Table DF – 2: AS ON 31.12.2018

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 at 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 31.12.2018, Banks should maintain CCB of 1.875%.

The capital conservation buffer (CCB) 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 requirement is based on simple capital conservation rules designed to avoid breaches of minimum capital requirements. Outside the period of stress, banks should hold buffers of capital above the regulatory minimum.

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 per best risk management practices, Bank has also framed a well-defined "Risk Appetite Statement" so that business activities are aligned with the overall strategic goals of the organization.
All new Products/Process/Services introduced by Bank and Modification of existing Product/Process/Services are examined by the Risk Management Department at

head office. Based on the Risk Management analysis, it is being presented for deliberation to Product/Process Risk Mitigation Committee (PRMC) and then to Business Process Re-engineering committee (BPR) before launching product/process/service.

As per RBI circular dated 8th January 2015, banks operating in India are required to make disclosure of the leverage ratio and its components from April 1, 2015 on a quarterly basis. The leverage ratio is the ratio of Tier-1 capital (Common Equity + Additional Tier I) and total exposure (as defined under Basel III). RBI has not yet fixed any minimum percentage to be maintained for leverage ratio. However, they have mentioned that they would monitor Banks against an indicative ratio of 4.50%.

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.
As per the guideline, Bank has to maintain minimum LCR of 90% as on 31.12.2018. With effect from 01.01.2019, Bank has to maintain LCR of 100%.

LCR for the bank as on 31.12.2018 stood at 382.69% which is well above the RBI stipulated level of 90% 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	8709.26
• Securitisation exposures	0.00
b) **Capital requirements for market risk:**	
• Standardised duration approach	
- Interest rate risk	412.38
- Foreign Exchange risk (including gold)	5.41
- Equity risk	585.24
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)	8.86%
• Total CRAR (Subject to application of Prudential Floor)	8.86%
• Total Tier I Capital Ratio (Tier I CRAR)	6.73%
• Common Equity Tier-I Capital Ratio	6.70%

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. Bank has developed in house a scoring model for rating Small MSME borrowers requesting for loans upto Rs.10 lacs.

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.

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	**31.12.2018**
a) Total gross credit risk exposures: Fund based Non fund based	**234775.77** 220086.96 14688.81
b) Geographic distribution of exposures, • **Domestic** Fund based Non Fund based • **Overseas** Fund based Non Fund based	 143728.68 15784.73 6861.37 1352.35
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	35786.57 7075.39 28123.39 587.79
f) Net NPAs	17987.92
g) (NPA Ratios • Gross NPAs to gross advances • Net NPAs to net advances	23.76% 13.56%
h) Movement of NPAs (Gross) • Opening balance (01.04.2018) • Additions • Reductions • Closing balance (31.12.2018)	 38180.15 7426.03 9819.61 35786.57

(Rs. in Crore)

Quantitative Disclosures	**31.12.2018**
i) Movement of provisions for NPAs	
• Opening balance (01.04.2018)	17333.78
• Provisions made during the period	5920.71
• Write off / Write back of excess provisions	5864.62
• Closing balance (31.12.2018)	17389.87
j) Amount of Non-Performing Investments*	1654.49
k) Amount of provisions held for non-performing investments	1552.01
l) Movement of provisions for depreciation on investments	
• Opening Balance	1997.15
• Provisions made during the period** (related to the provision made in overseas branches)	98.28
• Write-off / Write-back of excess provisions	0.00
• Closing Balance	2095.43

* Includes MTM of NPI Shares Rs.1337.04 Crs. And MTM of NPI Bonds Rs.19.76 Crs.

** 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.

Residual contractual Maturity break down of Assets

(Rs. in crore)

Particulars	**Amount**
Day 1	21,287.49
2 Days – 7 Days	7,297.45
8 Days – 14 Days	3,330.35
15 Days – 30 Days	4,324.36
31 Days – 2 Months	12,909.91
2 Months – 3 Months	16,612.02
3 Months – 6 Months	20,522.11
>6 Months – 12 Months	39,590.09
>1 Year – 3 Years	32,216.48
>3 Years – 5 Years	16,140.92
> 5 Years	78,695.68

Covers Gross Assets for Global operations

INDUSTRY WISE EXPOSURES

(Rs. in Crore)

Industry Name	Outstanding
Mining and quarrying	3,460.77
Food Processing	838.09
Of which Sugar	55.31
Of which Edible Oils and Vanaspati	360.86
Of which Tea	0.25
Beverages and Tobacco	142.03
Cotton Textiles	2,096.67
Jute Textiles	1.32
Handicraft/ Khadi (Non Priority)	123.13
Other Textiles	2,194.53
Leather and Leather Products	542.52
Wood and Wood Products	572.97
Paper and Paper Products	511.73
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1,311.46
Chemicals and Chemical Products (Dyes, Paints, etc.,)	2,241.86
Of which Fertilisers	80.46
Of Which Drugs and Pharmaceuticals	687.52
Of which Others	1,473.88
Rubber, Plastic and their products	983.33
Glass & Glassware	136.20
Cement and Cement Products	867.51
Iron and Steel	8,673.85
Other Metal and Metal Products	1,555.07
All Engineering	4,282.02
Of which Electronics	1,188.20
Vehicles, Vehicle Parts and Transport Equipments	2,031.19
Gems and Jewellery	1,280.32
Construction	1,110.30
Infrastructure	22,573.32
Of which Roadways	9,127.70
Of which Energy	10,787.53
Of which Telecommunications	500.28
Other Industries	6,591.19
Residuary Other Advances to balance Gross Advances	86,468.67
Of which Aviation Sector	994.07
Total Loans and Advances	**150,590.05**

Table DF-4:

CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH (as on 31.12.2018)

Quantitative Disclosures

(Rs. in Crore)

Classification	Exposure after Mitigation (EAM)	EAM covered under External Rating	Unrated
ADVANCES / INVESTMENT			
Below 100% risk weight	112432.41	19904.55	92527.85
100% risk weight	43760.65	6729.04	37031.63
More than 100% risk weight	8527.07	2586.01	5941.05
Deducted	0.00	0.00	0.00
TOTAL	**164720.13**	**29219.60**	**135500.53**
OTHER ASSETS			
Below 100% risk weight	26407.23	2897.79	23509.44
100% risk weight	3588.99	0.00	3588.99
More than 100% risk weight	6.79	0.00	6.79
Deducted	0.00	0.00	0.00
TOTAL	**30003.01**	**2897.79**	**27105.22**

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	292285
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	1921
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	10250
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	14148
7	Other adjustments	71018
8	**Leverage ratio exposure**	247297

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)	292285
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	71307
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**220087**
	Derivative exposures	
4	Replacement cost associated with all *derivatives* transactions (i.e. net of eligible cash variation margin)	488
5	Add-on amounts for PFE associated with *all* derivatives transactions	1433
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)**	**1921**
	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	10250
15	Agent transaction exposures	--
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**10250**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	30208
18	(Adjustments for conversion to credit equivalent amounts)	16060
19	**Off-balance sheet items (sum of lines 17 and 18)**	**14148**
	Capital and total exposures	
20	**Tier 1 capital**	**8416**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**246405**
	Leverage Ratio	
22	**Basel III leverage ratio**	**3.42%**