recruits.

With a view to encourage a culture of innovation across the organization, your Bank has taken the next leap in areas of e-Learning in reaching out to every single employee.

Innovative Technological Initiatives done by your Learning System:

Baroda Net Academy: On 21.07.2014 your Bank’s Chairman and Managing Director rolled out state of the art Learning Management System for e-learning courses which are available on the internet. The salient features of this include:

- Hosted on IDRBT’s Indian Banking Community Cloud (IBCC). First Bank to use this facility for E-learning
- 24x7 access to all the employees of the Bank at the time and place convenient to each. Can be accessed from any device like PC, Laptop and mobile devices
- Courses available on various functional and behavioral areas to enhance employee knowledge and professional skills.
- Capability to reach to all the employees of your Bank at minimal cost
- Employees have so far undergone more than 1,000 hours of training.

Mobile Snippets: Your Bank is the first Bank to launch ‘Mobile Snippets’. A Mobile App for the benefit of employees. This enables the employees to access daily banking news, gist of important BOB / RBI circulars, in-house publications, announcements for upcoming events and video messages. Users are offered quiz on different subjects on the go. Real time alerts are provided when important content is uploaded. This app also allows the users to share photos and videos of important events taking place across the Bank.

Facebook Page: ‘Baroda Apex Academy’ has a Facebook page for informal learning.

Awards and Recognition:
The year was excellent for your Bank as the learning practices received awards and recognition. Following awards were conferred to your Bank in the field of Learning and Development:

- ISTD (Indian Society for Training & Development) award for Innovative Training Practices, 2014
• IBA award in the category of Training & Human resources, e-learning initiatives amongst public sector Banks.

Mind Gym Series:
To broad base learning, your Bank has reached beyond the usual formal training programs by way of organizing events such as motivational speeches, video shows and group activities etc under the name Mind Gym Series. Lectures under this series held at Baroda Corporate Centre have received praise and admiration from staff members.

"Customer Connect" - Customer Education:
As part of customer education, a campaign was launched by the learning system during March 2015. More than 20,000 customers were covered and the initiative would continue throughout the next year. The focus of "Customer Connect" was in four areas:

• Alternate Delivery Channels for Urban & Metro areas
• Products of MSME for small & medium Entrepreneurs
• Agriculture Products, Subsidy schemes and awareness on JLG groups in rural areas.
• Business Correspondents and Village level Entrepreneurs on customer education and overview and USPs of the Retail and Agriculture Products for cross selling.

Programmes exclusively conducted for PWD (Person with disability):

a) With a view to empower visually impaired employees, a first of its kind training program was organized at Baroda Apex Academy, Ahmedabad. This 6 day residential program was a blend of technical as well as soft skill training. A point worth noting is that the participants as well as faculty members conducting the program were fully visually impaired.

b) Three days residential program was also conducted for employees with hearing impairment with a view to enable them to perform to the best of their abilities.

External Training:
During FY15, a total of 11,900 staff members were nominated to various external training programmes. Your Bank considers External Training an integral part of capacity building wherein employees at all levels are exposed to such programmes to learn and adopt the best practices existing in the industry.

Some of the noteworthy and dedicated programmes organized during the year were:

1. Special Program for sub staff "सेवा संघ के सेवा बढ़े" : The Bank devised a training intervention "सेवा संघ के सेवा बढ़े" for sub staff for all the regions of your Bank in local language. Sub staffs in the age group 18-35 years aggregating to 1,070 were trained across the country. The goal of this program was to enhance the self esteem of the participants apart from providing job related knowledge.

2. Project Utkarsh: Your Bank designed a program under project Utkarsh (refresher course) in consultation with local zones for imparting functional, behavioural and technology training to all the existing clerical employees of the Bank. It covered 11,575 out of 14,000 clerks across India, amounting to 83% of the target group.

3. Customized Technology Orientation Program for Newly Recruited IT Officers: Customized technology orientation programs for newly recruited IT officers of your Bank were conducted at IDRBT, Hyderabad.

4. Mentoring Programs: Mentoring workshops for 390 newly identified mentors (senior officers) to cover 2,001 newly recruited officers were conducted during the year under review.

5. Talent Pool trainings: Your Bank continued Talent Management System to develop team focus communication skills, customer centricity, leadership skills, people skills and strategic intent amongst the selected Scale II, III, IV officers.

6. Leadership Development Programs: To equip newly promoted General Managers and Deputy General Managers with strategic management skills, a Leadership Development Program was conducted at Tata Management Training Centre (TMTC), Pune focusing on Strategic Orientation and Transformational leadership.

To develop and nurture the future leaders, a Leadership Development Programme for newly promoted AGMs was conducted at Centre for Organization Development (COD), Hyderabad. The objective of the program was to enable future leaders to broaden their horizon and develop leadership skills to become more effective in the emerging business environment.

7. Overseas Trainings: To provide the executives with international perspective on banking and expand their strategic thinking, to enhance conceptual understanding of complex issues and equip them to be effective leaders, a good number of service executives were sent to reputed overseas institutes such as Kellogg School of Management, James L Allen Center, Illinois, USA, Center for unified biometrics (CUBS) and the Center of Excellence in Information Systems Assurance Research and Education (CEISARE), The State of University of New York at Buffalo, USA, Asian Institute of Management - Executive Education and Lifelong Learning Center (AIM-EXCELL), Manila and Center on Integrated Rural Development for Asia and the Pacific (CIRDAP), Dhaka.

Business Process Re-engineering (Project Navnirmaan)
This project touched all aspects of your Bank's processes, structures and systems with an objective to simplify processes, improve branch productivity and provide best-in-class service to the customers.
The change programme has been successful and this initiative has been one of the major factors to help the Bank bag a number of awards and accolades establishing itself as a truly India’s International Bank.

The highlights activities under the project Navnirmaan during FY15 are enumerated as under:

- **Baroda-Next Branch**: Around 1,468 Metro/Urban branches have been rolled out as Baroda Next branches in your Bank until end of FY15.

- **Branch Front-end Automation**: The Queue Management System (QMS), Cheque Deposit Machines and Personalized Pass Book Printers are installed in 98, 93 and 2,300 branches, respectively.

- **City Back Office (CBO)**: Clearing operations were centralized for all branches (linked to CBO). Currently, there are 85 CBOs operational throughout the country.

- **Regional Back Office (RBO)**: One RBO at Hyderabad was added during the year under review taking the figure to 13. Altogether 5,051 branches are linked for CASA opening and 5,051 branches linked for PCB (Personalized Cheque Book) issuance.

- **Contact Centre**: Your Bank has two Contact Centres at Lucknow and Vadodara. In addition to the existing basket of service, Mobile Banking assistance service has been added during the year under review. The service timing has been increased to 6am to 10pm (from earlier 8am to 8pm) for better customer convenience.


**Marketing**

During FY15, your Bank focused on promotion of Brand and various products and services through a variety of marketing initiatives with dual focus for a robust business growth and deepening of relationships.

In addition to the above initiative, your Bank undertook various product promotion campaigns to promote its products and services amongst target audience through advertising across different geographies. Besides focusing on providing information on various products and services, particularly Saving Deposits, Current Deposits, Home Loan, Car Loan and SME Loans, your Bank’s new product lines like Home Loan Variants, Alternate Delivery Channels (ADCs) were aggressively promoted. Further special customer segments were also targeted such as special offerings for MSMEs, Rural & Agri segment, NRIs etc. through judicious use of various media vehicles on pan India basis.
In order to augment the Brand connect with its diverse stakeholders, your Bank also participated in various events such as FICCI-IBA Banking Conference 2014, Pravasi Bhartiya Diwas 2015, MINT Annual Banking Conclave 2015, World Ranking Snooker Tournament – Indian Leg, IL&FS BKC Run 2015 and Standard Chartered Mumbai Marathon 2015, India - West Indies & India- Sri Lanka Cricket Series 2014, Dun & Bradstreet Indian Exporters Excellence Awards 2015, SMAASH Entertainment Zone among many others events thereby increasing visibility and Brand recall value.

During FY15, your Bank received wide Media Coverage of its activities across the country and Brand Baroda was specifically recognized as a leading Brand across Categories when it was ranked 21st among Best Indian Brands 2014 in Brand equity by The Economic Times. The Brand was also awarded for Excellence in Banking (PSU sector) by My FM stars of the Industry award as well as won the Champion of Champions Award at the 54th Association of Business Communicators of India (ABCI) Awards 2015 while winning in six categories as diverse as Corporate Film – Gold / Exhibition Collateral – Gold / Wall Calendar 2014 – Silver / Environmental Communication – Silver / E-Zine – Bronze / Indian Language Publication – Bronze

Awards and Industry Recognition for Bank of Baroda

Your Bank has made winning a passionate endeavor for itself. During FY15, your Bank has maintained its tradition of winning several awards and accolades on diverse parameters for its consistent and sustainable performance on both business and financial parameters including Industry Leadership / Global Business Development/ Branding and Marketing / Human Resources & Training / IT/ MSME / Financial Inclusion / Official Language thereby reinforcing its motto for the year “RACE Ahead”

Given below is the complete list of awards won by Bank during the year FY 2014-15.

**FY - 2014-15**

<table>
<thead>
<tr>
<th>Date</th>
<th>Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>02.04.2014</td>
<td>Bank of Baroda was awarded ‘Best PSU Bank’ at 5th Dalal Street Investment Journal PSU Awards 2013.</td>
</tr>
<tr>
<td>23.05.2014</td>
<td>Bank of Baroda was conferred as the winner of Golden Peacock National Training Award for the year 2014 by the Awards Jury at a function at Thiruvananthapuram under the aegis of Institute of Directors, New Delhi.</td>
</tr>
<tr>
<td>20.06.2014</td>
<td>Bank of Baroda was awarded Skoch Order of Merit in India’s Best 2014 Financial Inclusion &amp; Deepening Awards 2014 by Skoch Consultancy Services Pvt. Ltd.</td>
</tr>
<tr>
<td>11.07.2014</td>
<td>Bank of Baroda was awarded “Best PSU for MSME” by India SME Forum.</td>
</tr>
<tr>
<td>06.08.2014</td>
<td>Bank of Baroda Ranked 21st amongst Best Indian Brands 2014 in Brand Equity – The Economic Times</td>
</tr>
<tr>
<td>27.08.2014</td>
<td>Bank of Baroda was conferred “Best Bank – Global Business Development (Public Sector)” &amp; “Best Bank – Overall (Public Sector)” Award in Dun &amp; Bradstreet – Polaris Financial Technology Banking Awards 2014.</td>
</tr>
<tr>
<td>16.10.2014</td>
<td>Bank of Baroda was endorsed as one of the top brands at The Economic Times Best Brands 2014.</td>
</tr>
</tbody>
</table>
**Premises Re-Engineering and Ambience Enhancement**

The major achievements by your Bank in the area of Premises re-engineering and ambience enhancement during FY15 are as given below.

- Your Bank has decided setting up a branch building with provision for community hall for conducting various programmes (for 125-150 persons) on ground floor and Branch head's residence at first floor at 50 village centres every year to be known as **Adarsh Grameen Branch (AGB)**. Your Bank has initiated the process for acquiring land for this purpose and has since acquired land at Jhunjhunu and Silora (Rajasthan).
- As per the directives from Ministry of Finance, Government of India, your Bank has linked its Corporate Office and Head Office with all Regional Offices through State-of-the Art Video Conferencing systems with MPLS Connectivity. Interaction with functional heads through VC has resulted into quick and cost effective decision making.
- Your Bank has adopted all technology centric initiatives in the form of e-tendering, e-procurement etc. and implemented in phased manner.
- All payments to vendors were being made through e-payment mode (RTGS/NEFT or credit to beneficiary account).
- In tune with your Bank’s policy to have its administrative offices in owned premises, your Bank has purchased land at Allahabad (UP) Rajarhat, Kolkata (West Bengal) and Manoharpura, Jaipur (Rajasthan) for residential building.
- Looking to the ever increasing rentals, area optimisation of the every corner of the available premises is ensured. Layouts are being revisited while renovation and furnishing of branches/offices done by introducing eco-friendly and ergonomically designed sleek furniture items. The area norms for acquisition of the premises have also been reviewed and implemented.
- To have uniformity in systems and procedures pan-India, Premises Policy Guidelines, Constructions Manual, Refurbishment Manual have been formulated and agencies for modular furniture and chairs have been identified for quick procurement of the items and to have similar and identical design to get aesthetically pleasant look and vibrant indoor environment.
- Your Bank has undertaken a number of Green Initiatives during the year under review. Up-gradation of AC system for improving efficiency, Installation of energy efficient lights in offices to save electrical energy and expenditure. New eco-friendly products are introduced in all the new construction projects such as Jaipur, Indore, Varanasi. Your Bank is aspiring for LEED/GRIHA ratings for upcoming building projects.
- Office lightings at Baroda Corporate Centre are being replaced with LED lightings to save electrical energy, enhance brightness and increase staff efficiency.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
</table>
| 13.11.2014 | Bank of Baroda won three prizes under Reserve Bank Rajbhasha Shield    | Competition 2012-13:
  - First Prize in Linguistic Region ‘B’
  - Second Prize in Linguistic Region ‘A’ & ‘C’
  - Bank of Baroda was awarded ‘FE India’s Best Bank’ by The Financial Express (FE) in the ‘Public Sector Bank’ category for the year 2012-13. |
| 30.01.2015 | Bank of Baroda was awarded for “Excellence in Banking (PSU Sector)”    | by My FM Stars of the Industry award                                                                                                                                                                   |
| 14.02.2015 | Bank of Baroda won 3 prizes at 'The IBA Banking Technology Awards 2014  | – 15’ at Mumbai. Categories as under:                                                                                                            |
| 11.02.2015 | Winner in “Best Financial Inclusion Initiative”                        | First Runner up in “Training & Human Resources, E – learning Initiatives”                                                                                                                                  |
| 21.02.2015 | Bank of Baroda has won National Prize – First Rank in “Innovative      | Training Practices” for the year 2014 from “Indian Society for Training and Development”(ISTD) at Bhubaneshwar                                                                                               |
| 27.02.2015 | Bank of Baroda won the Champion of Champions Award at the Association  | of Business Communicators of India (ABCI) Awards 2015. Awarded 6 Categories are as under:                                                                                                                |
| 23.03.2015 | Bank of Baroda was conferred ‘The Most Efficient Public Sector Bank’   | The for the year 2014 by Dalal Street Investment Journal in the ‘Best PSU’s of India Awards’ held at New Delhi.                                                                                             |

Shri P Srinivas, Executive Director receiving Best Bank – Global Business Development & Best Bank (Overall) – Public Sector award at the hands of Shri Yashwant Sinha, Former Union Minister - Govt. of India
Projects implemented during FY15:

- Internal renovation of (lift lobbies, stair case, toilets and common passage at all floors) of your Bank’s building at Parliament street, New Delhi.
- Construction of Baroda Swarojgar Vikas Sansthan (BSVS) at Pratapgarh, Banswara, Ajmer, Jaipur & Dungarpur (Rajasthan).

Projects under implementation:

- Construction of Administrative building at Alkapuri, Vadodara is under progress.
- Construction of Regional Regional Residential Training College, Bengaluru (Karnataka).
- Procurement of Video Conferencing systems at 10 locations for new Regional and Zonal offices.
- Face-lifting of Regional office and Main Branch Building at Coimbatore.
- Redevelopment of Ramnager Branch, Coimbatore as commercial cum residential building.
- Construction of Office building at New Raipur (Chhattisgarh).
- Construction of Residential building at New Raipur (Chhattisgarh).

Future Plans for Estate Management:

- To undertake external renovation and face lifting of Bank’s Building at Parliament Street, New Delhi.
- To redevelop Staff Quarters building at Bhandup, Mumbai, thereby to construct about 138 residential flats for transferee officers/ executives.
- Redevelopment of Staff Quarters at Jogeshawari, Mumbai, to construct a building for residential and commercial use.
- Construction of Baroda Swarojgar Vikas Sansthan (BSVS) at various centres across India as per the directives from the Govt. of India.
- To set up the Regional Residential Training Colleges at Greater Noida (U.P.) and Bhubaneswar (Odissa).
- Construction of Zonal Office building at Bareilly (Uttarakhand).
- Construction of Regional office building at Allahbad (UP) and Dehradun (Uttarakhand).

Brick & Mortar Branch Expansion

Given below is the information on your Bank’s brick and mortar distribution channels as on 31st March, 2015, which is observed to be closer to common customers as compared to the E-Banking channels that are generally preferred by the tech savvy urban masses.

<table>
<thead>
<tr>
<th>Area Classification (India)</th>
<th>Number of Branches</th>
<th>% Share in Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro</td>
<td>989</td>
<td>19.06</td>
</tr>
<tr>
<td>Urban</td>
<td>903</td>
<td>17.40</td>
</tr>
<tr>
<td>Semi-urban</td>
<td>1386</td>
<td>26.70</td>
</tr>
<tr>
<td>Rural</td>
<td>1912</td>
<td>36.84</td>
</tr>
<tr>
<td>Total</td>
<td>5190</td>
<td>100</td>
</tr>
<tr>
<td>Overseas (Including Representative office &amp; Branches of subsidiaries)</td>
<td>104</td>
<td>-</td>
</tr>
</tbody>
</table>
Domestic Subsidiaries and Associates

The performance of your Bank’s subsidiaries, Joint Ventures and Associates was quiet satisfactory during FY15.

BOBCARDS Limited is a wholly owned subsidiary of Bank established in 1994 for issuance of Credit Card and Merchant Acquiring (ME Business) and also providing support services to BOB for Debit Card Operations. The Company is having 36 Area Offices across the country. The Company which was incurring losses continuously on account of huge NPAs, turned around during FY11 and has been earning profit since then. The Company has focused on all qualitative aspects of business development, which has resulted in better profitability, quality card base and ME base. The Company has introduced a range of Platinum Cards with premium features like added privileges & offers. The Company is in process of implementation of aggressive plans for enlargement of Card & Merchant Base. The Company has recently launched revamped website and customer self service portals to benefit all stakeholders, credit / debit cardholders and member establishments. (ME) The Company is expecting substantial growth in its card / ME base in the next year.

BOB Capital Markets Limited is a wholly owned subsidiary established by Bank in 1996 as a Financial Institution to start Institutional Broking, Investment Banking and distribution of financial products. The Company, showing subdued performance for quite some time till recent times, has been activated by deploying a professional team. The focus is on investment advisory services, Debt & Equity Syndication and Capital market activities. The Company commenced institutional broking business and has also launched an Online Institutional Trading platform from October 2009. Recently, the Company has commercially launched Online Retail Trading platform on July 20, 2012. BOBCAPs focus remains with institutional broking and distribution of financial products and already 27 major, well known institutions are empanelled with the Company for putting through investments in securities market through BOBCAPs.

The Nainital Bank Limited was promoted by Late Bharat Ratna Pandit Govind Vallabh Pant and others and became Associate Bank of Bank of Baroda in the year 1973. Today, the shareholding of Bank of Baroda in Nainital Bank Ltd. is 98.57% and is a subsidiary of the Bank. The State of Uttarakhand, vide its communiqué dated August 3, 2012, has notified that The Nainital Bank Limited be treated at par with other PSU Banks. The Bank has launched Net banking facilities during the year and also implemented (Direct Benefit Transfer) DBT “Pahal” through NACH platform to existing customer. The Bank has successfully implemented CTS software in northern Grid and has revamped web portal offering expanded content, interactive Graphical User Interface.

Baroda Pioneer Asset Management Company Ltd. a joint venture with Pioneer Global Asset Management SpA, is in its seventh year of operation. During the year under review, the Company was able to strengthen its AUM significantly which rose by 9 % on year on year basis as of March’14. The key to this growth was strong focus on the institutional segment which helped the Company to grow its debts & money market products coupled with focus on Systematic Investment Plans (SIPs) for retail investors. The Company continues to focus on B15 (Beyond the top 15 cities of India) to develop and promote its business and consequently, the share of B15 towns has been growing steadily. The Company is active in investor education initiatives.

IndiaFirst Life Insurance Company Ltd., a joint venture company with Legal & General group, commenced its business operations on 16th November 2009 and has received an overwhelming response for its products across the country. IndiaFirst is amongst the fastest Life Insurance Company to break even in the 5th year of operation and its industry ranking is 8th among the private players with market share of 4.5% and AUM (Asset under Management )at Rs 8,188 crore in December 2014. The Company bagged prestigious award “Finnoviti 2015” presented by Banking Frontier for Innovation.

India Infradebt Limited is a joint venture company with ICICI Bank Limited, ICICI Home Finance Company Limited, Citicorp Finance (India) Limited and Life Insurance Corporation of India. The Company was incorporated on October 31, 2012 in Mumbai. The Company is in operation as an Infrastructure Debt Fund – Non Banking Financial Company (IDF-NBFC). The Company’s principal activity is to re-finance part of the debt liabilities of the Project Companies. The list of clientele includes National Highway Authority of India (NHAI), Himalayan Expressway Limited, Swarna Tollway Private Limited etc for refinancing / take out financing.

<table>
<thead>
<tr>
<th>Entity (with date of registration)</th>
<th>Country</th>
<th>Owned Funds</th>
<th>Total Assets</th>
<th>Net Profit</th>
<th>Offices</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOB Capital Markets Ltd. (11.03.1996)</td>
<td>India</td>
<td>15030.15</td>
<td>15749.67</td>
<td>1360.93</td>
<td>1</td>
<td>41</td>
</tr>
<tr>
<td>BOBCARDS Ltd. (29.09.1994)</td>
<td>India</td>
<td>20776.00</td>
<td>31025.85</td>
<td>3580.26</td>
<td>36</td>
<td>199</td>
</tr>
<tr>
<td>Baroda Pioneer Asset Management Co. Ltd. (05.11.1992)</td>
<td>India</td>
<td>5343.31</td>
<td>5343.31</td>
<td>(-)1283.09</td>
<td>1</td>
<td>84</td>
</tr>
<tr>
<td>Baroda Pioneer Trustee Co Pvt Ltd. (23.12.2011)</td>
<td>India</td>
<td>6.42</td>
<td>6.42</td>
<td>0.72</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>IndiaFirst Life Insurance Co. Ltd. (05.11.2009)</td>
<td>India</td>
<td>35746.24</td>
<td>828275.64</td>
<td>688.89</td>
<td>44</td>
<td>1230</td>
</tr>
<tr>
<td>The Nainital Bank Ltd. (31.07.1922)</td>
<td>India</td>
<td>49468.39</td>
<td>597792.62</td>
<td>6718.19</td>
<td>125</td>
<td>835</td>
</tr>
<tr>
<td>India Infradebt Ltd. (31.10.2012)</td>
<td>India</td>
<td>34928.78</td>
<td>109541.07</td>
<td>2176.46</td>
<td>1</td>
<td>11</td>
</tr>
</tbody>
</table>
Implementation of Official Language (OL) Policy

During the period under review, your Bank made remarkable progress in implementing the Official Language Policy of Government of India. Besides compliance of various statutory requirements under Official Language Policy of the Union Government, your Bank took the initiative of promoting and utilizing Hindi as a tool for business development, establishing better connect with customers.

Your Bank prepared a well-structured annual official language action plan for achievement of various targets set by the Government of India under its Annual Implementation Programme 2014-15 and the assurances given to the Committee of Parliament on Official Language during its visits to various offices/branches of the Bank. Through continuous monitoring and regular efforts at various levels, your Bank could achieve all the major targets of the Programme and fulfilled all the assurances given to the Committee of Parliament on Official Language.

The Meetings of Central Official Language Implementation Committee, presided over by Chairman and Managing Director/ Executive Directors of the Bank, were organized regularly on quarterly basis. Under the guidance received from the Committee, several new initiatives were taken during the year FY15. Your Bank took an important initiative of providing Internet Banking services, Mobile Passbook services to its customers in Hindi. All the alternate delivery channels viz. Self passbook printing machines, cheque deposit machines, cash deposit machines, Multi function Kiosks etc. were equipped with Hindi user interface for the convenience of customers. All the ATMs of the Bank were enabled for printing of transaction slips and mini statements in Hindi for the convenience of customers selecting Hindi as the language of their choice for interaction with the machine. A Pan India drive was also undertaken to confirm availability of this facility in all the ATMs of your Bank.

Your Bank made remarkable progress with respect to automation of Quarterly Hindi Progress report submission system in the Bank. Your bank undertook a major drive during the month of January, 2015 viz. “Online Pragati Abhiyan” for online submission of QPR by all the branches/offices of the Bank through Pragati Online Package which was implemented during the last fiscal year. Around 70% of your Bank’s branches/offices submitted their quarterly progress reports online during the campaign. Your Bank has already launched Mission 100% campaign to ensure cent percent submission of such report through online mode.

Your Bank started sending systems-generated letters through finacle to customers pertaining to KYC, potential dormant Accounts, dormant accounts in bilingual (Hindi-English) format during the year. This is in addition to the system established in your Bank’s Regional Back Offices where lakhs of letter are being generated every month in bi-lingual form pertaining to newly opened accounts. These system generated letters have helped to a great extent in meeting its targets set under the Official Language programme. Your Bank brought more branches in the ambit of IT programme used to generate and print pass-books and account statements in Hindi at the branches situated in linguistic regions A and B.

As an initiative to start discourse in Hindi on important Banking topics your Bank Organized Inter Bank Seminar on “Social Media Mein Hindi Ki Dastak” and “Retail Banking”, respectively in Mumbai and Jaipur during the year under review wherein representatives/speakers/participants from different banks took part. This initiative earned accolades from the RBI and Government of India and Parliamentary Committee on Official language. Your Bank celebrated World Hindi Day on 10.01.2015 in its all overseas territories. Brief programs were organised to commemorate the occasion in which eminent personalities related to Hindi Literature and Hindi promotion activities were invited. These programmes were attended by staff of your Bank, valued customers and officials of Indian Embassy.

To contribute to the financial inclusion drive and the Pradhanmantri Jan Dhan Yojana started by Government of India, your Bank prepared a reference booklet in Hindi christened as “Samaveshan Sandarbh” for the use of Business Correspondents working at the field level. The Gujarati version of the publication was also released during the year. The booklet was distributed to all the BCs and link branches of your Bank. Further, for increasing financial literacy amongst masses, your Bank continued to prepare and propagate through cartoon booklets, animation films in Hindi and also in regional languages. These booklets and animation films were prepared for inculcating the habit of saving, escalating the features of Kisan Credit Card and emphasizing on the benefits of timely repayment of loans. These cartoon booklets and animation films were christened as “Chhoti Bachat badi Khushhali”, “Aam ke aam guthilyon ke daam” and “Samay Par Karj Ka Bhugtan, Jindagi Bane Aasaan”, “Retail Loan se Khushhali” in their Hindi edition. These Booklets/animation films were sent to Regional Offices/ Zonal Offices of the Bank for their effective utilization. Further, your Bank also used the platform of Rajbhasha Kanyakrams/workshops for disseminating the features of Pradhanmantri Jandhan Yojana.

Your Bank has been pioneer in spreading and promoting the use of Hindi through the forum of Nagar Rajbhasha Samitis. During the year under review, your Bank, under instructions from Home Ministry, Government of India constituted four new Nagar Rajbhasha Samitis. These committees are functioning at Sihor, Sitamarhi (Bihar), Anand (Gujarat), Faizabad (Uttarpradesh) under the convenorship of your Bank. Hence, the total number of Nagar Rajbhasha Samitis working under the convenorship of your Bank stands at 12.

The Third Sub-Committee of parliament on official language visited your Bank’s branches/offices at Nagarcoil, Tamilnadu. The Committee appreciated the efforts put in by your Bank for promotion of the use of Hindi language.

Your Bank’s efforts earned accolades from Government of India and Reserve Bank of India also. The Government of India awarded your Bank with the 1st Prize in the Indira
Gandhi Rajbhasha Shield Competition in Region ‘B’. The award was received by Bank’s Executive Director Shri P Srinivas from Honorable President of India at a function held at Rastrapati Bhawan, New Delhi on Hindi Diwas 2014. Further, your Bank was awarded first prize for ‘B’ Region and second prizes for Region ‘A’ and ‘B’ by Reserve Bank of India (RBI) under the RBI Rajbhasha Shield Competition. Your Bank’s Executive Director Shri P Srinivas received these awards from the Governor of RBI.

Your Bank continued with its flagship scheme “Medhavi Vidyarshi Samman Yojana” for popularising Hindi amongst the students’ community. Under this scheme, cash prizes and commendation certificates signed by your Bank’s CMD/ED are given to students scoring highest marks in M.A.(Hindi). This scheme, at present, is applicable in 64 universities of the country.

Your Bank published three books in Hindi during the year viz."Aasti Prabandhan", "Madhyabharat Lekhmala" and "Banking ke Vibhinna Aayam", “Retail Loan Margdarshka” for providing qualitative/informative reading material in the Hindi language.

Board of Directors: (Appointment / Cessation of Directors during the year)

Appointments:

Shri Mohammad Mustafa has been nominated as Government Nominee Director w.e.f. 25.11.2014 by the Central Government u/s 9 (3) (c) of The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 in place of Dr. K.P. Krishnan until further orders.

Dr. R. Narayanaswamy, after scrutiny of nominations and determination of ‘Fit and Proper’ status, declared elected as Shareholder Director on the Board of the Bank w.e.f. 24.12.2014.

Shri Bharatkumar Dhirubhai Danger, after scrutiny of nominations and determination of ‘Fit and Proper’ status, declared elected as Shareholder Director on the Board of the Bank w.e.f. 24.12.2014.

Shri K. V. Rama Moorthy has been appointed as Executive Director w.e.f. 10.03.2015 by the Central Government u/s 9 (3) (a) of The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 for a period upto 31.01.2019 i.e. the date of his attaining the age of superannuation, or until further orders, whichever is earlier.

Shri Mohammad Mustafa has been nominated as Government Nominee Director w.e.f. 25.11.2014 by the Central Government u/s 9 (3) (c) of The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 in place of Dr. K.P. Krishnan until further orders.

Dr. R. Narayanaswamy, after scrutiny of nominations and determination of ‘Fit and Proper’ status, declared elected as Shareholder Director on the Board of the Bank w.e.f. 24.12.2014.

Shri K. V. Rama Moorthy has been appointed as Executive Director w.e.f. 10.03.2015 by the Central Government u/s 9 (3) (a) of The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 for a period upto 31.01.2019 i.e. the date of his attaining the age of superannuation, or until further orders, whichever is earlier.

Cessations

Shri Sudarshan Sen, RBI nominee Director, ceased to be a Director w.e.f. 09.06.2014, on the nomination of Smt. Surekha Marandi, in his place.

Shri Vinil Kumar Saxena, Workmen Employee Director, ceased to be a Director w.e.f. 24.07.2014, on completion of his term.

Shri S.S. Mundra, Chairman and Managing Director, ceased to be a Director w.e.f. 24.07.2014, on his appointment as Deputy Governor, RBI.

Dr. K.P. Krishnan, IAS, Govt. nominee Director, ceased to be a Director w.e.f. 24.11.2014 on the nomination of Shri Mohammad Mustafa, IAS, in his place.

Shri Maulin Vaishnav, Shareholder Director, ceased to be a Director w.e.f. 24.12.2014, on completion of his term.

Shri Surendra Singh Bhandari, Shareholder Director, ceased to be a Director w.e.f. 24.12.2014, on completion of his term.

Shri Rajib Sekhar Sahoo, Shareholder Director, ceased to be a Director w.e.f. 24.12.2014, on completion of his term.

Shri P. Srinivas, Executive Director, ceased to be a Director w.e.f. 31.12.2014, on his appointment as Managing Director & Chief Executive Officer of United Bank of India.

Directors’ Responsibility Statement

The Directors confirm that in the preparation of the annual accounts for the year ended March 31, 2015:

1. The applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

2. The accounting policies framed in accordance with the guidelines of the Reserve Bank of India, were consistently applied;
3. Reasonable and prudent judgment and estimates were made so as to give true and fair view of the state of affairs of your Bank at the end of financial year and of the profit of your Bank for the year ended on March 31, 2015;

4. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the applicable laws governing banks in India; and

5. The accounts have been prepared on a going concern basis.

Acknowledgement
The Directors express their sincere thanks to the Government of India, Reserve Bank of India, Securities and Exchange Board of India, other regulatory authorities, various financial institutions, banks and correspondents in India and abroad for their valuable guidance and support.

The Directors acknowledge with appreciation the assistance and cooperation extended by all stakeholders of your Bank like customers, shareholders and well wishers in India and abroad.

The Directors place on record deep appreciation for the hard work and dedication of the members of your Bank’s staff at different levels, which enabled your Bank to record high quality, consistent growth year after year despite economic challenges and consolidate its position as one of the premier banks in the country.

For and on behalf of the Board of Directors,

Ranjan Dhawan
Managing Director & CEO