

**Table DF – 1: Scope of application**

**Name of the head of the banking group to which the framework applies**

The BASEL III - Pillar 3 disclosures contained herein relate to MUFG Bank, India Branches (herein also referred to as the 'Bank').

These are compiled in accordance with the Reserve Bank of India (the 'RBI') Master Circular – Basel III Capital regulation DBR. No.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 and the amendments thereto issued from time to time.

**Qualitative Disclosures**

- List of group entities considered for consolidation

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Not Applicable						

- List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Not Applicable					

**Quantitative Disclosures**

- List of group entities considered for consolidation

Name of the entity / country of incorporation (as indicated in (i)a. above)	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Not Applicable			

## Qualitative Disclosures

- The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries / country of incorporation	Principle activity of the entity	Total balance sheet equity <i>(as stated in the accounting balance sheet of the legal entity)</i>	% of bank's holding in the total equity	Capital deficiencies
Not Applicable				

- The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

Name of the insurance entities / country of incorporation	Principle activity of the entity	Total balance sheet equity <i>(as stated in the accounting balance sheet of the legal entity)</i>	% of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
Not Applicable				

- Any restrictions or impediments on transfer of funds or regulatory capital within the banking group:

Not Applicable

**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 30<sup>th</sup> Sep 19, 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 maintains as of 30<sup>th</sup> Sep 19</b>
CRAR	12.375%	20.72%
Tier 1 CRAR	10.375%	20.11%
Common Equity Tier 1(CET1)	8.875%	20.11%

- 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. 27,092.40 mio.
- The Capital requirements for market risk (under standardised duration approach ) are:

Risk Category	(Amount in Rs. Millions)
i) Interest rate risk	1200.918
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)	1560.918

- The Capital charge for Operational Risk under Basic Indicator Approach (BIA) is Rs. 1,338.10 mio as on 30<sup>th</sup> Sep 19. 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 (%)	20.72%
CRAR-Common Equity Tier 1 Capital (%)	20.11%
CRAR-Tier I capital (%)	20.11%
CRAR-Tier II capital (%)	0.61%

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)*

Category	Amount
Fund Based*	129,431.71
Non Fund Based**	37,090.74

\* 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)*

Category	Overseas	Domestic
Fund Based	-	129,431.71
Non Fund Based	-	37,090.74

- 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)	345.00	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	345.00	8.10
3	C. Beverages (excluding Tea & Coffee) and Tobacco (sum of C.1 & C.2)	2,561.00	-
31	C.1 Tobacco and Tobacco Products	-	-
32	C.2 Others	2,561.00	-
4	D. Textiles (sum of D.1 to D.6)	2,028.19	-
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	2,028.19	-
5	E. Leather and Leather Products	-	-
6	F. Wood And Wood Products	-	-
7	G. Paper and Paper Products	700.00	-
8	H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-
9	I. CHEMICALS AND CHEMICAL PRODUCTS (DYES, PAINTS, ETC.) (sum of I.1 to I.4)	19,615.95	9,644.03

Industry Code	Industry Name	Fund based Amount	Non-Fund based Amount
91	I.1 Fertilizers	3,680.00	-
92	I.2 Drugs and Pharmaceuticals	13,945.33	1,696.31
93	I.3 Petro-chemicals (excluding under infrastructure)	826.50	1,183.76
94	I.4 Others	1,164.11	6,763.95
10	J. Rubber, Plastic and their Products	563.78	4.27
11	K. Glass & Glassware	980.00	28.67
12	L. Cement and Cement Products	-	-
13	M. Basic Metal and Metal Products (sum of M.1 and M.2)	2,694.54	2,167.85
131	M.1 Iron and Steel	2,126.00	2,139.69
132	M.2 Other Metal and Metal Products	568.54	28.16
14	N. ALL ENGINEERING (sum of N.1 & N.2)	7,405.10	2,252.99
141	N.1 Electronics	459.86	1,133.57
142	N.2 Others	6,945.24	1,119.42
15	O. Vehicles, Vehicle Parts and Transport Equipments	20,638.16	767.95
16	P. Gems and Jewellery	-	-
17	Q. Construction	-	3,243.94
18	R. Infrastructure (sum of R.1 to R.4)	5,021.13	1,929.27
181	R.1 Transport (sum of R.1.1 to R.1.5)	-	-
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)	1,121.13	-
1821	R.2.1 Electricity (generation-transportation and distribution)	-	-
18211	R.2.1.1 State Electricity Boards	-	-



Industry Code	Industry Name	Fund based Amount	Non-Fund based Amount
		-	
18212	R.2.1.2 Others	-	-
1822	R.2.2 Oil (storage and pipeline)	-	-
1823	R.2.3 Gas/LNG (storage and pipeline)	1,121.13	31.67
1824	R.2.4 Others	-	-
183	R.3 Telecommunication	-	1,897.60
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	562.31	115.33
20	All Industries (sum of A to S)	63,115.15	29,948.98
21	Residuary Other Advances (to tally with gross advances) (a+b+c)	66,316.56	7,141.75
211	a. Education Loans	-	-
212	b. Aviation sectors	-	-
213	c. Other Residuary Advances	66,316.56	7,141.75
<b>22</b>	<b>Total Loans and Advances</b>	<b>129,431.71</b>	<b>37,090.73</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	3,563.99	73,744.69	1,434.96
2-7 days	15,216.81	3,842.00	3,866.37
8-14 days	9,104.52	3,375.04	569.84
15- 30 days	27,460.39	6,117.55	1,949.49
31 days to up to 2 months	22,721.12	9,672.09	9,500.54
Over 2 months to up to 3 months	16,864.15	2,455.93	2,164.16
Over 3 months to 6 months	23,566.16	2,221.09	2,781.54
6 months to 1year	5,811.43	1,922.06	-
Over 1 year to 3 years	3,638.70	6,529.15	797.34
Over 3 years to 5 years	920.67	1.04	1.35
Over 5 years to 7 years	554.46	0.37	-
Over 7 years to 10 years	3.46	0.01	-
Over 10 years to 15 years	5.34	-	-
Over 15 years	0.50	0.07	-
<b>Total</b>	<b>129,431.71</b>	<b>109,881.08</b>	<b>23,065.59</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)	-
Non Funded exposure	Specific	102.97	2.43	-	-	105.40
Standard Assets (Loans)	General	481.81	35.92	-	-	517.73
Stressed Sector Advances	Specific	2.02	10.92	-	-	12.94
Exposure to Large Borrowers	Specific	-	0.19	-	-	0.19
Standard Assets (Derivative MTM)	General	109.88	22.48	-	-	132.36
Unhedged Foreign Currency Exposure	General	101.84	15.84	-	-	117.68
Country Risk	General	123.04	-	-	(52.42)	70.62
<b>Total</b>		<b>1,621.56</b>	<b>87.78</b>	-	<b>(752.42)</b>	<b>956.92</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)

	Amount
i) Opening Balance at the beginning of the year	10.76
ii) Provisions made during the year	3.84
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)	14.60

**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:

	<i>(Amount in Rs. Millions)</i>
i) Below 100% risk weight exposure outstanding	322,172.63
ii) 100% risk weight exposure outstanding	31,434.22
iii) More than 100%	75,851.65
iv) Deducted	
<b>Total</b>	<b>429,458.50</b>

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

### Table DF – 5: Credit Risk: Disclosures for Standardized Approaches

#### Qualitative disclosures

- Process for collateral valuation is being determined by the policies and procedures laid down by Head Office.
- The collaterals commonly taken by the Bank for risk mitigation are financial collaterals comprising of Bank deposits and other categories comprising of movable and immovable assets/landed properties and these serve to minimize the loss resulting from credit default.
- The counter party guarantors considered by the Bank are generally parent companies of our Borrower. While taking such corporate guarantees, factors like the constitution of the Guarantors, the percentage of shareholding in the Borrower and credit worthiness of the Guarantor is considered.
- The Bank does not take any capital relief on account of credit risk mitigation. Exposure limits to single and group borrowers, various industries are well defined in our credit policy and adherence to the same is monitored regularly. Funding strategies are in alignment with the Asset Liability Management position.

#### Quantitative disclosures

- The Bank has not considered any eligible financial collateral for on or off balance sheet netting.
- The Bank has not considered any disclosed portfolio covered by guarantees/credit derivatives (whenever specifically permitted by RBI) for on or off balance sheet netting.

**Table DF – 6: Securitization Exposures: Disclosure for Standardized Approach**

**Qualitative disclosures**

- The Bank has not originated any securitization transaction in during the period from April 19 to Sep19.
- The Bank has invested in Pass Through Certificates (PTCs) to meet Priority Sector targets.
- The Bank performs regular stress tests on the pool of Assets basis various scenarios to periodically assess the health of portfolio. The PTC in which the bank has invested is rated 'AAA' by CRISIL.
- Investment in PTC is done through Board Approval. There is no specific policy for PTC Investment.

**Quantitative disclosures – Trading book**

- The outstanding balance of PTC as on 30<sup>th</sup> Sep 19 is INR 1,277.31 mio. Risk weight of 20% is applied based on AAA rating by CRISIL to calculate Risk weighted Assets on PTC.
- PTCs are valued at quarterly intervals by discounting its cash flows using Annualized GSec ZCYC curve added with spread of NBFC published by PDAI jointly with FIMMDA periodically. Depreciation if any is provided for and appreciation if any is ignored.

**Table DF – 7: Market risk in the trading book**

### Qualitative disclosures

The objective of the Bank's market risk management is to manage and control market risk exposures in order to optimize return on risk while maintaining a market profile consistent with our risk appetite.

### General

The Market Risk Management Department, India (MRM), an independent unit, monitors and reports the limit utilizations to internal management / regulator / HO as per laid down guidelines. It supervises the day to day monitoring of various Market Related Risk parameters. The primary categories of market risk for the Bank are interest rate risk, currency exchange rate risk. Market risk arises on financial instruments, which are measured at fair value in the trading book.

#### *a) Strategy and Processes*

The Bank has market risk management process, which consists of risk identification, limits setting and risk monitoring. The process ensures that the market risk assumed by bank is within the stipulated risk appetite of the Bank. This risk appetite is handed down through different types of limits such as Position, Gap, VaR, liquidity etc.

#### *b) Scope and nature of risk measurement, reporting and monitoring*

The bank has in place the risk monitoring system which is capable of computing and monitoring various market risk limits. The tools include position limits, sensitivity analysis (PVBP limits), stop loss limit, VaR, Stressed VaR and stress testing. The Bank has adopted the Current Exposure Method prescribed by RBI for measuring the credit risk on derivative products. The bank computes market risk capital charge on trading portfolio consisting of derivatives / forex and investments in AFS portfolio capital requirements for market risk (under standardized duration approach). These limits are monitored and reported by MRM through system reports and reported to management / HO/ regulator on an ongoing basis as per frequency prescribed in risk management framework.

### Quantitative disclosures

- The capital requirements for market risk (under standardized duration approach) are:

*(Amount in Rs. Millions)*

<b>Risk Category</b>	<b>Amount</b>
i) Interest rate risk	1200.92
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)	1560.92

## **Table DF – 8: Operational risk**

### **Qualitative disclosures**

#### *a) General*

Operational risk (OR) is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

#### *b) Strategy and Processes*

The Bank manages this risk within a control-based environment in which processes are documented, authorization is independent and transactions are reconciled and monitored. The bank has in place appropriate policies and procedures to effectively control the operational risk arising on account of inadequate or failure of internal process.

#### *c) Scope and Nature of Risk reporting, monitoring and mitigation*

The Bank manages operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with RBI requirements.

Assessments are undertaken of the operational risks facing businesses and the risks inherent in its processes, activities and products. A regular report on operational losses if any is made to the Bank's senior management through the Risk Management Committee.

The Bank conducts operational risk assessments in the annual Internal Capital Adequacy Assessment Process (ICAAP) to evaluate whether the operational risk capital is sufficient. These calculations are reviewed and approved by the India Executive Committee on an annual basis.

Capital charge for Operations Risk is computed as per the Basic Indicator Approach. The average of the gross income, as defined in the New Capital Adequacy Framework guidelines, for the previous 3 years is considered for computing the capital charge. The required capital is Rs. 1,338.10 mio.



**Table DF – 9: Interest rate risk in the banking book**

**Qualitative Disclosures**

Interest rate risk in non-trading portfolios arises principally from mismatches between the future yield on assets and their funding cost as a result of interest rate changes.

***Asset Management (ALM) Committee***

The Bank has ALM Committee to manage Assets and Liability. The purpose of ALM committee is to bring together information which is necessary for ALM and liquidity management in the presence of the executive members of ALCO, and to form policies on ALM and liquidity management as required from time to time, together with discussing other important matters on ALM and liquidity management.

***Scope and nature of Risk reporting, measurement, monitoring and mitigation***

The objective of measuring and monitoring of interest rate risk is to maximize the net interest income within the overall risk appetite of the Bank.

Bank undertakes behavioral analysis of on/off- balance sheet items to bucket non-maturing asset and liability, availing of overdraft, optionality in term deposit etc. while preparing interest rate sensitivity statements. Bank also undertakes variance analysis to validate the assumption taken through behavioral analysis which is used for preparation of structural liquidity and Interest rate sensitivity reports.

IRRBB is measured and controlled using both

- Earning Perspective (Traditional Gap analysis) and
- Economic Value Perspective (duration gap analysis).

Earning Perspective measures the sensitivity of the net interest income to changes in interest rate over the next 12 months. It involves bucketing of rate sensitivity assets, liabilities and off-balance sheet items as per residual maturity/ re-pricing dates in various time buckets and computing change of income under 200 basis points upward and downward rate shocks over a period of one year. Economic value prospective calculates the change in present value of Bank's expected cash flow over 200 basis points upwards and downwards rate shocks. Bank also conducts stress test to determine resilience and countermeasures to be taken. The impact of Market Value of Equity due to adverse movement of interest rate is determined by using modified duration approach.

IRRBB is monitored as part of the Bank's Internal Capital Adequacy Assessment Process and capital maintained, if required, based on this assessment

The ALM committee monitors the overall monthly market risk, profit/ loss of the portfolio, evaluate the market risk & loss limit excesses, interest rate risk, conduct reviews, discussion and comment upon areas of market, liquidity risk and monitor the market condition, liquidity matters, evaluation of the economic environment and also to share information on customers' activities in treasury and credit areas.

## **Quantitative Disclosure**

### **Earning Prospective**

The impact on the bank's interest income due to the change in the interest Rate Risk is being monitored on a regular basis. Impact of 200 bps change upward/downwards in interest rate on Net Interest Income (NII) amounted to expected loss/gain of Rs. 131.24 mio approx. based on Asset Liability position of 30<sup>th</sup> Sep 19 using Traditional Gap Analysis.

### **Economic Value Prospective**

The economic value reflects the aggregated effects of a change in market interest rates by discounting all future cash flows. A long-term impact of changes in interest rates is on bank's Market Value of Equity (MVE) or Net worth through changes in the economic value of its assets, liabilities and off-balance sheet positions. Impact of 200 bps change upward/downwards in interest rate on Market Value of equity amounted to expected loss/gain of Rs. 571.00 mio based on asset Liability position of 30<sup>th</sup> Sep 19 using Modified Duration Gap Analysis.

**Table DF – 10: General disclosure for exposures related to counterparty credit risk**

**Qualitative Disclosures**

Counterparty credit risk (CCR) is the risk that a Bank’s counterparty defaults in a FX, interest rate, commodity or credit derivative contract prior to or at the maturity date of the contract and that the Bank at the time has a claim on the counterparty.

**Credit Limits**

The counterparty credit risk limits for the banking counterparties are assessed and approved as per internal guidelines by Head Office based on proposal of treasury. The limit review is carried out annually or as and when required. The Market Risk Management, India (MRM), an independent unit, monitors and reports the limit utilizations to internal management / HO as per laid down guidelines.

The exposure on CCIL (Clearing Corporation of India Limited) on account of forex forward and SFT is assessed as per the RBI guidelines prescribed for Qualified Central Counterparty (QCCP).

The credit valuation adjustment (CVA) is an adjustment to the value of OTC derivative transaction contracts to reflect, within fair value, the possibility that the counterparty may default or migrate to a lower credit grade, and we may not receive the full market value of the transactions. The capital for counterparty risk exposure for derivatives transactions is assessed as per standardized approach prescribed by RBI.

***Impact of credit rating downgrade***

Credit ratings are formally reviewed at least annually and additionally reviewed whenever there is any major credit event / releases of regular earning statements of companies. Credit Risk Management monitors credit ratings of all counterparties on an on-going basis and Credit Analysis team initiates rating actions throughout the year based on changes in business conditions / specific credit events /changes in sector outlooks / views of external rating agencies.

**Quantitative Disclosure**

The derivatives exposure is calculated using Current Exposure Method. The balance outstanding as on 30<sup>th</sup> Sep 19 is given below:

*(Amount in Rs. Millions)*

Particulars		
	Notional Amounts	Current Exposure
Foreign exchange contracts	865,034.25	26,144.74
Interest rate derivative contracts	760,227.61	15,522.00
Currency swaps	446,857.18	53,981.62
Currency Options	83,820.46	7,872.06
<b>Total</b>	<b>2,155,938.89</b>	<b>103,520.42</b>

**Table DF – 11: Composition of Capital***(Amount in Rs. Millions)*

Basel III common disclosure template as on 30 <sup>th</sup> Sep 19			
Common Equity Tier 1 capital : instruments and reserves			Ref No
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	22,073.36	A1
2	Retained earnings	19,629.82	A5
3	Accumulated other comprehensive income (and other reserves)	9,720.04	A2+A3+A4
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies <sup>1</sup> )		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	51,423.22	A1+A2+A3+A4+A5
Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments	122.65	
8	Goodwill (net of related tax liability)		
9	Intangibles (net of related tax liability)		
10	Deferred tax assets <sup>2</sup>	3.13	
11	Cash-flow hedge reserve		
12	Shortfall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets		
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) <sup>3</sup>		
20	Mortgage servicing rights <sup>4</sup> (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences <sup>5</sup> (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold <sup>6</sup>		
23	of which : significant investments in the common stock of financial entities		
24	of which : mortgage servicing rights		
25	of which : deferred tax assets arising from temporary differences		

26	National specific regulatory adjustments <sup>7</sup> (26a+26b+26c+26d)		
26a	of which : Investments in the equity capital of unconsolidated insurance subsidiaries		
26b	of which : Investments in the equity capital of unconsolidated non-financial subsidiaries <sup>8</sup>		
26c	of which : Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank <sup>9</sup>		
26d	of which : Unamortised pension funds expenditures		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	<b>Total regulatory adjustments to Common equity Tier 1</b>	125.78	
29	<b>Common Equity Tier 1 capital (CET1)</b>	51,297.44	
<b>Additional Tier 1 capital : instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)		
31	of which : classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32	of which : classified as liabilities under applicable accounting standards (Perpetual debt Instruments)		
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	of which : instruments issued by subsidiaries subject to phase out		
36	<b>Additional Tier 1 capital before regulatory adjustments</b>		
<b>Additional Tier 1 capital : regulatory adjustments</b>			
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) <sup>10</sup>		
41	National specific regulatory adjustments (41a+41b)		
41a	of which : Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	of which : Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>		

44	<b>Additional Tier 1 capital (AT1)</b>		
45	<b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44)</b>	51,297.44	
<b>Tier 2 capital : instruments and provisions</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase out from Tier 2		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	of which : instruments issued by subsidiaries subject to phase out		
50	Provisions <sup>11</sup>	1,561.47	C1+C2+C3+C4+C5+C6
51	<b>Tier 2 capital before regulatory adjustments</b>	1,561.47	
<b>Tier 2 capital : regulatory adjustments</b>			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)		
55	Significant investments <sup>12</sup> in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
56	National specific regulatory adjustments (56a+56b)		
56a	of which : Investments in the Tier 2 capital of unconsolidated insurance subsidiaries		
56b	of which : Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank		
57	<b>Total regulatory adjustments to Tier 2 capital</b>		
58	<b>Tier 2 capital (T2)</b>	1,561.47	
59	<b>Total capital (TC = T1 + T2) (45 + 58)</b>	52,858.91	
60	<b>Total risk weighted assets (60a + 60b + 60c)</b>	255,077.82	
60a	of which : total credit risk weighted assets	218,840.05	
60b	of which : total market risk weighted assets	19,511.48	
60c	of which : total operational risk weighted assets	16,726.29	
<b>Capital ratios and buffers</b>			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	20.11%	
62	Tier 1 (as a percentage of risk weighted assets)	20.11%	
63	Total capital (as a percentage of risk weighted assets)	20.72%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)		
65	of which : capital conservation buffer requirement		
66	of which : bank specific countercyclical buffer requirement		

67	of which : G-SIB buffer requirement		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)		
<b>National minima (if different from Basel III)</b>			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	8.875%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	10.375%	
71	National total capital minimum ratio (if different from Basel III minimum)	12.375%	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Non-significant investments in the capital of other financial entities		
73	Significant investments in the common stock of financial entities		
74	Mortgage servicing rights (net of related tax liability)		
75	Deferred tax assets arising from temporary differences (net of related tax liability)		
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	1,561.47	C1+C2+C3+C4+C5+C6
77	Cap on inclusion of provisions in Tier 2 under standardised approach	3,188.47	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		
<b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)</b>			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

Notes to the template		
Row no. of the template	Particular	(Amount in Rs. Millions)
10	Deferred tax assets associated with accumulated losses	3.13
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	
	Total as indicated in row 10	3.13
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	
	of which : Increase in Common Equity Tier 1 capital	
	of which : Increase in Additional Tier 1 capital	
	of which : Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then :	
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
50	Eligible Provisions included in Tier 2 capital	1,561.47
	Eligible Revaluation Reserves included in Tier 2 capital	
	Total of row 50	1,561.47



**Table DF – 12: Composition of Capital – Reconciliation Requirements**

**Step 1:**

As there is no difference between regulatory scope of consolidation and accounting scope of consolidation, the bank is not required to disclose the reported balance sheet under the regulatory scope of consolidation.

**Step 2:**

*(Amount in Rs. Millions)*

		<b>Balance sheet as in financial statements</b>	<b>Balance sheet under regulatory scope of consolidation</b>	<b>Reference no.</b>
		<b>As on 30<sup>th</sup> Sep 19</b>	<b>As on 30<sup>th</sup> Sep 19</b>	
<b>A</b>	<b>Capital &amp; Liabilities</b>			
i	Paid-up Capital	<b>22,073.36</b>	<b>22,073.36</b>	A1
	<i>of which: Amount eligible for CET1</i>	22,073.36	22,073.36	
	<i>of which: Amount eligible for AT1</i>	-	-	
	Reserves & Surplus	<b>33,039.45</b>	<b>33,039.46</b>	
	Statutory Reserves	7,817.63	7,817.63	A2
	Revenue Reserves	1,894.87	1,894.87	A3
	Capital Reserves	7.54	7.54	A4
	Investment Reserve Account	31.08	31.08	C5
	Investment Fluctuation Reserve	692.00	692.00	C6
	Retained Earnings	19,629.82	19,629.82	A5
	Balance in Profit & Loss Account	2,966.51	2,966.51	
	Minority Interest	-	-	
	<b>Total Capital+ Reserves</b>	<b>55,112.81</b>	<b>55,112.81</b>	
ii	Deposits	<b>179,107.62</b>	<b>179,107.62</b>	
	<i>of which: Deposits from banks</i>	156.95	156.95	
	<i>of which: Customer deposits</i>	176,977.83	176,977.83	
	<i>of which: Other deposits (NCD issued)</i>	1,972.84	1,972.84	
iii	Borrowings	<b>39,037.74</b>	<b>39,037.74</b>	
	<i>of which: From RBI</i>	4,100.00	4,100.00	
	<i>of which: From banks</i>	6,000.00	6,000.00	
	<i>of which: From other institutions &amp; agencies</i>	-	-	
	<i>of which: Others (Banks outside India)</i>	28,937.74	28,937.74	
	<i>of which: Capital instruments</i>	-	-	
iv	Other liabilities & provisions	<b>38,772.53</b>	<b>38,772.53</b>	
	Of which			
	Provision for Standard Assets(Loans)	517.73	517.73	C1
	Provision for Standard Assets(Derivative MTM)	132.36	132.36	C2
	Provision for Country Risk	70.62	70.62	C3
	Provision for Unhedged Foreign Currency Exposure	117.68	117.68	C4
	Provision on Stress Sector Advances	12.94	12.94	
	Specific Provision	105.40	105.40	
	Provision on NPA	-	-	

	Provision for Tax(including income tax and wealth tax)	3,136.37	3,136.37
	<b>Total Liabilities</b>	<b>312,030.70</b>	<b>312,030.70</b>
<b>B</b>	<b>Assets</b>		
i	Cash and balances with Reserve Bank of India	9,094.37	9,094.37
	Balance with banks and money at call and short notice	19,343.73	19,343.73
ii	Investments	<b>109,881.08</b>	<b>109,881.08</b>
	<i>of which: Government securities</i>	107,612.06	107,612.06
	<i>of which: Other approved securities</i>	-	-
	<i>of which: Shares</i>	-	-
	<i>of which: Debentures &amp; Bonds</i>	-	-
	<i>of which: Subsidiaries / Joint Ventures / Associates</i>	-	-
	<i>of which: Others (PTC&amp; NCD)</i>	1,277.32	1,277.32
iii	Loans and advances	<b>129,431.71</b>	<b>129,431.71</b>
	<i>of which: Loans and advances to banks</i>	33,127.15	33,127.15
	<i>of which: Loans and advances to customers</i>	96,304.56	96,304.56
iv	Fixed assets	367.86	367.86
v	Other assets	<b>43,911.95</b>	<b>43,911.95</b>
	Of which		
	<i>Goodwill and intangible assets</i>	-	-
	<i>Deferred tax assets</i>	731.96	731.96
vi	Goodwill on consolidation	-	-
vii	Debit balance in Profit & Loss account	-	-
	<b>Total Assets</b>	<b>312,030.70</b>	<b>312,030.70</b>

### **Table DF 13-Main Features of Regulatory Capital Instruments**

The Bank has not issued any Regulatory Capital Instruments during the period. Regulatory capital increases for the Bank generally take place via capital infusion from our Head Office, increase in statutory/ regulatory reserves and/or retention of Remittable Surplus for CRAR requirements.

### **Table DF-14-Full Terms and Conditions of Regulatory Capital Instruments**

There were no regulatory capital instruments issued by the Bank during the period.

### **Table DF-15-Disclosures Requirements for Remuneration**

In terms of guidelines issued by RBI vide circular no. DBOD. No. BC 72/29.67.001/2011-12 dated 13th Jan 2012 on "Compensation of Whole Time director/Chief Executive Officers/ Risk takers and Control function staff, etc.", the Bank has submitted a declaration received from its Head Office to RBI to the effect that the compensation structure in India, including that of Regional Executive, is in conformity with Financial Stability Board principles and standards.

### **Table DF-16-Equities Disclosures for Banking Book Positions**

The Bank does not have any equity under the Banking Book.

### **Table DF-17- Summary of comparison of accounting assets and leverage ratio exposure**

	<b>Item</b>	<b>(Amount in Rs. Millions)</b>
1	Total consolidated assets as per published financial statements	281,982.86
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0.00
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0.00
4	Adjustments for derivative financial instruments	104,122.16
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0.00
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	28,201.50
7	Other adjustments	(3.10)
8	Leverage ratio exposure	414,303.42

**Table DF-18- Leverage ratio disclosure**

	Item	(Amount in Rs. Millions)
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	281,985.96
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(3.10)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	281,982.86
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	30,047.84
5	Add-on amounts for PFE associated with all derivatives transactions	74,074.32
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00
9	Adjusted effective notional amount of written credit derivatives	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11	Total derivative exposures (sum of lines 4 to 10)	104,122.16
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0.00
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00
14	CCR exposure for SFT assets	0.00
15	Agent transaction exposures	0.00
16	Total securities financing transaction exposures (sum of lines 12 to 15)	0.00
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	34,768.60
18	(Adjustments for conversion to credit equivalent amounts)	(10,976.87)
19	Off-balance sheet items (sum of lines 17 and 18)	23,791.73
Capital and total exposures		
20	Tier 1 capital	51,297.44
21	Total exposures (sum of lines 3, 11, 16 and 19)	414,303.42
Leverage ratio		
22	Basel III Leverage ratio	12.38%