

## **Pillar III Disclosures as of 31st Dec 2019**

**Table DF – 2: Capital Adequacy**

### **Qualitative disclosures**

- Bank is maintaining a healthy CRAR during the FY 2019-20 which is commensurate with the size of its operations.

The Bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

As on 31st Dec, 2019, the position of CRAR is provided in the table below. The bank is well capitalized, given the risk exposure arising from its portfolio of assets.

<b>Particulars</b>	<b>Minimum Requirement</b>	<b>Bank maintained as on 31st Dec 2019</b>
CRAR	12.375%	21.33%
Tier 1 CRAR	10.375%	20.69%
Common Equity Tier 1(CET1)	8.875%	20.69%

- The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through sound governance and control practices, risk management framework.
- The Asset Liability Committee (ALCO) of the bank is responsible for market risk management of the bank, policies for hedging and /or mitigating risk and strategies for monitoring future funding activities of the bank. A well-defined Credit and Investment Policy for the bank is in place and the same is reviewed on an annual basis. Impact of Liquidity Risk is assessed through gap analysis for maturity mismatches based on residual maturity in different time buckets and management of the same is done within the prudential limits fixed thereon.

## Quantitative disclosures

- The Capital requirements for credit risk are:
  - For portfolios subject to Standardized approach @ 12.375%: Rs. 25,943.66 mio.
- The Capital requirements for market risk (under standardised duration approach ) are:

*(Amount in Rs. Millions)*

<b>Risk Category</b>	<b>Amount</b>
i) Interest rate risk	1420.68
ii) Foreign Exchange Risk (including Gold)	360.00
iii)Equity Risk	-
iv)Total capital charge for market risks under Standardised duration approach (i + ii + iii)	1780.68

- The Capital charge for Operational Risk under Basic Indicator Approach (BIA) is Rs. 1,338.10 mio as on 31<sup>st</sup> Dec 2019. The notional RWA as per BIA for operational Risk is Rs. 16,726.29 mio.
- The capital ratios of the bank are as follows:

CRAR (%)	21.33%
CRAR-Common Equity Tier 1 Capital (%)	20.69%
CRAR-Tier I capital (%)	20.69%
CRAR-Tier II capital (%)	0.64%

CET1 and Tier I Capital primarily comprises of interest free capital received from the Head Office, balance in statutory reserves, capital reserves and remittable surplus retained for CRAR requirement.

Tier II Capital primarily comprises of Provision on Standard Assets, UFCE, Country risk, Investment Fluctuation Reserve, Investment Reserve which is created in accordance with the extant RBI guidelines.

**Table DF – 3: Credit Risk: General Disclosures for All Banks**

**General**

Credit risk reflects the risk of losses that may occur from the failure of one or more borrowers to meet all or part of their obligations towards the Bank. The Bank is exposed to Credit risk in its lending operations and off balance sheet exposures.

**a) Policies and Processes**

The Bank's risk management policies and procedures are subject to a high degree of oversight and guidance to ensure that all types of risk are systematically identified, measured, analyzed and actively managed. The Bank has standards, policies and procedures dedicated to the approval, monitoring and management of credit risk. All credit risk related aspects are governed by the Credit Policy of the Bank. The Credit Policy is approved by the Regional Executive for Indian Operations.

The credit rating process is governed by the Procedures for Credit Ratings issued by the Credit Policy and Planning division of our Head office.

The Bank's credit risk management encompasses identification, assessment, measurement, monitoring and control of credit risk in exposures.

The credit risk governance consists of the following primary functions:

- Establishing a comprehensive credit risk policy framework in line with Head office and Regulatory guidelines.
- Assessment of credit risk through a structured and standardized credit approval process.
- Measuring, Monitoring and managing credit risk on a portfolio basis.

**b) Structure and Organization**

The Bank has a Credit Risk Management team, which works in close coordination with the business teams and is based in the principal office in Mumbai.

The credit analysis function is responsible for the periodic rating review and submission of credit proposals to the Credit Division in Head office/Singapore.

The Head Office Credit Division does an independent review of the entire proposal including financial analysis and compliance to risk appetite and provides a final credit approval along with certain terms and conditions.

The Credit Risk management team is an independent risk management function that defines credit risk policies and procedures and monitors the compliance of credit risk policy, procedures and credit approval terms and conditions, both pre-disbursement and post-disbursement through the lifecycle of the exposure.

All the credit monitoring activities like monitoring of prudential limits, credit documentation, post sanction monitoring activities and credit related reporting are performed by the Credit Risk Management team.

The Chief Risk Officer (CRO) in India maintains a functional reporting line to the Regional Executive for India and to regionally to the Asia CRO. The Credit Risk management team reports to the India CRO. The Credit Risk Management function is independent of the business functions.

**c) Scope and nature of risk reporting, measurement, monitoring and mitigation**

To measure credit risk, the Bank employs several methodologies for estimating the likelihood of obligor or counterparty default. Credit risk measurement is based upon the amount of exposure should the obligor or the counterparty default, the probability of default and the expected loss given a default event.

The credit rating is utilized in various aspects of the banking operations for enhanced management of credits and portfolio, etc. as an important criterion that forms the basis of the credit risk management. All Borrowers of the Bank are assigned a credit rating and such rating is reviewed on an annual basis at the minimum. Revolving credit facilities are reviewed on an annual basis, while term facilities are monitored through annual review of financial statements and periodic covenants.

Though the Bank has implemented Basel-II Standardized Approach, Bank has an explicit Borrower Rating System. For the corporate portfolio, the Bank has borrower rating models and facility rating models. The borrower rating models are based on borrower specific characteristics which can be used to deduce the probability of default of the borrowers. The facility rating models are based on facility and transaction characteristics like collaterals, seniority, etc. These models are reflective of the expected loss given default on a particular facility.

The Bank performs regular reporting on its credit risk portfolio, to include information on large credit exposures, concentrations, industry exposures, levels of impairment provisioning, delinquencies and country exposures to various internal governance forums. The analysis of the portfolio is also presented to the Credit Risk Management Committee on a quarterly basis.

#### **Credit Concentration risk-**

Credit Concentration risk arises on account of concentration of exposures under various categories like Single name, Sectoral and Group concentrations.

The Bank is in compliance with the prudential exposure norms as laid down by RBI for Single borrower and Group borrower limits which is defined in the Credit Policy of the Bank. Further Bank has internal thresholds for monitoring of SBL/GBL and sector wise limits.

#### **d) Non-performing advances**

The Bank has adopted the definitions of 'past due' and 'impaired' (for accounting purposes) as defined by the regulatory authority for Income Recognition and Asset Classification. An account becomes Non-Performing Asset if it remains overdue for a period as defined by the Reserve Bank of India. An impaired asset is an asset which has suffered a provision in accordance with the guidelines defined by the Reserve Bank of India on its becoming a Non Performing Asset. Further, an NPA can be identified by periodic appraisals of the portfolio by Management or in accordance with RBI guidelines, whichever is earlier.

#### **Quantitative disclosures**

- Total gross credit risk exposures, fund based & non-fund based separately are:

*(Amount in Rs. Millions)*

<b>Category</b>	<b>Amount</b>
Fund Based*	122,265.01
Non Fund Based**	36,166.85

\* Includes outstanding of Gross Advances

\*\* Includes outstanding of Letter of Credit, Acceptance and Bank Guarantees

- Geographic distribution of exposures, fund based & non-fund based separately are:

*(Amount in Rs. Millions)*

<b>Category</b>	<b>Overseas</b>	<b>Domestic</b>
Fund Based	-	122,265.01
Non Fund Based	-	36,166.85

- Industry wise distribution of exposures, (Fund based & Non-Fund based) is as under:

(Amount in Rs. Millions)

Industry Code	Industry Name	Fund based Amount	Non-Fund based Amount
1	A. Mining and Quarrying (A.1 + A.2)	-	-
11	A.1 Coal	-	-
12	A.2 Others	-	-
2	Food Processing (sum of B.1 to B.5)	95.00	8.10
21	B.1 Sugar	-	-
22	B.2 Edible Oils and Vanaspati	-	-
23	B.3 Tea	-	-
24	B.4 Coffee	-	-
25	B.5 Others	95.00	8.10
3	C. Beverages (excluding Tea & Coffee) and Tobacco (sum of C.1 & C.2)	1,061.00	-
31	C.1 Tobacco and Tobacco Products	-	-
32	C.2 Others	1,061.00	-
4	D. Textiles (sum of D.1 to D.6)	2,498.48	-
41	D.1 Cotton	-	-
42	D.2 Jute	-	-
43	D.3 Handicraft/Khadi (Non Priority)	-	-
44	D.4 Silk	-	-
45	D.5 Woolen	-	-
46	D.6 Others	2,498.48	-
5	E. Leather and Leather Products	-	-
6	F. Wood And Wood Products	-	-
7	G. Paper and Paper Products	750.00	-
8	H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	5,032.64
9	I. CHEMICALS AND CHEMICAL PRODUCTS (DYES, PAINTS, ETC.) (sum of I.1 to I.4)	16,933.44	11,855.05
91	I.1 Fertilizers	3,290.00	3,382.26
92	I.2 Drugs and Pharmaceuticals	10,529.29	1,892.41
93	I.3 Petro-chemicals (excluding under infrastructure)	2,227.20	995.11
94	I.4 Others	886.95	5,585.27
10	J. Rubber, Plastic and their Products	1,801.93	4.27
11	K. Glass & Glassware	1,556.66	32.46
12	L. Cement and Cement Products	-	-
13	M. Basic Metal and Metal Products (sum of M.1 and M.2)	2,690.23	3,088.08
131	M.1 Iron and Steel	2,171.00	3,059.92
132	M.2 Other Metal and Metal Products	519.23	28.16
14	N. ALL ENGINEERING (sum of N.1 & N.2)	6,785.88	2,257.02
141	N.1 Electronics	2,342.16	1,168.28
142	N.2 Others	4,443.72	1,088.73

<b>Industry Code</b>	<b>Industry Name</b>	<b>Fund based Amount</b>	<b>Non-Fund based Amount</b>
15	O. Vehicles, Vehicle Parts and Transport Equipments	10,460.32	682.49
16	P. Gems and Jewellery	-	-
17	Q. Construction	-	-
18	R. Infrastructure (sum of R.1 to R.4)	12,059.18	2,171.57
181	R.1 Transport (sum of R.1.1 to R.1.5)	3,900.00	-
1811	R.1.1 Railways	-	-
1812	R.1.2 Roadways	-	-
1813	R.1.3 Airport	-	-
1814	R.1.4 Waterways	3,900.00	-
1815	R.1.5 Others	-	-
182	R.2 Energy (sum of R.2.1 to R.2.4)	3,509.18	-
1821	R.2.1 Electricity (generation-transportation and distribution)	2,365.45	-
18211	R.2.1.1 State Electricity Boards	-	-
18212	R.2.1.2 Others	-	-
1822	R.2.2 Oil (storage and pipeline)	797.07	-
1823	R.2.3 Gas/LNG (storage and pipeline)	346.67	39.89
1824	R.2.4 Others	-	-
183	R.3 Telecommunication	4,650.00	2,131.68
184	R.4 Others (sum of R.4.1 to R.4.3)	-	-
1841	R.4.1 Water Sanitation	-	-
1842	R.4.2 Social & Commercial Infrastructure	-	-
1843	R.4.3 Others	-	-
19	Other Industries	478.55	109.44
20	All Industries (sum of A to S)	57,170.67	25,241.13
21	Residuary Other Advances (to tally with gross advances) (a+b+c)	65,094.34	10,925.72
211	a. Education Loans	-	-
212	b. Aviation sectors	-	-
213	c. Other Residuary Advances	65,094.34	10,925.72
<b>22</b>	<b>Total Loans and Advances</b>	<b>122,265.01</b>	<b>36,166.85</b>

- The residual contractual maturity break down of assets is as follows:

(Amount in Rs. Millions)

Maturity Pattern	Advances*	Investments (gross)	Foreign Currency Assets
1 day	128.22	67,851.22	2,468.01
2-7 days	19,132.41	7,262.73	5,117.01
8-14 days	13,203.31	3,142.75	207.40
15- 30 days	20,993.55	5,101.37	747.69
31 days to up to 2 months	16,747.46	5,448.81	4,243.11
Over 2 months to up to 3 months	17,306.70	5,854.87	2,842.86
Over 3 months to 6 months	17,677.02	4,506.36	3,702.31
6 months to 1year	6,983.70	842.52	61.86
Over 1 year to 3 years	6,218.83	6,392.74	803.08
Over 3 years to 5 years	2,078.59	0.23	1.36
Over 5 years to 7 years	1,786.09	0.14	0.00
Over 7 years to 10 years	3.40	0.00	0.00
Over 10 years to 15 years	5.24	0.00	0.00
Over 15 years	0.50	0.02	0.00
<b>Total</b>	<b>122,265.01</b>	<b>106,403.75</b>	<b>20,194.69</b>

\* Overdraft maturity pattern is as per behavioural study of the bank. Overdue loans have been shown under "1day" Maturity Pattern.

\* Net advances are reported in the above mentioned table. NPA provision & NPA is NIL.

\*\* In case of investments, as per RBI circular ref no. 2015-16/109 DBR.No.BP.BC.26/21.04.098/2015-16 dated 02 July 2015, the bucketing of excess SLR and MSF securities are slotted in Day 1 bucket and mandatory SLR securities as DTL profile. Investment bucketing is with reference to RBI circular ref no. 2015-16/344 DBR.BP.BC.No.86 / 21.04.098/2015-16 dated 23-Mar-2016, where the bucketing for structural liquidity statement has been revised for the short term buckets from 8-14 days, 15-28 days and 29 days -3 months to 8-14 days, 15-30 days, 31 days-2 months and 2 – 3 months to align it with LCR computation.

a. Amount of NPAs (Gross) – Funded

(Amount in Rs. Millions)

Category	Amount
Sub Standard	-
Doubtful – 1	-
Doubtful – 2	-
Doubtful – 3	-
Loss	-
NPAs (Gross)	-

b. The amount of net NPAs is NIL.

- The NPA ratios are as under:
  - Gross NPAs to Gross Advances: Nil
  - Net NPAs to Net Advances: Nil

- The movement of gross NPAs is as under:

*(Amount in Rs. Millions)*

	Funded Advances
i) Opening Balance at the beginning of the year	700.00
ii) Addition during the year	-
iii) Reduction during the year	(700.00)
iv) Closing Balance as at the end of the year (i + ii - iii)	-

- The movement of provision for NPAs is as under:

*(Amount in Rs. Millions)*

	Funded Advances
i) Opening Balance at the beginning of the year	700.00
ii) Provisions made during the year	-
iii) Write-off made during the year	-
iv) Write –back of excess provisions made during the year	(700.00)
v) Closing Balance as at the end of the year (i + ii - iii-iv)	-

- Amount of NPA by major industry type is as below: Nil

- The movement of Specific and General provisions is as under:

*(Amount in Rs. Millions)*

Provisions on account of	Type of Provision	Opening Balance	Provisions made during year	Write-off	Write-back of excess provisions	Closing Balance
NPA (Funded)	Specific	700.00	-	-	(700.00)	-
NPA (Non Funded)	Specific	102.97	2.43	-	-	105.40
Standard Assets (Loans)	General	481.81	35.92	-	-	517.73
Stressed Sector Advances	Specific	2.02	9.85	-	-	11.87
Incremental exposure beyond NPLL	Specific	-	20.36	-	-	20.36
Standard Assets (Derivative MTM)	General	109.88	22.48	-	-	132.36
Unhedged Foreign Currency Exposure	General	101.84	55.34	-	-	157.18
Country Risk	General	123.04	-	-	(52.42)	70.62
<b>Total</b>		<b>1,621.56</b>	<b>146.38</b>	-	<b>(752.42)</b>	<b>1,015.52</b>

- The amount of non-performing investment is NIL.
- The amount of provisions held for non-performing investment is NIL.



- The movement of provisions for depreciation on investments is as under:

*(Amount in Rs. Millions)*

	<b>Amount</b>
i) Opening Balance at the beginning of the year	10.76
ii) Provisions made during the year	173.00
iii) Write-off made during the year	-
iv) Write –back of excess provisions made during the year	-
v) Closing Balance as at the end of the year (i + ii - iii-iv)	183.76

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

**Qualitative disclosures**

- Bank has decided to use the ratings of the following credit rating agencies for Credit Exposure of Indian Operations, in line with RBI guidelines:

**Domestic Credit Rating Agencies**

- a) Credit Analysis and Research Ltd.
- b) Credit Rating Information Services of India Limited-CRISIL Ltd.
- c) India Ratings and Research Pvt Ltd (Fitch)
- d) ICRA Limited
- e) Brickworks Ratings India Pvt. Limited
- f) SMERA Ratings Limited (SMERA)

- For exposure with a contractual maturity of less than or equal to one year (except cash credit, overdraft and other revolving credits), short term ratings given by approved rating agencies to be used.
- For domestic cash credit, overdraft and other revolving credits (irrespective of the period) and for Term Loan exposures of over one year, long term ratings to be used.

**Quantitative disclosures**

- The exposure amounts after risk mitigation ( subject to the standardized approach) in different risk buckets are as under:

*(Amount in Rs. Millions)*

i) Below 100% risk weight exposure outstanding	322,103.85
ii) 100% risk weight exposure outstanding	31,245.93
iii) More than 100%	69,653.69
iv) Deducted	-
<b>Total</b>	<b>423,003.47</b>

**Note:** The above table covers all exposures except those for Market Risk & Operational Risk.

## Leverage Ratio, Capital Measure and Exposure Measure

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage;

$$\text{Leverage Ratio} = \text{Capital Measure} / \text{Exposure Measure}$$

Following table shows Leverage ratio, Capital Measure and Economic Measure as on 31st Dec 19 along with the comparatives of prior three quarter ends:

*(Amount in Rs. Millions)*

	As on			
	31-Dec-19	30-Sep-19	30-Jun-19	31-Mar-19
Capital Measure <b>(A)</b>	<b>51,420.09</b>	<b>51,297.44</b>	<b>49,086.57</b>	<b>49,112.09</b>
Exposure Measure <b>(B)</b>	<b>406,611.31</b>	<b>414,303.42</b>	<b>401,909.98</b>	<b>418,509.00</b>
On Balance sheet exposure	272,011.31	281,979.76	294,347.79	305,220.45
Derivatives Exposure	106,149.02	104,122.16	86,523.78	86,748.28
Securities Financing transactions exposure	-	-	-	2,748.54
Off Balance sheet Items	28,450.98	28,201.50	21,038.41	23,791.73
Leverage Ratio <b>(A/B)</b>	<b>12.65%</b>	<b>12.38%</b>	<b>12.21%</b>	<b>11.74%</b>