Table DF –2: CAPITAL ADEQUACY

Qualitative disclosures:

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.
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.

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. 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 2.50% of RWAs in the form of Common Equity Tier 1 capital. As on 31.12.2023, Bank has maintained CRAR of 16.80% (including CCB of 2.50%)

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. Final guidelines were issued vide RBI circular RBI/2018-19/225 DBR.BP.BC.No.49/21.06.201/2018-19 dated: 28.06.2019 where in it was decided that Non -Domestic Systemically Important Banks (DSIBs) have to maintain a leverage ratio of 3.50% w.e.f 01.10.2020. Bank's Leverage Ratio as on 31.12.2023 is 5.47% as against 3.50 % being stipulated by RBI

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. Bank has calculated LCR for all working days over the December'2023 quarter. Bank's LCR for the quarter ended 31st December 2023 stands at 140.58% based on daily average of three months (Q1 FY 2023-24) and is well above the present minimum requirement prescribed by RBI of 100%.

Net Stable Funding Ratio (NSFR) promotes resilience of Banks over a longer-term time horizon by requiring banks to fund their activities with more stable sources of funding on an ongoing basis. Bank has calculated NSFR for 31st December 2023 which stands at 141.35% which is well above the RBI prescribed minimum requirement of 100%.

(Rs in Crores)

Quantitative Disclosures	**As on 31.12.2023**
a) Capital requirement for Credit Risk	
• Portfolio subject to Standardized Approach	10311.34
• Securitisation Exposures	0.00
b) Captal requirement for Market Risk	
Standardised Duration Approach	
• Interest Rate Risk	393.10
• Foreign Exchange Risk	9.90
• Equity Risk	275.43
c) Capital requirement for Operational Risk	
Basic Indicator Approach	
Operational Risk	1336.39
d)Total and Tier-I Capital Ratio	
• Total Capital Ratio (CRAR)	16.80%
• Total CRAR (subject to application of Prudential Floor)	16.80%
• Total Tier 1 Capital Ratio (Tier 1 CRAR)	13.95%
• Common Equity Tier-I Capital Ratio	13.95%

Table DF-3:

CREDIT RISK: GENERAL DISCLOSURES FOR ALL BANKS

<u>Qualitative disclosures:</u>

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 and supported by CRISIL, based on market conditions.

Borrowal accounts having exposure of Rs 100 Lacs and above are rated under RAM procured from CRISIL and exposure below Rs.100 Lacs are rated under the IMACS (ICRA) risk rating models. Thus, all the eligible accounts are subjected to Risk Scores Rating spanning over a number of risk parameters.

Bank has implemented "Retail Scoring Models" for Vehicle Loan, Clean Loan, Education Loan, Housing loan and other Retail Loans. Bank has developed an in-house scoring model for rating Small MSME borrowers of loan value up to Rs.10 lacs.

The bank follows a well-defined multi layered discretionary power structure for sanction of loans and advances. Credit sanctioning at regional office and Central Office are happening through various committees. Specific Sanctioning Powers have been delegated to Branch Managers.
As per Loan Policy Document of the Bank, all the accounts having an exposure above Rs.25 Cr and above (other than MSME, Agri and special schemes) are mandatorily externally rated and the accounts eligible for dynamic rating are rated dynamically.
MSME accounts and all Special Schemes having an exposure of Rs.25.00 Cr and up to Rs.100.00 Cr are exempted from compulsory External rating.

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 Interest Rate Policy on Advances, 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

(Rs. in Crore)

Quantitative Disclosure:	**31.12.2023**
a) Global total gross credit risk exposures: Fund based Non fund based	**355833.61** 339639.37 16194.24
b) Geographic distribution of exposures, • **Domestic** Fund based Non Fund based (LC + LG) • **Overseas** Fund based Non Fund based (LC + LG)	 198053.27 16438.11 18110.05 1041.03
c) Industry type distribution of exposures, fund based and non-fund based separately	Annexed
d) Residual contractual maturity breakdown of assets	Annexed
e) Amount of NPAs (Gross) • Substandard • Doubtful a. Doubtful 1 b. Doubtful 2 c. Doubtful 3 • Loss	8440.83 1308.57 4941.19 1207.64 1743.76 1989.79 2191.07
f) Net NPAs	1302.58
g) NPA Ratios • Gross NPAs to gross advances • Net NPAs to net advances	 3.90 % 0.62%
h) Movement of NPAs (Gross) • Opening balance (01.04.2023) • Additions • Reductions • Closing balance (31.12.2023)	 14071.55 1298.86 6929.57 8440.83
i) Movement of provisions for NPAs • Opening balance (01.04.2023) • Provisions made during the period • Write off / Write back of excess provisions • Closing balance (31.12.2023)	 10519.00 2297.00 5968.00 6848.00
j) Amount of Non-Performing Investments	2192.22
k) Amount of provisions held for non-performing investments	2175.60

Quantitative Disclosure:	31.12.2023
I) Movement of provisions for depreciation on investments • Opening Balance (01.04.2022) • Provisions made during the period • Write-off / Write-back of excess provisions • Closing Balance (31.12.2022)	 2091.27 780.21 881.29 1990.19

Residual contractual Maturity break down of Assets (Covers Gross Assets for Global operations)

(**Rs.in crore**)

Particulars	**Amount**
Day 1	12057.90
2 Days – 7 Days	21555.21
8 Days – 14 Days	6175.30
15 Days – 30 Days	5728.05
31 Days – 2 Months	11430.92
2 Months – 3 Months	19353.92
3 Months – 6 Months	24086.68
>6 Months – 12 Months	48705.53
>1 Year – 3 Years	73232.16
>3 Years – 5 Years	21405.47
> 5 Years	119267.22

INDUSTRY WISE EXPOSURES AS ON 31.12.2023

(**Rs. in crore**)

Industry Name	**Exposure as on 31.12.2023**
Mining and quarrying	3556.34
Food Processing	4122.63
Of which Sugar	852.88
Of which Edible Oils and Vanaspati	561.03
Of which Tea	137.20
Beverages and Tobacco	999.85
Cotton Textiles	2883.87
Jute Textiles	88.28
Handicraft/ Khadi (Non Priority)	555.01
Other Textiles	3764.27
Leather and Leather Products	656.04
Wood and Wood Products	682.53
Paper and Paper Products	1517.37

Industry Name	Exposure as on 31.12.2023
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	3032.74
Chemicals and Chemical Products (Dyes, Paints, etc.,)	3940.97
Of which Fertilisers	2198.51
Of Which Drugs and Pharmaceuticals	561.28
Of which Others	1181.18
Rubber, Plastic and their products	1578.85
Glass & Glassware	44.80
Cement and Cement Products	1340.17
Iron and Steel	5843.64
Other Metal and Metal Products	2661.40
All Engineering	6450.28
Of which Electronics	1142.35
Vehicles, Vehicle Parts and Transport Equipments	4036.36
Gems and Jewellery	3487.88
Construction	1509.20
Infrastructure	26724.31
Of which Roadways	7773.70
Of which Energy	12708.70
Of which Telecommunications	3034.90
Other Industries	157.50
Residuary Other Advances	209698.58
Of which Aviation Sector	171.03
Total Loans and Advances	289503.88

Table DF-4:

CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH (as on 31.12.2023)

Qualitative disclosures:

General Principle:

In accordance with the RBI guidelines, the Bank has adopted New Capital Adequacy Framework for computation of capital for credit risk. In computation of capital, the bank has assigned risk weight to different asset classes as prescribed by the RBI from time to time.

External Credit Ratings:

Rating of borrowers by External Credit Rating Agencies (ECRAs) assumes importance in the light of Guidelines for implementation of the Basel III Capital Adequacy Framework. Exposures on Corporates / Public Sector Enterprises/ Primary Dealers are assigned with risk weights based on available external ratings. For this purpose, Bank uses Credit Rating assigned by RBI accredited Domestic External Credit Rating Agency. In consideration of the above, the Bank has decided to accept the ratings assigned by all these ECRAs for arriving Risk Weighted Assets and computation of Capital. The RBI has provided for mapping public issue ratings on to comparable assets into banking book. However, this particular provision has not been taken into account in Credit Risk Capital Computation.

The bank uses only solicited external ratings for capital computation purpose. External ratings assigned fresh or reviewed during the previous 15 months are reckoned for capital computation by the bank.

For the purpose of capital computation of overseas exposures, ratings assigned by the international rating agencies namely Fitch, Moody's and Standard & Poor's are used as per RBI guidelines.

As per Loan Policy Document of the Bank, all the Accounts having exposure of Rs.25.00 Cr and above are mandatorily externally rated except MSME & Special Credit Schemes. MSME Accounts and all special schemes having exposure of Rs 25 Crores & up to Rs 100 Crores are exempted from compulsory External Rating.

Internal Credit Rating:

The bank has a well-structured internal credit rating mechanism to evaluate the credit risk associated with a borrower. Bank has put in place a Risk Assessment Model (RAM) to rate accounts under various segments for exposures of Rs 1 Crore and above. Bank uses CRRM Rating to rate MSME & Agriculture borrowers for exposure below Rs 1 Crore

Bank has also introduced the concept of "Dynamic Rating, which is based on certain triggers. Realizing the focus on Retail, Agriculture and MSME (RAM) growth as strategy, Bank introduced Retail Scoring Model on 01.01.2017 and integrated with on-line loan processing. The rating validation is independent of credit departments.

Based on the internal ratings, credit decisions are taken as regards the acceptability of proposals and level of exposures and pricing. The bank has prescribed entry level rating in case of new accounts. Accounts with ratings below the prescribed rating entry level can be considered only by higher authorities as per the delegated powers prescribed.

Quantitative Disclosures **(Rs in Crores)**

Classification	Exposure After Mitigation (EAM)	EAM Covered under External Rating	Unrated
Advances/Investment			
Below 100% Risk Weight	171476.49	26446.51	145029.98

At 100% Risk Weight	73285.84	7083.69	66202.16
More than 100% Risk Weight	4418.56	3285.07	1133.49
Deducted	0.00	0.00	0.00
Total	**249180.89**	**36815.27**	**212365.63**
Other Assets			
Below 100% Risk Weight	25138.08	795.89	24342.19
At 100% Risk Weight	7542.28	14.74	7527.54
More than 100% Risk Weight	1.49	0.00	1.49
Deducted	0.00	0.00	0.00
Total	**32681.85**	**810.63**	**31871.22**

Table DF 17- Summary comparison of accounting assets vs. leverage ratio exposure measure

	Items	**Amount (Rs in Crores)**
1	Total consolidated assets as per published financial statements	379676
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	209
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	4855
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	13126
7	Other adjustments	39895
8	**Leverage ratio exposure**	357552

Table DF-18: Leverage ratio common disclosure template

	Items	Rs in Crores
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	379676
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	41247
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**338429**
	Derivative exposures	
4	Replacement cost associated with all *derivatives* transactions (i.e. net of eligible cash variation margin)	643
5	Add-on amounts for PFE associated with *all* derivatives transactions	4212
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)**	**4855**
	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	0
15	Agent transaction exposures	---
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**0**

	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	31373
18	(Adjustments for conversion to credit equivalent amounts)	18247
19	**Off-balance sheet items (diference of lines 17 and 18)**	13126
	Capital and total exposures	
20	**Tier 1 capital**	19495
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	356409
	Leverage ratio	
22	**Basel III leverage ratio**	**5.47%**