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# Basel III- Pillar III Disclosures

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December 31, 2019

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**Table DF – 2: Capital Adequacy**
**Assessment of Capital Adequacy:**

- (a) Bank maintains capital to protect the interest of depositors, general creditors and stake holders against any unforeseen losses

As per the RBI guidelines, Banks have to maintain a Minimum Common Equity Tier 1 (CET 1) of 7.375% (including Capital Conservation Buffer of 1.875%) and minimum CRAR of 10.875%. Bank maintains Common Equity Tier 1 (CET 1) of more than 7.375% and CRAR of more than 10.875%.

- (b) In line with RBI guidelines, Bank has adopted following risk management approaches for assessing the capital adequacy:

- **Credit Risk:** Standardised Approach
- **Market Risk:** Standardised Duration Approach
- **Operational Risk:** Basic Indicator Approach

- (c) Bank projects capital for the next 3 financial years based on business projections, policy guidelines, macro-economic scenarios, risk appetite etc

- (d) Under Pillar II, Bank considers following risks while assessing / planning capital:

|                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>➤ Credit Concentration Risk</li> <li>➤ Interest Rate Risk in the Banking Book</li> <li>➤ Liquidity Risk</li> <li>➤ Counterparty Credit Risk</li> <li>➤ Compliance Risk</li> <li>➤ Reputational Risk</li> <li>➤ Model Risk</li> <li>➤ Country Risk</li> <li>➤ Compensation Risk</li> <li>➤ Legal Risk</li> </ul> | <ul style="list-style-type: none"> <li>➤ Underestimation of Credit Risk under Standardised Approach</li> <li>➤ Pension Obligation Risk</li> <li>➤ Off-Balance sheet exposure Risk</li> <li>➤ Technology Risk</li> <li>➤ Outsourcing Risk</li> <li>➤ Human Resources Risk</li> <li>➤ Residual Risk</li> <li>➤ Strategic Risk</li> <li>➤ Non-Compliance Risk</li> </ul> |
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- (e) Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, interest rate, derivatives and forex on its profitability and capital adequacy.

A comprehensive stress testing framework is put in place. Bank conducts stress test on quarterly basis based on scenarios prescribed by RBI as well as bank specific scenarios. The Stress test results are placed to various apex level committees.

The Bank assesses the impact on the following risks, as part of Stress Test:

- Credit Risk
- Market Risk
- Credit Concentration Risk
- Default Risk
- Liquidity Risk
- Interest Rate Risk in Banking Book (IRRBB)
- Operational Risk

**Quantitative disclosures (as per Basel III guidelines)**

(a) Capital requirements for credit risk:

(₹ in Million)

| Particulars                                 | Solo (Global) | Consolidated |
|---------------------------------------------|---------------|--------------|
| Portfolios subject to standardized approach | 1,43,954.60   | 1,44,002.05  |
| Securitization exposures                    | --            | --           |

b) Capital requirements for market risk:

Standardized duration approach

(₹ in Million)

| Particulars                            | Solo (Global)   | Consolidated    |
|----------------------------------------|-----------------|-----------------|
| Interest Rate Risk                     | 6,338.46        | 6,338.46        |
| Foreign Exchange Risk (including gold) | 63.00           | 63.00           |
| Equity Risk                            | 1,866.25        | 1,866.25        |
| <b>Total</b>                           | <b>8,267.71</b> | <b>8,267.71</b> |

(c) Capital requirements for operational risk:

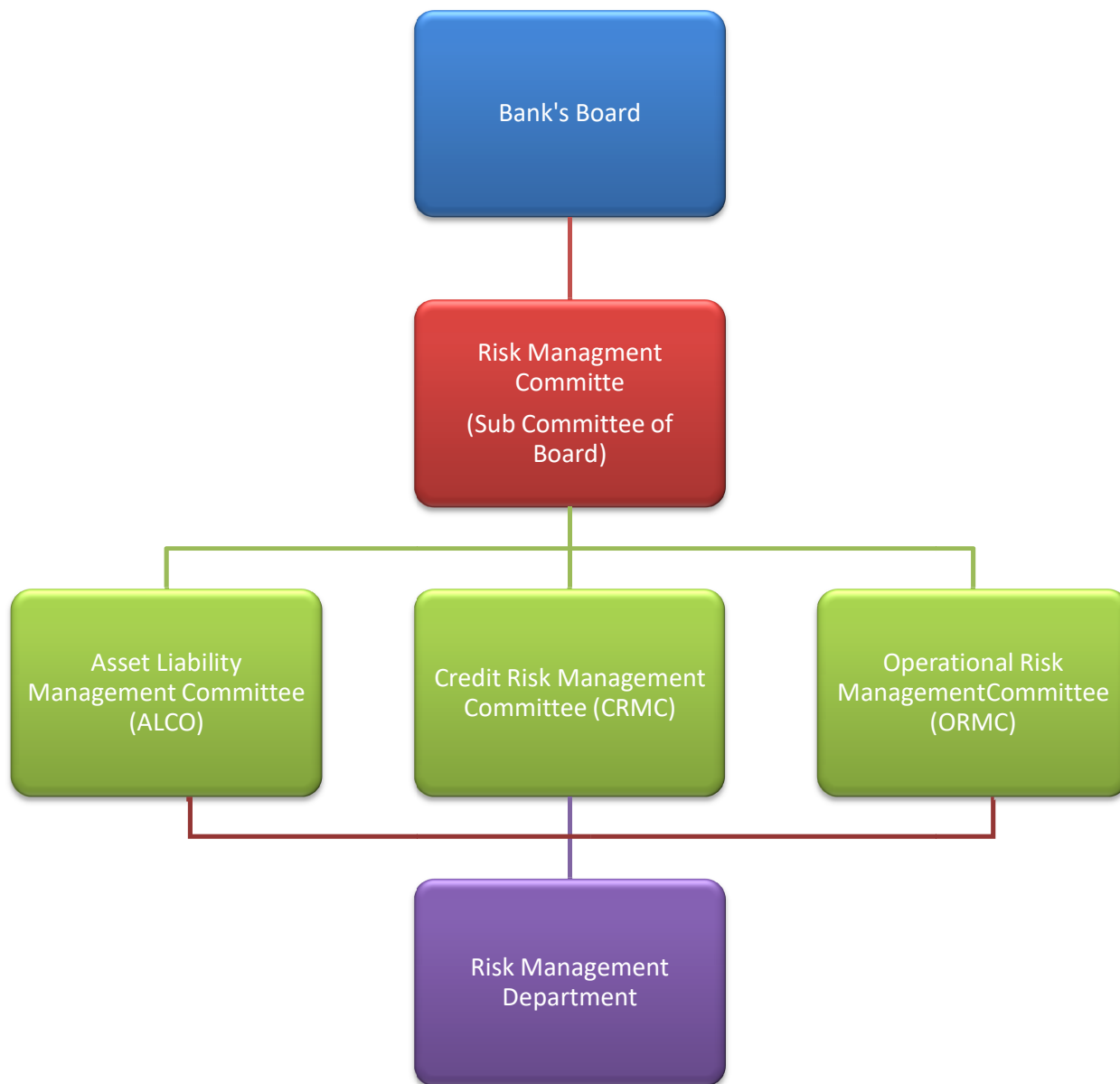
(₹ in Million)

| Particulars              | Solo (Global) | Consolidated |
|--------------------------|---------------|--------------|
| Basic Indicator Approach | 12,025.19     | 12,040.06    |

(d) Common Equity Tier 1 (CET 1), Tier 1 and Total capital ratio (as per Basel III guidelines):

| Particulars                   | Solo (Global) | Consolidated |
|-------------------------------|---------------|--------------|
| Common Equity Tier 1 (CET 1)  | 12.80%        | 13.32%       |
| Tier 1 Capital Adequacy Ratio | 13.12%        | 13.64%       |
| Total Capital Adequacy Ratio  | 15.00%        | 15.52%       |

**Organisation Structure:**



**Risk Management Architecture:**

The Bank's risk management framework is based on clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. An independent Risk Management Department is functioning for effective Enterprise-Wide Risk Management and responsible for assessment, monitoring and reporting of risk exposures across the bank. All the risks the Bank is exposed to, are managed through following three committees viz.,

- (i) Asset Liability Management Committee (ALCO)
- (ii) Credit Risk Management Committee (CRMC)
- (iii) Operational Risk Management Committee (ORMC)

These committees work within the overall guidelines and policies approved by the Board.

The Bank has put in place various policies to manage the risks. To analyze the enterprise-wide risk and with the objective of integrating all the risks of the Bank, an Integrated Risk Management policy has also been put in place. The important risk policies comprise of Credit Risk Management Policy, Asset Liability Management Policy, Market Risk Management Policy, Operational Risk Management Policy, Internal Capital Adequacy Assessment Process (ICAAP) Policy, Stress Testing Policy, Collateral Management Policy, Disclosure Policy, Reputational Risk Management Policy and Strategic Risk Management Policy.

All the policies are reviewed at a minimum on annual basis by Risk Management Committee (RMC)/ Board. In order to disseminate the risk management concepts and also to sensitize the field level functionaries, the relevant policies are circulated to the branches and field level administrative offices, in addition to imparting training at the Bank's training establishments.

**Credit Risk:**

Risk Management Systems are in place to identify and analyze the risks at the early stage and manage them by setting and monitoring prudential limits besides taking other corrective measures to face the changing risk environment.

**Limit Framework:**

In order to limit the magnitude of credit risk and concentration risk, a limit framework has been laid down for following type of exposures:

- Single and group borrower exposure, including, Large Exposure Framework
- Sensitive sector exposure
- Unsecured exposure
- Country-wise exposure
- Internal rating wise exposure
- Geographical exposure
- Term loan exposure
- Industry-wise exposure
- Interbank exposure

These exposure limits are monitored on regular basis and placed to various apex level committees of the Board.

**Rating Model:** All credit proposals are subject to a rigorous credit risk rating/scoring process to support credit decision making as well as to enhance risk management capabilities for portfolio management, pricing and risk based capital measurement.

Software driven rating mechanism is in place to assign the rating to ensure credit quality besides an entry level scoring system. The output of the rating models is used in decision making i.e. sanction,

pricing and monitoring of credit portfolio. In order to ensure robustness of the rating models, the rating models have been subjected to validation by an external agency.

**Scoring model:** The Bank has developed entry level scoring models. All the fresh sanctions coming under personal loan products are subjected to entry level scoring

Loan review mechanism and Credit audit system are in place for the periodical review/audit of the large value accounts and bring about qualitative improvements in credit administration of the Bank. In addition, Standard Assets Monitoring Committee reviews the Special Mention Accounts periodically to initiate timely action to prevent slippage of standard assets to non performing assets. As a part of monitoring mechanism, accounts which are downgraded from investment category are identified and monitored closely.

Migration analysis of ratings is done on annual basis. Also weighted average rating of industry-wise portfolio of the Bank is done on quarterly basis. Analysis of rating wise distribution of advances is also carried out on quarterly basis.

Adopting best risk management practices, credit proposals (except schematic loan proposals) coming under sanctioning powers of Corporate Office are scrutinised by the Risk Management Department.

#### **Asset Liability Management:**

Asset Liability Management framework facilitates bank to measure, monitor and control liquidity risk and interest rate risk on its balance sheet. This helps in providing suitable strategies for asset liability management. The asset liability management framework consists of the following key components

- Liquidity risk management
- Interest rate risk management
- Balance sheet and Basel III liquidity ratios
- Stress Testing and scenario analysis
- Contingency funding plan

Bank has set in place ALM policy to achieve two primary objectives as listed below:

##### **Short Term Objective:**

- To optimize the Net Interest Margin (NIM) of the Bank
- To provide adequate liquidity
- To manage re-pricing risk

##### **Long Term Objective:**

- To maximize the shareholder's wealth

Asset Liability Management is the function of Asset Liability Management Committee (ALCO). It operates under the guidance and supervision of the Board and/or Sub-Committee of Board on Risk Management. It meets at regular intervals to review the interest rate scenario, product pricing for both deposits and advances, maturity profile of the incremental assets and liabilities, demand for Bank funds, cash flows of the Bank, profit planning and overall Balance Sheet Management.

Liquidity risk is measured and monitored through two approaches-Flow approach and Stock approach. Flow approach involves comprehensive tracking of cash flow mismatches and is done through preparation of Structural liquidity statement on a daily basis. Appropriate tolerance levels/prudential limits have been stipulated for mismatches in different time buckets. Under Stock Approach various balance sheet ratios are prescribed with appropriate limits. The compliance of ratios to the prescribed limits ensures that the Bank has managed its liquidity through appropriate diversification and kept it within the sustainable limit.

For measurement and monitoring of Interest rate risk, currency wise, both Traditional gap approach and Duration gap approaches are followed. The short-term impact of interest rate movements on NIM is worked out through “Earnings at Risk” approach taking into consideration Yield curve risk, Basis risk and Embedded Options Risk. The long-term impact of interest rate movements on Market Value of Equity is also worked out through Duration Gap approach. The monthly interest rate sensitivity statement is reviewed by ALCO and Quarterly interest rate sensitivity is reviewed by RMC.

Stress testing of liquidity risk and interest rate risk is conducted on regular interval as per the RBI defined and internally defined stress scenarios. The results from internal Liquidity stress testing are used to draw contingency funding plan under different liquidity stress scenarios.

In addition to the above, bank is computing Liquidity Coverage Ratio (LCR) as per guidelines issued by RBI and is using it as a risk measurement tool to manage short term liquidity. On a monthly basis LCR statement is reviewed by ALCO.

### **Market Risk Management:**

Market risk is the possibility of loss caused by adverse movements in the market variables. The Bank for International Settlements (BIS) defines market risk as “the risk that the value of ‘on’ or ‘off’ balance sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices”. Thus, Market Risk is the risk to the bank’s earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange and equities, as well as the volatilities of those changes. The objective of market risk management is to assist the business units in maximizing the risk adjusted return by providing analytics driven inputs regarding market risk exposures, portfolio performance vis-à-vis risk exposures and comparable benchmarks. Following risks are managed under Market Risk.

- Interest Rate Risk
- Exchange Rate Risk
- Equity Price Risk

The market risk may also arise from changes in commodity prices and volatility. However, Bank does not have any exposure to commodity related markets.

Market Risk Management (MRM) Framework of the bank is as follows:

- a) **Risk Identification:** The Policy is focused on setting a framework for identifying, assessing and managing market risk in order to provide clarity on various dimensions of risk identification and recognition to each of the business functions.
- b) **Risk Measurement and Limits:** Bank recognizes that no single risk statistic can reflect all aspects of market risk. Therefore, various statistical and non-statistical risk measures are used to enhance the stability of risk measurement of market risk. Together, these risk measures provide a more comprehensive view of market risk exposure than any single measure. Market risk is managed with various metrics viz. Value at Risk (VaR), Earnings at Risk (EaR), Modified duration (MD), PV01 Limits, Net Overnight Open Position Limits (NOOPL), Individual Gap Limit (IGL) and Aggregate Gap Limit (AGL) currency wise and also through sensitivity analysis. Stress testing is also conducted on a regular basis to monitor the vulnerability of the bank to extreme but plausible unfavourable shocks.
- c) **Risk Monitoring:** Bank monitors and controls its risk, using various internal and regulatory risk limits for trading book which are set based on economic scenario, business strategy, management experience and Bank’s risk appetite. Rate scan is carried out to ensure that transactions are carried out at prevailing market rates.
- d) **Risk Reporting:** Mid Office monitors treasury operations on day to day basis. A daily report is placed to Chief Risk Officer and on monthly basis to ALCO. Stress testing is done for assessing

market risk as per framework prescribed in Stress Test Policy and reported to ALCO on Quarterly basis.

Market risk management is governed by comprehensive board approved Market Risk Management Policy, Integrated Treasury Management Policy, Stress Testing Policy and Derivative Policy to ensure that the risks spread across different activities carrying an underlying market risk are within the stipulated risk appetite of the bank. All the policies are benchmarked with industry-best practices and RBI regulations. The risk reporting mechanism in the Bank comprises disclosures and reporting to the various management committees.

### **Operational Risk:**

#### **Strategies and Processes**

Operational Risk (OR) is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risk management policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders within the Bank and framework for 'identification, assessment, monitoring and mitigation of risk. The Bank also has a detailed framework for operational risk loss data collection, risk and control self-assessment and key risk indicators.

Based on the above policy the Bank has initiated several measures to manage operational risk. The Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of several internal committees viz., Risk Management Committee, Operational Risk Management Committee, Zonal operational Risk Management Committee, Business continuity policy and disaster recovery management policy as advocated the guidelines of RBI .

#### **Structure and Organisation**

The Risk Management Committee (RMC) of the Board at the apex level is the policy making body. The RMC is supported by the Operational Risk Management Committee (ORMC), consisting of Senior Management personnel, which is responsible for implementation of the Operational Risk policies of the Bank. This internal committee oversees the implementation of the OR framework and oversees the management of operational risks across the Bank. A dedicated operational risk management unit ensures management of operational risk. A representative of the Risk Department is also a permanent member of control committees on product management covering approval of new products, change management of processes, outsourcing, and business continuity management and information security.

#### **Scope and Nature of Operational Risk Reporting and Measurement Systems**

A systematic process for reporting risks, losses and non-compliance issues relating to operational risks has been developed and implemented. The information gathered is being used to develop triggers to initiate corrective actions to improve controls. Critical risks and major loss events are reported to the Senior Management/ORMC.

**Policies for Hedging and Mitigating Operational risk** As per the policy, all new products are being vetted by the Product Management Committee to identify and assess potential operational risks involved and suggest control measures to mitigate the risks. Each new product or service introduced is subject to a risk review and sign-off process. Similarly, any changes to the existing products/processes are being vetted by the Change Management Committee.



**Loss Data Management** - ORM department shall be responsible for maintaining the database of 'Operational Loss' incidents. Events identified for the inadequate or failed internal processes, people and/or systems, or external events causing any of the following adverse impact are collected as operational loss events

- Events constituting actual loss;
- Events with future impact (Near miss events);
- Events without loss (or gain);
- Events which seriously jeopardize the business operations (example: System downtime, strike, natural and manmade disaster etc.);
- Events caused / causing threat to employee life

**Key Risk Indicators (KRIs)** have been developed for various Business Units of the Bank for effective monitoring of key operational risks. KRIs for the branches has also been launched as a new initiative to help branches to manage operational risk better.

**Risk & Control Self Assessment:** Board approved policies to comprehend the cause- effect relationship of risk in a business environment and the relevant controls in place to mitigate the risk RCSA has been put in place.. ORM Department shall be responsible for facilitating and ensuring that self assessments are conducted periodically for the business functions and support functions in the Bank. Results of these assessments are communicated to the ORMC on a periodic basis. Action plans after self assessment will be communicated to respective Zones and CO: Inspection Department for risk mitigation.

#### **Approach for Operational Risk Capital Assessment**

As per the RBI guidelines, the Bank has followed the Basic Indicator Approach for computing the capital for operational risk for the year ending 31st March 2019.

**Table DF-3****Credit Risk: General disclosures for all banks****Qualitative Disclosures:****(a) Credit Risk Management:**

Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties.

**Architecture:**

In adherence with various guidelines and leading industry practices, the Bank has set up a robust governance structure for the management of credit risk, ensuring an adequate oversight, monitoring and reporting. The framework establishes the responsibilities of the board of directors.

The Bank has established a Board level sub-committee known as 'Risk Management Committee (RMC)' constituted in terms of RBI guidance note on Risk Management system.

**Risk Management Committee (RMC):**

The RMC evaluates overall risks faced by the Bank and is responsible for the establishment of an effective system to identify measure, monitor and control risk and recommend to the Board for its approval of policies, strategy, risk appetite and credit standards.

The Board has delegated authority to the RMC for credit risk related responsibilities.

The committee oversees credit risk management and ensures that the principal credit risks facing the Bank have been properly identified and are being appropriately managed. The committee approves and periodically reviews the overall risk appetite and credit risk management strategy. The committee reviews the risk management policies, the Bank's compliance with risk management guidelines stipulated by the RBI.

The risk committee also reviews credit risk profile and any major development, internal and external, and their impact on portfolio and as a whole on the bank

**Credit Risk Management Committee (CRMC):**

CRMC deals with the issues relating to credit policy and administration, and analyzes, manages and controls credit risk on a bank wide basis.

**Loan Review Management Committee (LRMC):**

As a part of Credit risk management process, Loan Review Management Committee (LRMC), at Corporate Office, has been constituted to undertake review of borrowal accounts sanctioned by various Committees at CO and Zonal Credit Committee.

**Definitions of past due and impaired ( for accounting purpose)**

Bank has adopted the definitions of the past due and impaired (for accounting purposes) as defined by RBI for Income Recognition and Asset Classification norms.

The policy of the bank for classifying bank's loan assets is as under:

Non Performing Asset (NPA): A non performing asset (NPA) is a loan or an advance where:

- Interest and/ or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan,
- The account remains 'out of order' in respect of an Overdraft/Cash Credit (OD/CC)
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops
- The instalment of principal or interest thereon remains overdue for one crop season for long duration crops

An OD/CC account is treated as '**out of order**' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for more than 90 days. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts are treated as '**out of order**'.

Non Performing Assets of the Bank is further classified in to three categories as under:

➤ **Sub standard Assets**

A sub standard asset is one which has remained NPA for a period less than or equal to 12 months.

➤ **Doubtful Assets**

An asset would be classified as doubtful if it has remained in the sub standard category for 12 months.

➤ **Loss Assets**

A loss asset is one where loss has been identified by the bank or by internal or external auditors or the RBI inspection.

**Credit Risk Management Policy (Part of Credit Policy):**

The Bank has put in place the Credit Risk Management Policy as part of Credit Policy and the same has been circulated to all the branches and field level administrative offices. The main objective of the policy is to ensure that the operations are in line with the expectation of the management and the strategies of the top management are translated into meaningful directions at operational level. The Policy stipulates prudential limits on large credit exposures, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, provisioning and regulatory / legal compliance.

The Bank identifies the risks to which it is exposed and applies suitable techniques to measure, monitor and control these risks.

While the Board / Risk Management Committee of the Board devises the policy and fixes various credit risk exposures, Credit Risk Management Committee implements these policies and strategies approved by the Board / RMC, monitors credit risks on a bank wide basis and ensures compliance of risk limits.

The Bank studies the concentration risk by (a) fixing exposure limits for single and group borrowers (b) rating grade limits (c) industry wise exposure limits and (d) analyzing the geographical distribution of credit across the Zones. All the Zones are categorized under four segments namely North, South, East and West.

Bank considers rating of a borrower account as an important tool to measure the credit risk associated with any borrower and accordingly implemented rating software.

(b) Total gross credit risk exposures, Fund Based and Non-fund based separately.

(₹ in Million)

| Particulars                                                            | Solo (Global)     | Consolidated      |
|------------------------------------------------------------------------|-------------------|-------------------|
| Gross Credit Risk Exposures                                            |                   |                   |
| Fund Based                                                             |                   |                   |
| Loans and Advances                                                     | 1926578.65        | 1926578.67        |
| Investments                                                            | 481723.32         | 481747.83         |
| Other Assets                                                           | 380224.10         | 380621.05         |
| <b>Total Fund Based</b>                                                | <b>2788526.08</b> | <b>2788947.56</b> |
| Non Fund Based including contingent credit, contracts and derivatives* | 888925.73         | 889174.13         |
| <b>Total Credit Risk Exposure</b>                                      | <b>3677451.81</b> | <b>3678121.69</b> |

\*includes notional principles of derivatives exposures, fund based unavailed limits, LC, acceptances Guarantees

(c) Geographic distribution of credit risk exposures Fund based and Non-fund based (solo) separately

(₹ in Million)

| Geographical Region | Fund Based        | Non Fund Based including contingent credit, contracts and derivatives | Total             |
|---------------------|-------------------|-----------------------------------------------------------------------|-------------------|
| Overseas            | 108177.94         | 32193.75                                                              | 140371.69         |
| Domestic            | 2680348.13        | 856731.98                                                             | 3537080.12        |
| <b>Total</b>        | <b>2788526.08</b> | <b>888925.73</b>                                                      | <b>3677451.81</b> |

(d) Industry-wise distribution of exposures (solo) as on 31.12.2019

(₹ in Million)

| S.No. | Major Industries/Sectors                 | Outstanding |             | Global Committed Exposure as on 31.12.2019 |
|-------|------------------------------------------|-------------|-------------|--------------------------------------------|
|       |                                          | FB Balance  | NFB Balance |                                            |
| 1     | <b>Chemicals &amp; Chemical Products</b> |             |             |                                            |
| 1.1   | Drugs and Pharmaceuticals                | 2918.68     | 76.25       | 4146.22                                    |
| 1.2   | Fertilizers                              | 2861.10     | 94.82       | 8006.88                                    |
| 1.3   | Other Chemicals & Chemical Products      | 6611.71     | 2793.14     | 14424.51                                   |
| 2     | <b>Engineering</b>                       |             |             |                                            |
| 2.1   | General Engineering Machinery and Goods  | 11769.97    | 9832.84     | 41511.12                                   |
| 2.2   | Electrical Machinery and Goods           | 3490.51     | 6208.56     | 14477.61                                   |
| 2.3   | Electronic Machinery, Goods and Software | 4469.83     | 1228.82     | 11595.51                                   |
| 3     | <b>Food Manufacturing and Processing</b> |             |             |                                            |
| 3.1   | Edible oil and Vanaspati                 | 606.82      | 780.93      | 4272.27                                    |
| 3.2   | Rice Mills, Flour Mills and Dal Mills    | 9247.50     | 2119.50     | 14956.31                                   |
| 3.3   | Sugar                                    | 3787.70     | 163.31      | 8616.69                                    |
| 3.4   | Tea and Coffee                           | 1161.00     | 0.00        | 1291.94                                    |
| 3.5   | Other Food Manufacturing and Processing  | 21071.49    | 1837.33     | 34625.03                                   |
| 4     | <b>Infrastructure</b>                    |             |             |                                            |
| 4.1   | <b>Power</b>                             |             |             |                                            |
| 4.1.1 | Electricity Generation                   | 47226.43    | 5834.98     | 77354.55                                   |
| 4.1.2 | Electricity Transmission                 | 0.00        | 0.22        | 0.22                                       |
| 4.1.3 | Electricity Distribution                 | 13497.23    | 3790.56     | 25760.62                                   |
| 4.1.4 | Renewable Energy                         | 9901.84     | 372.28      | 11038.85                                   |
| 4.2   | <b>Transport</b>                         |             |             |                                            |
| 4.2.1 | Ports and Roads                          | 22729.23    | 9121.56     | 60929.39                                   |
| 4.2.2 | Shipping                                 | 1352.19     | 23.33       | 2840.70                                    |
| 4.2.3 | Logistics                                | 3457.49     | 1794.42     | 7536.71                                    |
| 4.3   | Telecommunication                        | 864.10      | 20369.41    | 24469.25                                   |
| 4.4   | Educational Institution                  | 21990.60    | 794.27      | 36425.25                                   |
| 4.5   | Hospital                                 | 8320.54     | 603.71      | 11631.12                                   |
| 4.6   | Hotels (Three Star and above)            | 3362.45     | 127.98      | 4637.32                                    |
| 4.7   | Other Infrastructure                     | 101486.18   | 5728.91     | 143046.56                                  |
| 5     | <b>Textiles</b>                          |             |             |                                            |
| 5.1   | Cotton Textile                           | 13639.20    | 1207.83     | 23630.18                                   |
| 5.2   | Natural Fibre Textile                    | 821.59      | 0.00        | 1040.42                                    |
| 5.3   | Handloom Textile and Khadi               | 1376.98     | 200.04      | 2381.81                                    |
| 5.4   | Other Textile                            | 23924.80    | 1007.82     | 40468.38                                   |
| 6     | <b>NBFC/HFC/MFI</b>                      |             |             |                                            |
| 6.1   | Non Banking Financial Companies (NBFC)   | 109707.49   | 677.50      | 140277.19                                  |
| 6.2   | Micro Finance Institutions (MFI)         | 15103.47    | 0.00        | 16865.79                                   |
| 6.3   | Housing Finance Companies (HFC)          | 70745.91    | 0.00        | 97986.53                                   |
| 7     | <b>Basic Metal and Metal Products</b>    |             |             |                                            |
| 7.1   | Iron and Steel                           | 41806.07    | 7097.94     | 85522.88                                   |
| 7.2   | Other Metals and Metal Products          | 6698.62     | 428.48      | 9624.07                                    |
| 8     | <b>Trade</b>                             |             |             |                                            |
| 8.1   | Wholesale Trade                          | 76573.94    | 7187.55     | 139309.65                                  |
| 8.2   | Retail Trade                             | 47061.88    | 1730.17     | 64288.02                                   |
| 9     | Automobiles                              | 9975.80     | 736.97      | 15515.67                                   |
| 10    | Aviation                                 | 35.77       | 3.54        | 1338.85                                    |
| 11    | Beverages and Tobacco                    | 879.40      | 74.06       | 2775.14                                    |

|    |                                    |          |          |           |
|----|------------------------------------|----------|----------|-----------|
| 12 | Cement and Cement Products         | 10524.00 | 2291.25  | 15743.30  |
| 13 | Capital Market Exposure (CME)      | 165.24   | 147.50   | 5596.91   |
| 14 | Commercial Real Estate (CRE)       | 31489.90 | 1258.13  | 38423.18  |
| 15 | Construction Contractors           | 24230.38 | 46944.78 | 101818.52 |
| 16 | Gems and Jewellery                 | 1026.07  | 7.84     | 3514.99   |
| 17 | Glass and Glass Ware               | 2782.47  | 877.82   | 7710.90   |
| 18 | Leather and Leather Products       | 1157.96  | 130.38   | 2232.76   |
| 19 | Media and Entertainment            | 3600.44  | 4159.22  | 8553.26   |
| 20 | Mining and Quarrying               | 2116.61  | 3945.95  | 6901.42   |
| 21 | Paper and Paper Products           | 5291.41  | 358.72   | 8517.36   |
| 22 | Petroleum and Petroleum Products   | 23055.84 | 22727.30 | 81270.95  |
| 23 | Printing and Publishing            | 3572.19  | 137.91   | 4739.30   |
| 24 | Rubber, Plastic and their Products | 13497.63 | 2460.66  | 23030.17  |
| 25 | Wood and Wood Products             | 2565.69  | 759.69   | 4495.38   |
| 26 | Other Industries                   | 64317.70 | 4303.85  | 136030.54 |

As on 31.12.2019, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure

| Sl.No | Industry Classification | Percentage of the total gross credit exposure |
|-------|-------------------------|-----------------------------------------------|
| 1     | Infrastructure          | 14.87%                                        |
| 2     | NBFC/HFC/MFI            | 9.35%                                         |

(e) Residual contractual maturity break-up of advances and investments (Domestic)

(₹ in Million)

| Bucket wise               | Investments*       | Advances            |
|---------------------------|--------------------|---------------------|
| 1 day                     | 2,28,748.80        | 12,728.78           |
| 2-7 days                  | 8,127.00           | 21,319.44           |
| 8 -14 days                | 8,749.90           | 78,298.61           |
| 15 to 30 days             | 26,818.50          | 53,068.98           |
| 31 days to 2 months       | 13,545.80          | 90,152.80           |
| 2 months to 3 months      | 12,999.90          | 83,360.64           |
| Over 3 months to 6 months | 78,712.10          | 1,34,924.79         |
| Over 6 months to 1 year   | 1,03,805.40        | 2,93,317.21         |
| Over 1 year to 3 years    | 1,27,863.30        | 5,81,807.97         |
| Over 3 years to 5 years   | 40,925.00          | 2,27,135.77         |
| Over 5 years              | 1,15,871.30        | 2,76,343.67         |
| <b>Total</b>              | <b>7,66,167.00</b> | <b>18,52,458.66</b> |

\* Excludes 50% of listed equities of Rs. 2252.50 million

|     |                                        |             |
|-----|----------------------------------------|-------------|
| (f) | Amount of NPAs (Gross) – (Solo-Global) | 1,38,623.22 |
|     | ➤ Substandard                          | 42,729.06   |
|     | ➤ Doubtful 1                           | 30,099.39   |
|     | ➤ Doubtful 2                           | 43,646.70   |
|     | ➤ Doubtful 3                           | 12,676.41   |
|     | ➤ Loss                                 | 9,471.66    |
| (g) | Net NPAs                               | 64,875.87   |

|     |                                                          |             |
|-----|----------------------------------------------------------|-------------|
| (h) | NPA Ratios                                               |             |
|     | ➤ Gross NPAs to gross advances                           | 7.20%       |
|     | ➤ Net NPAs to net advances                               | 3.50%       |
| (i) | Movement of NPAs (Gross)                                 |             |
|     | ➤ Opening Balance (01.04.2019)                           | 1,33,534.52 |
|     | ➤ Additions                                              | 40,645.26   |
|     | ➤ Reductions                                             | 35,556.56   |
|     | ➤ Closing Balance (31.12.2019)                           | 1,38,623.22 |
| (j) | Movement of provisions for NPAs                          |             |
|     | ➤ Opening Balance (01.04.2019)                           | 61,318.60   |
|     | ➤ Provisions made during the period                      | 28,728.70   |
|     | ➤ Write Off / Write-back of excess provisions            | 20,890.17   |
|     | ➤ Closing balance (31.12.2019)                           | 69,157.14   |
|     |                                                          |             |
| (k) | Amount of Non-Performing investments                     | 6,212.91    |
| (l) | Amount of Provisions held for non-performing investments | 2,751.86    |
| (m) | Movement of provisions for depreciation on investments   |             |
|     | ➤ Opening balance (01/04/2019)                           | 9,718.04    |
|     | ➤ Provisions made during the period                      | 4,077.25    |
|     | ➤ Write-off                                              | 0.00        |
|     | ➤ Write-back of excess provisions                        | 4,606.33    |
|     | ➤ Closing balance (31/12/2019)                           | 9,188.96    |

(₹ in Million)

**Write off and recoveries that have been booked directly to the income statement:**

|                                                                           |          |
|---------------------------------------------------------------------------|----------|
| Recovery in Accounts under collection                                     | 1,076.85 |
| Memorandum of Interest / legal charges / Recovery in written off accounts | 103.89   |

**Amount of NPA by Major Industry type:**

(₹ in Million)

| Industry                        | Gross NPA | Provision | Net NPA   |
|---------------------------------|-----------|-----------|-----------|
| Basic Metals and metal products | 17,069.20 | 9,014.10  | 8,055.10  |
| Infrastructure including Power  | 39,196.50 | 18,288.46 | 20,908.04 |
| Textiles                        | 7,460.80  | 2,196.61  | 5,264.19  |
| All engineering                 | 6,647.30  | 5,105.86  | 1,541.44  |
| Coal and mining                 | 43.70     | 3.31      | 40.39     |

**Technical write off during the Quarter:** Rs.16991.24 million

**Geography-wise NPA**

(₹ in Million)

|                               | Domestic           | Overseas        | Global             |
|-------------------------------|--------------------|-----------------|--------------------|
| <b>Amount of NPAs (Gross)</b> |                    |                 |                    |
| ➤ Substandard                 | 41,123.41          | 1605.66         | 42,729.06          |
| ➤ Doubtful 1                  | 30,018.71          | 80.68           | 30,099.39          |
| ➤ Doubtful 2                  | 42,177.05          | 1469.65         | 43,646.70          |
| ➤ Doubtful 3                  | 10,301.77          | 2374.64         | 12,676.41          |
| ➤ Loss                        | 7,043.34           | 2428.32         | 9,471.66           |
| <b>Total</b>                  | <b>1,30,664.28</b> | <b>7,958.94</b> | <b>1,38,623.22</b> |

**Analysis of ageing of past-due loans**

(₹ in Million)

| Details                             | Gross NPA |
|-------------------------------------|-----------|
| Less than 1 year (Sub Standard)     | 42,729.06 |
| 1-2 Years (D1)                      | 30,099.39 |
| 2-3 Years(D2- 1 <sup>st</sup> Year) | 1,944.70  |
| 3-4 Years(D2- 2 <sup>nd</sup> Year) | 41,702.00 |
| More than 4 years                   | 22,148.07 |



**Table DF – 4**
**Credit Risk: disclosures for portfolios subject to the standardized approach**
**Qualitative Disclosures:**

Bank uses ratings assigned by the seven Rating Agencies approved by the Reserve Bank of India namely a) CRISIL, b) ICRA, c) CARE, d) India Ratings, e) BRICKWORKS f) Acuite and g) INFOMERICS for the eligible exposures such as Corporate, Public Sector Enterprises, Capital Market Exposures etc. according to the Basel III framework. For overseas credit exposure, bank accepts rating of Standard & Poor, Fitch and Moody's.

Bank uses solicited ratings assigned by the above approved credit rating agencies for all eligible exposures, both on balance sheet and off balance sheet, whether short term or long term, in the manner permitted in the RBI guidelines on Basel III capital regulations.

Ratings published by the rating agencies on their website are used for this purpose. Only ratings which are in force as per monthly bulletin published in the website of the concerned rating agencies are taken into account.

For assets in the Bank's portfolio that have contractual maturity less than or equal to one year, short term ratings accorded by the RBI approved credit rating agencies are considered relevant. For other assets, which have a contractual maturity of more than one year, long term ratings accorded by the RBI approved credit rating agencies are considered relevant.

Long term/short term ratings issued by the RBI approved domestic credit rating agencies are mapped to the appropriate risk weights applicable as per the standardised approach under Basel III capital regulations.

**Quantitative Disclosures:**

The total credit risk exposure (Solo-Global) bifurcated after application of credit risk mitigation technique under Standardized Approach is as under:

(₹ in Million)

| <b>Solo (Global)</b>   | <b>Book Value</b> | <b>Risk Weighted value</b> |
|------------------------|-------------------|----------------------------|
| Below 100% Risk weight | 2754053.84        | 564905.31                  |
| 100% Risk weight       | 617521.20         | 419418.77                  |
| Above 100% Risk weight | 305876.77         | 339396.37                  |
| <b>Total</b>           | <b>3677451.81</b> | <b>1323720.45</b>          |

The total credit risk exposure (Consolidated) bifurcated after application of credit risk mitigation technique under Standardized Approach is as under:

(₹ in Million)

| <b>Consolidated</b>    | <b>Book Value</b> | <b>Risk Weighted value</b> |
|------------------------|-------------------|----------------------------|
| Below 100% Risk weight | 2754301.11        | 564919.03                  |
| 100% Risk weight       | 617943.81         | 419841.38                  |
| Above 100% Risk weight | 305876.77         | 339396.37                  |
| <b>Total</b>           | <b>3678121.69</b> | <b>1324156.78</b>          |

**Leverage Ratio**

The Basel III Leverage Ratio is defined as the Capital Measure (Tier-1 Capital) divided by the Exposure Measure. As per RBI Guidelines, the Basel III Leverage Ratio for the Bank at the consolidated level as on December 31, 2019 is as follows

| Capital and total exposures |                                | ₹ in million |
|-----------------------------|--------------------------------|--------------|
| A                           | Tier 1 capital                 | 215259.92    |
| B                           | Total exposures                | 3245896.95   |
|                             |                                |              |
| Leverage ratio              |                                |              |
| C                           | Basel III leverage ratio (A/B) | 6.63%        |