

Table DF – 2: AS ON 30.06.2018

CAPITAL ADEQUACY

Qualitative disclosures:

Banks in India implemented capital adequacy measures in April 1992 based on the capital adequacy framework (Basel-I) issued by the Basel Committee on Banking Supervision (BCBS) and the guidelines issued by Reserve Bank of India (RBI) from time to time. Initially the Basel framework addressed the capital for credit risk, which was subsequently amended to include capital for market risk. In line with the guidelines issued by the RBI the bank was compliant with the relevant guidelines.

Subsequently, the BCBS released the “International Convergence of Capital Measurement and Capital Standards: A Revised Framework” on June 26, 2004. The Revised Framework was updated in November 2005 to include trading activities and the treatment of double default effects and a comprehensive version of the framework was issued in June 2006.

In line with the RBI guidelines, the Bank had migrated to the revised (Basel-II) framework from 31.3.2008 and continues to be compliant with the requirements of Basel-II framework.

The Bank has computed capital for market risk and operational risk as per the prescribed guidelines at the bank’s Central Office, based on the relevant data. In computation of capital for Credit risk under Standardized Approach, the bank has relied upon the borrower-wise data captured from each individual branch besides portfolios held at Central Office of the bank. In all loan types, the credit risk capital computation is done on borrower basis or facility type basis as per the segmentation advised in the RBI guidelines. For this purpose, the Bank has developed in-house software, which enables computation of capital for credit risk of the advances portfolio of the branches and generation of the requisite reports at the Branch level, Regional Office level and Central Office level through CBS System. Necessary training is imparted to the field staff periodically on various aspects of capital computation and close interactions held with the coordinators at Regional Offices, to ensure accuracy and consistency of data in capital computation.

Reserve Bank of India has issued guidelines on implementation of Basel III capital regulations in India to be implemented in a phased manner effective from April 1, 2013 with Banks disclosing Basel III capital ratios from the quarter ending June 30, 2013. The bank is complying with the same.

RBI has prescribed that banks are required to maintain a minimum total capital (MTC) of 9% of total risk weighted assets (RWAs) i.e. capital to risk weighted assets (CRAR). The framework issued by RBI prescribes maintenance of a minimum Tier-1 CRAR of 7% with a minimum CET 1 of 5.5%. Total Capital (Tier 1 Capital plus Tier 2 Capital) must be at least 9% of RWAs on an ongoing basis. Thus, within the minimum CRAR of 9%, Tier 2 capital can be admitted maximum up to 2%. As per Basel III guidelines, in addition to the minimum Common Equity Tier 1 capital of 5.5% of RWAs, banks are also required to maintain a capital conservation buffer (CCB) of 2.5% of RWAs in the form of Common Equity Tier 1 capital with a transitional arrangement from 31.03.2016 to 31.03.2019 at 0.625% every year. Presently, Banks are required to maintain 1.25% as CCB.

The Bank has put in place a policy on Internal Capital Adequacy Assessment Process (ICAAP) and the framework in consideration of the relevant risk factors of the bank as a measure towards adequacy of capital available to meet the residual risk as part of Pillar 2 requirements of the revised framework commensurate with the bank's overall risk profile. In framing the policy the bank has taken into consideration the requirements prescribed by the RBI in their guidelines and bank's risk appetite.

As part of Basel III framework RBI has introduced Leverage Ratio concept. The leverage ratio is the ratio of Tier-1 capital (Common Equity + Additional Tier I) and total exposure (as defined under Basel III). The leverage ratio has to be maintained on a quarterly basis. Banks operating in India are required to make **disclosure** of the leverage ratio on quarterly basis and its components from April 1, 2015 on a quarterly basis.

RBI has issued guidelines on two minimum standards Viz. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for funding liquidity. The LCR promotes short term resilience of banks to potential liquidity disruptions by ensuring that bank have sufficient high quality liquid assets (HQLA) to survive an acute stress scenario lasting for 30 days. With a view to provide transition time for banks, the requirement would be minimum of 60% for the calendar year 2015 i.e with effect from January 1, 2015 and rise in equal steps to reach the minimum required level of 100% on January 1, 2019 as per the time line given below:

	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019
Minimum LCR	60%	70%	80%	90%	100%

LCR for the bank as on 30.06.2018 stood at 409.0337% which is well above the RBI stipulated level of 80% for the current calendar year. Bank is having enough liquidity to meet sudden cash outflows.

Quantitative disclosures

(Rs. in Crore)

a) Capital requirements for credit risk	
• Portfolios subject to standardised approach	8668.97
• Securitisation exposures	0.00
b) Capital requirements for market risk:	
• Standardised duration approach	
- Interest rate risk	423.56
- Foreign Exchange risk (including gold)	5.40
- Equity risk	713.36
c) Capital requirements for operational risk	
• Basic indicator approach	1262.29
• The Standardised Approach	Not Applicable
d) Common Equity Tier 1 Capital Ratio	
For the top consolidated group; and	
• Total Capital Ratio (CRAR)	7.98%
• Total CRAR (Subject to application of Prudential Floor)	7.98%
• Total Tier I Capital Ratio (Tier I CRAR)	5.77%
• Common Equity Tier-I Capital Ratio	5.73%

Table DF-3:

Qualitative Disclosures

CREDIT RISK: GENERAL DISCLOSURES FOR ALL BANKS

Credit Risk is the possibility of losses associated with diminution in the credit quality of borrowers or counter parties. In a Bank's portfolio, Credit Risk arises mostly from lending and investment activities of the Bank if a borrower / counterparty is unable to meet its financial obligations to the lender/investor. It emanates from changes in the credit quality/worthiness of the borrowers or counter parties. Credit risk also includes counterparty risk and country risk.

Credit rating and Appraisal Process:

The Bank manages its credit risk through continuous measuring and monitoring of risks at obligor (borrower) and portfolio level. The Bank has a robust internal credit rating framework and well-established standardized credit appraisal / approval process. Credit rating is a facilitating process that enables the bank to assess the inherent merits and demerits of a proposal. It is a decision enabling tool that helps the bank to take a view on acceptability or otherwise of any credit proposal.

The rating models factor quantitative and qualitative attributes relating to Risk components such as Industry Risk, Business Risk, Management Risk, Financial Risk, Project risk (where applicable) and Facility Risk etc. The data on industry risk is regularly updated supported by CRISIL based on market conditions.

Bank has implemented "Retail Scoring Models" for Pushpaka (Vehicle Loan), Clean Loan and Housing loan irrespective of the amount w.e.f 02.01.2017.

The bank follows a well-defined multi layered discretionary power structure for sanction of loans and advances. Approval Committees has been constituted at all levels covering Exceptionally Large branch / RO / CO for recommending fresh/enhancement proposal to appropriate sanctioning authorities. Specific Sanctioning Powers have been delegated to Branch Managers.

The new Products/Process/Services introduced by Bank and Modification of existing Product/Process/Services are examined at the head office level by Risk Management Department depending upon the type of risks involved in the new product / process. Then it shall be examined by newly introduced two committees at head office level namely Product/Process Risk Mitigation Committee (PRMC) and Business Process Re-engineering committee (BPR) before launching product/process/service.

Credit Risk Management Policies

The bank has put in place a well-structured loan policy and credit risk management policy duly approved by Board. The policy document defines organizational structure, role and responsibilities and processes whereby the Credit Risk carried by the Bank can be identified, quantified and managed within the framework that the Bank

considers consistent with its mandate and risk tolerance. Credit risk is monitored by the bank on a bank-wide basis and compliance with the risk limits approved by Board / RMCB is ensured. The Credit Risk Management Committee (CRMC) takes into account the risk tolerance level of the Bank and accordingly handles the issues relating to Safety, Liquidity, Prudential Norms and Exposure limits.

The bank has taken earnest steps to put in place best credit risk management practices in the bank. In addition to Loan Policy and Credit Risk Management Policy, the bank has also framed Funds and Investment Policy, Counter Party Risk Management Policy and Country Risk Management Policy etc., which forms integral part of monitoring of credit risk in the bank. Besides, the bank has implemented a policy on collateral management and credit risk mitigation which lays down the details of securities (both prime and collateral) normally accepted by the Bank and administration of such securities to protect the interest of the bank. Presently, some select securities act as mitigation against credit risk (in capital computation), to which the bank is exposed.

CREDIT RISK: GENERAL DISCLOSURES FOR ALL BANKS

Quantitative Disclosures	(Rs. in Crore) 30.06.2018
a) Total gross credit risk exposures:	234231.23
Fund based	219046.32
Non fund based	15184.91
b) Geographic distribution of exposures,	
• Domestic	
Fund based	138357.02
Non Fund based	18442.39
• Overseas	
Fund based	10402.85
Non Fund based	1353.35
c) Industry type distribution of exposures, fund based and non-fund based separately	Details provided below
d) Residual contractual maturity breakdown of assets	Details provided below
e) Amount of NPAs (Gross)	38146.05
• Substandard	8338.55
• Doubtful (D1, D2, D3)	29185.34
• Loss	622.16
f) Net NPAs	19641.81
g) NPA Ratios	
• Gross NPAs to gross advances	25.64%
• Net NPAs to net advances	15.10%
h) Movement of NPAs (Gross)	
• Opening balance (01.04.2018)	38180.15
• Additions	2529.37
• Reductions	2563.49
• Closing balance (30.06.2018)	38146.05

(Rs. in Crore)

Quantitative Disclosures	30.06.2018
i) Movement of provisions for NPAs <ul style="list-style-type: none"> • Opening balance (01.04.2018) • Provisions made during the period • Write off / Write back of excess provisions • Closing balance (30.06.2018) 	17333.78 2293.96 1568.95 18058.79
j) Amount of Non-Performing Investments	1701.52
k) Amount of provisions held for non-performing investments (Includes MTM of NPI Shares Rs. 1084.30 Crs. and MTM of NPI Bonds Rs. 5.81 Crs.)	1281.07
l) Movement of provisions for depreciation on investments <ul style="list-style-type: none"> • Opening Balance • Provisions made during the period (RBI vide circular dated 15.06.2018 permitted Banks the option to spread provisioning for their Mark to Market (MTM) losses on investments held in AFS and HFT portfolio for the quarter ending June 2018 equally over four quarters, commencing with the quarter ending June 2018 and ending March 2019.) • Write-off / Write-back of excess provisions • Closing Balance 	1607.89 146.50* - 1754.39

* In view of the above relaxation given by RBI, we have availed the option of staggering the additional Mark to Market (MTM)provision of Rs. 586.02 Crs as on 30.06.2018 equally over four quarters beginning from quarter ended June 2018 for investments in AFS and HFT portfolio. The additional provision made for June 2018 is Rs. 146.50 Crs and the remaining amount of Rs. 439.52Crs shall be provided equally over the next three quarters.

Residual contractual Maturity break down of Assets

(Rs. in crore)

Particulars	Amount
Day 1	15,552.36
2 Days – 7 Days	10,205.22
8 Days – 14 Days	3,457.26
15 Days – 30 Days	4,320.43
31 Days – 2 Months	12,231.56
2 Months – 3 Months	15,350.56
3 Months – 6 Months	18,445.89
>6 Months – 12 Months	40,912.42
>1 Year – 3 Years	31,980.22
>3 Years – 5 Years	17,675.09
> 5 Years	79,326.58

Covers Gross Assets for Global operations

INDUSTRY WISE EXPOSURES

(Rs. in Crore)

Industry Name	Outstanding
Mining and quarrying	3,061.05
Food Processing	463.50
Of which Sugar	63.23
Of which Edible Oils and Vanaspati	267.25
Of which Tea	0.25
Beverages and Tobacco	40.80
Cotton Textiles	2,001.52
Jute Textiles	3.65
Handicraft/ Khadi (Non Priority)	117.72
Other Textiles	2,038.07
Leather and Leather Products	543.94
Wood and Wood Products	560.59
Paper and Paper Products	520.01
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	805.48
Chemicals and Chemical Products (Dyes, Paints, etc.,)	2,164.30
Of which Fertilisers	46.92
Of Which Drugs and Pharmaceuticals	635.02
Of which Others	1,482.36
Rubber, Plastic and their products	950.68
Glass & Glassware	134.75
Cement and Cement Products	840.19
Iron and Steel	9,681.91
Other Metal and Metal Products	1,492.66
All Engineering	4,249.69
Of which Electronics	1,166.76
Vehicles, Vehicle Parts and Transport Equipments	2,155.68
Gems and Jewellery	1,304.68
Construction	1,123.40
Infrastructure	18,193.04
Of which Roadways	8,868.11
Of which Energy	8,408.75
Of which Telecommunications	916.18
Other Industries	5,720.31
Residuary Other Advances to balance Gross Advances	90,592.26
Of which Aviation Sector	1,005.62
Total Loans and Advances	1,48,759.88

Table DF-4:**CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH
(as on 30.06.2018)****Quantitative Disclosures**

(Rs. in Crore)

Classification	Exposure after Mitigation (EAM)	EAM covered under External Rating	Unrated
<u>ADVANCES / INVESTMENT</u>			
Below 100% risk weight	115399.00	20129.12	95269.88
100% risk weight	33416.94	7426.06	25990.88
More than 100% risk weight	19202.20	5182.84	14019.36
Deducted	0.00	0.00	0.00
TOTAL	168018.13	32738.01	135280.12
<u>OTHER ASSETS</u>			
Below 100% risk weight	24205.65	3653.49	20552.16
100% risk weight	2137.07	0.00	2137.07
More than 100% risk weight	2.25	0.00	2.25
Deducted	0.00	0.00	0.00
TOTAL	26344.97	3653.49	22691.48

Table DF 17- Summary comparison of accounting assets vs. leverage ratio exposure measure		
	Item	(Rs. in Cr)
1	Total consolidated assets as per published financial statements	238551
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	289
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative financial instruments	1064
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	8700
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	14309
7	Other adjustments	18435
8	Leverage ratio exposure	243899

Table DF-18: Leverage ratio common disclosure template

	Item	Leverage ratio framework (Rs. in Cr)
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	238551
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	18724
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	219827
Derivative exposures		
4	Replacement cost associated with all <i>derivatives</i> transactions (i.e. net of eligible cash variation margin)	188
5	Add-on amounts for PFE associated with <i>all derivatives</i> transactions	876
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	--
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	--
8	(Exempted CCP leg of client-cleared trade exposures)	--
9	Adjusted effective notional amount of written credit derivatives	--
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	--
11	Total derivative exposures (sum of lines 4 to 10)	1064
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	--
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	--
14	CCR exposure for SFT assets	8700
15	Agent transaction exposures	--
16	Total securities financing transaction exposures (sum of lines 12 to 15)	8700
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	23728
18	(Adjustments for conversion to credit equivalent amounts)	9419
19	Off-balance sheet items (sum of lines 17 and 18)	14309
Capital and total exposures		
20	Tier 1 capital	7286
21	Total exposures (sum of lines 3, 11, 16 and 19)	243899
Leverage Ratio		
22	Basel III leverage ratio	2.99%