Table DF – 2: AS ON 30.06.2019

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 2.5% of RWAs in the form of Common Equity Tier 1 capital with a transitional arrangement from 31.03.2016 to 31.03.2019 with an increase of 0.625% every year. However, RBI Vide Circular No. DBR.BP.BC.No.20/21.06.201/2018-19 of 10.01.2019 has informed the deferment of the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2019 to March 31, 2020. As on 31.12.2019, Banks should maintain CCB of 1.875%.

Capital Conservation Buffer is designed to ensure that banks build up capital buffers during normal times (i.e. outside periods of stress) which can be drawn down as losses are incurred during a stressed period. The bank is under stress and hence, was not able to maintain the CCB in total CRAR of the Bank as stipulated by RBI. However, Bank has maintained the CET1 percentage with CCB as on 30.06.2019.

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. Presently, RBI has not stipulated any minimum leverage ratio. It has advised Banks to do parallel run and calculate the ratio for the purpose of disclosures only. Till final guidelines are issued, Reserve Bank will monitor individual banks against an indicative leverage ratio of 4.5%.

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 providing 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 measure 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 30.06.2019 stood at 465.48% which is well above the RBI stipulated level of 100% for the current calendar year. Bank is having enough liquidity to meet sudden cash outflows.

RBI vide circular No. DBR.BP.BC.No.8/21.04.098/2018-19 of 29.11.2018 has issued final guidelines on implementation of NSFR (Net Stable Funding Ratio). As per the circular, the NSFR guidelines will come into effect from **April 1, 2020**. The above ratio should be equal to at least 100% on an ongoing basis. Bank is in readiness to comply with the NSFR guidelines.

Quantitative disclosures (Rs. in Crore)

a) **Capital requirements for credit risk**	
• Portfolios subject to standardised approach	8387.61
• Securitisation exposures	0.00
b) **Capital requirements for market risk:**	
• Standardised duration approach	
- Interest rate risk	361.97
- Foreign Exchange risk (including gold)	5.41
- Equity risk	538.21
c) **Capital requirements for operational risk**	
• Basic indicator approach	1331.37
• The Standardised Approach	Not Applicable
d) Common Equity Tier 1 Capital Ratio	
For the top consolidated group; and	
• Total Capital Ratio (CRAR)	10.02%
• Total CRAR (Subject to application of Prudential Floor)	10.02%
• Total Tier I Capital Ratio (Tier I CRAR)	7.62%
• Common Equity Tier-I Capital Ratio	7.59%

<u>Table DF-3:</u>

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

(Rs. in Crore)

Quantitative Disclosures	**30.06.2019**
a) Total gross credit risk exposures: Fund based Non fund based	**230669.03** 215369.83 15299.20
b) Geographic distribution of exposures, • **Domestic** Fund based Non Fund based • **Overseas** Fund based Non Fund based	 142110.27 15614.93 5495.81 1496.64
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 (D1, D2, D3) • Loss	33262.00 5112.86 26238.80 1910.34
f) Net NPAs	14173.84
g) NPA Ratios • Gross NPAs to gross advances • Net NPAs to net advances	 22.53% 11.04%
h) Movement of NPAs (Gross) • Opening balance (01.04.2019) • Additions • Reductions • Closing balance (30.06.2019)	 33398.12 1948.17 2084.29 33262.00
i) Movement of provisions for NPAs • Opening balance (01.04.2019) • Provisions made during the period • Write off / Write back of excess provisions • Closing balance (30.06.2019)	 18647.23 1259.20 1156.02 18750.41
j) Amount of Non-Performing Investments	2014.65
k) Amount of provisions held for non-performing investments*	1569.98

(Rs. in Crore)

Quantitative Disclosures	30.06.2019
I) Movement of provisions for depreciation on investments	
• Opening Balance	2268.31
• Provisions made during the period*	0.00
• Write-off / Write-back of excess provisions	105.73
• Closing Balance	2162.58

* Includes MTM of NPI Shares Rs.1209.77 Crs. and MTM of NPI Bonds Rs.15.50 Crs.

Residual contractual Maturity break down of Assets

(Rs. in crore)

Particulars	Amount
Day 1	12,975.04
2 Days – 7 Days	23,223.75
8 Days – 14 Days	5,060.18
15 Days – 30 Days	4,947.53
31 Days – 2 Months	14,027.67
2 Months – 3 Months	17,407.10
3 Months – 6 Months	20,743.57
>6 Months – 12 Months	47,341.72
>1 Year – 3 Years	34,935.51
>3 Years – 5 Years	15,164.81
> 5 Years	130,691.14

Covers Gross Assets for Global operations

INDUSTRY WISE EXPOSURES

(Rs. in Crore)

Industry Name	Outstanding
Mining and quarrying	3,420.36
Food Processing	917.25
Of which Sugar	52.01
Of which Edible Oils and Vanaspati	404.16
Of which Tea	0.43
Beverages and Tobacco	3.85
Cotton Textiles	2,018.44
Jute Textiles	1.62
Handicraft/ Khadi (Non Priority)	119.35
Other Textiles	2,078.41
Leather and Leather Products	528.85
Wood and Wood Products	619.26
Paper and Paper Products	899.99
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	914.21
Chemicals and Chemical Products (Dyes, Paints, etc.,)	1,963.48
Of which Fertilisers	16.25
Of Which Drugs and Pharmaceuticals	600.55
Of which Others	1,346.68
Rubber, Plastic and their products	972.14
Glass & Glassware	148.26
Cement and Cement Products	1,246.93
Iron and Steel	8,403.87
Other Metal and Metal Products	1,474.23
All Engineering	3,894.91
Of which Electronics	1,187.42
Vehicles, Vehicle Parts and Transport Equipments	1,986.61
Gems and Jewellery	1,322.63
Construction	1,041.01
Infrastructure	20,351.63
Of which Roadways	9,107.44
Of which Energy	10,740.47
Of which Telecommunications	503.72
Other Industries	2,656.08
Residuary Other Advances to balance Gross Advances	90,622.70
Of which Aviation Sector	944.01
Total Loans and Advances	**147,606.07**

Table DF-4:

CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH (as on 30.06.2019)

Quantitative Disclosures

(Rs. in Crore)

Classification	Exposure after Mitigation (EAM)	EAM covered under External Rating	Unrated
ADVANCES / INVESTMENT			
Below 100% risk weight	97564.88	15546.55	82018.33
100% risk weight	40204.91	7574.02	32630.90
More than 100% risk weight	15374.72	6748.67	8626.06
Deducted	0.00	0.00	0.00
TOTAL	**153144.52**	**29869.24**	**123275.28**
OTHER ASSETS			
Below 100% risk weight	26340.26	2791.46	23548.80
100% risk weight	2492.17	0.00	2492.17
More than 100% risk weight	1.71	0.00	1.17
Deducted	0.00	0.00	0.00
TOTAL	**28834.14**	**2791.46**	**26042.68**

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	296988
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	1826
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	19696
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	14680
7	Other adjustments	85591
8	**Leverage ratio exposure**	**247310**

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)	296988
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	86627
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**209613**
	Derivative exposures	
4	Replacement cost associated with all *derivatives* transactions (i.e. net of eligible cash variation margin)	460
5	Add-on amounts for PFE associated with *all* derivatives transactions	1366
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)**	**1826**
	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	19696
15	Agent transaction exposures	--
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**19696**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	29335
18	(Adjustments for conversion to credit equivalent amounts)	14655
19	**Off-balance sheet items (sum of lines 17 and 18)**	**14680**
	Capital and total exposures	
20	**Tier 1 capital**	**9234**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**245815**
	Leverage Ratio	
22	**Basel III leverage ratio**	**3.76%**