

## Basel III disclosures of the India Branch for the quarter ended September 30, 2021

All amts. in INR. '000s, unless otherwise stated

### DF 2. Capital Adequacy

#### **Qualitative Disclosures**

The Bank has assessed its capital requirement taking into account the 3 main risks as defined by Pillar 1 of the Basel III norms viz: Credit Risk, Market Risk and Operational Risk. Credit Risk is computed using the Standardised Approach, Market Risk is calculated using the Standardised Duration Approach and Operational Risk is calculated using the Basic Indicator Approach. The risk computation under each of these 3 categories is adequately covered by the Capital of the Bank.

The Bank has assessed its future capital requirement and the same has been documented in the ICAAP (Internal Capital Adequacy Assessment Process) based on the position as of March 31, 2021. The capital requirement will be re-assessed periodically.

The existing level of Capital is adequate to meet the Bank's current and future business requirements and the capital and CRAR ratio of the Bank is significantly higher than the minimum regulatory capital and ratio prescribed by the Reserve Bank of India (RBI). A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on 30<sup>th</sup> September 2021 is presented below:

#### **Quantitative Disclosures**

(Rs. '000s)

(a) Capital Requirements for Credit Risk:	
Portfolios subject to Standardised Approach	1,987,963
Securitisation Exposures	-
(b) Capital Requirements for Market Risk: Standardised Duration Approach:	
Interest Rate Risk	162,070
Foreign Exchange risk (including Gold)	131,683
Equity Risk	-
(c) Capital Requirement for Operational Risk:	
Basic Indicator Approach	204,623
Total Capital Required	2,486,339
Total Eligible Capital	14,249,298
Total Risk Weighted Assets	22,862,888
Total Capital Ratio	62.33%
Tier 1 Capital Ratio	60.92%

### **DF 3. Credit risk: general disclosures**

#### **Qualitative Disclosures**

Credit risk is defined as risk of financial loss arising from the failure of the customer or counterparty, to meet its contractual obligations to the Bank. It can arise from both funded and non-funded transactions that are contingent in nature.

Credit risk management approach is based on the foundation of independence and integrity of the credit risk assessment, management and reporting processes combined with clear policies, limits and approval structures. Standard procedures specific to businesses are set up to manage various risks across different business segments, products and portfolios.

The credit policy focuses on the core credit principles and details, specific policy guidelines, lending parameters, control and monitoring requirements, problem loan identification, management of high risk customers and provisioning.

Credit facilities are granted based on the detailed credit risk assessment of the counterparty. The assessment considers amongst other things the purpose of the facility, sources of re-payment, prevailing and potential macro-economic factors, industry trends, customers' credit worthiness and standing within the industry. The credit facility administration process is undertaken by an independent function to ensure proper execution of all credit approvals, maintenance, lodgment of documentation and proactive controls over maturities, expiry of limits and collaterals.

Operations are managed by independent units responsible for processing transactions in line with credit approvals and standard operating guidelines.

The internal rating models measure counterparty risk (expressed as a probability of default within one year). The risk on counterparty exposure on market transactions is measured by the guidance provided by the RBI. The Bank has a well-defined process for identification of weaker credit risk exposures [classified as Early Alert (EA), Watch List (WL) & Non-Performing (NPA) Accounts] and dealing with them effectively. There are policies which govern credit grading of EA, including WL & NPAs as well as interest suspension and provisioning, in line with RBI guidelines. Exposures are classified as NPAs (sub-standard, doubtful or loss) in line with RBI guidelines at the earlier of assessment of inability to repay or when interest or loan instalments, overdrafts and bills are overdue, out of order or remain unpaid respectively for 90 days.

There are internal caps on investment exposures, exposure to sensitive sectors, exposure to a single counterparty and groups of interconnected counterparties. There are also specific controls on exposures to banks and financial institutions, designed to ensure against excessive risk concentration. There is a specialized and centralized department at the Group Head Office for managing financial institutions.

#### **Quantitative Disclosures**

a) Total gross credit risk exposure

(Rs.' 000s)

<b>Particulars</b>	<b>Fund Based (Note 1)</b>	<b>Non Fund Based (Note 2)</b>	<b>Total</b>
As at 30 September 2021	18,961,438	10,659,189	29,620,627

1. The above amounts represent Gross Advances before credit risk mitigants.
2. Non fund based exposures excludes exposures pertaining to FX and Derivatives.

b) Geographic distribution of exposures

(Rs.' 000s)

Particulars	As at 30 September 2021		
	Fund Based	Non Fund Based	Total
Overseas	-	-	-
Domestic	18,961,438	10,659,189	29,620,627
<b>Total</b>	<b>18,961,438</b>	<b>10,659,189</b>	<b>29,620,627</b>

c) Industry type distribution of exposures

(Rs.' 000s)

Industry	As at 30 September 2021		
	Fund Based	Non Fund Based	Total
Food Processing	470,368	-	470,368
Petroleum	-	1,987,228	1,987,228
Drugs & Pharmaceuticals	150,000	334,703	484,703
Chemical & Chemical Products	1,131,853	-	1,131,853
Other Engineering	62,187	-	62,187
Gems and Jewelry	1,256,314	-	1,256,314
Other Industries	1,363,304	511,077	1,874,381
Residuary Other Advances	14,527,412	7,826,181	22,353,593
<b>Total</b>	<b>18,961,438</b>	<b>10,659,189</b>	<b>29,620,627</b>

d) Residual contractual maturity breakdown of assets

(Rs.' 000s)

Maturity Buckets	As at 30 Sept 2021
1 day	10,596,088
2-7 days	1,836,373
8-14 days	2,486,627
15-30 days	7,479,638
31 days and upto 2months	4,243,359
over 2months and upto 3months	2,304,265
Over 3 Months and upto 6 months	4,044,009
Over 6 Months and upto 1 year	1,015,436
Over 1 Year and upto 3 years	3,600,629
Over 3 Years and upto 5 years	79,996
Over 5 years	1,007,637
<b>Total</b>	<b>38,694,057</b>

e) Amount of NPAs (Gross) – Nil

f) Net NPAs - Nil

g) NPA Ratios

Gross NPAs to gross advances - 0.00%

Net NPAs to net advances - 0.00%

h) Movement of NPAs

(Rs.' 000s)

	Gross NPAs	Provision	Net NPA
Opening balance	-	-	-
Additions	-	-	-
Reduction (including write backs / write offs)	-	-	-
Closing balance	-	-	-

i) Non performing investments – Nil

j) Provisions held for non-performing investments – Nil

k) Movement of provisions for depreciation on investments

(Rs.' 000s)

Particulars	2021-22
Opening Balance at beginning of the year	6,178
Add: Provisions made during the year	75,427
Less: Write-off/write-back of excess provisions during the year	-
Closing Balance at end of the year	81,605

**DF 4. Credit risk: disclosures for portfolios subject to the standardised approach**

**Qualitative Disclosures**

The Bank follows the RBI guidelines on the use of external credit ratings for assigning risk weights under the standardised approach. Ratings of the following Indian credit rating agencies are used for domestic non-bank entities – Brickworks Ratings India Pvt Ltd, Credit Analysis and Research Ltd, CRISIL Ltd, ICRA Ltd, India Ratings and Research Ltd, SME Rating Agency of India Ltd, while ratings from international rating agencies - Fitch, Moody's and Standard & Poor's – are considered for assigning risk weights for exposures to international banks and non-resident entities.

Amount outstanding under various risk buckets:

Rs.' 000s

Particulars	As at 30 Sept 2021
Below 100 % risk weight	31,873,783
100 % risk weight	1,973,194
More than 100 % risk weight	5,422,575
Deducted	-
<b>Total **</b>	<b>39,269,552</b>

\*\* The amount outstanding under various risk buckets excludes exposures to QCCP and are prior to credit risk mitigants. Derivative exposures are computed using Current Exposure Method (CEM).