# Disclosures under the New Capital Adequacy Framework Guidelines- Basel III (Pillar 3)- 31st December 2014

**1. Scope of Application and Capital Adequacy**

## Table DF-2: Capital Adequacy

**Qualitative Disclosure**

a. The Bank actively manages its capital requirement by taking in to account the current and projected Business growth of the Bank. Bank has implemented comprehensive Internal Capital Adequacy Assessment Process (ICAAP). ICAAP comprises Bank's procedure to ensure identification and measurement of risks, appropriate level of Internal capital in relation to Bank's risk profile and development of suitable risk management system, composition and distribution of internal capital which is considered adequate to cover current risk and any future risk in both quantitative and qualitative terms. Stress tests are used as a part of Internal Capital Adequacy Assessment Process (ICAAP) to evaluate the impact on the bank's capital under extreme stress scenario and to ensure that the capital base can with-stand the adverse impact of uncertain events. The bank is guided by the philosophy of optimal utilisation of the capital so as to increase the return on capital and increase shareholders value in the long run. ICAAP of the Bank covers capital requirement for next five years.

The Bank has also implemented an ICAAP policy. This Policy covers regulatory standards, ICAAP procedures as well as roles and responsibilities of various functionaries.

**Objectives of the ICAAP Policy are:**

- To ensure management of internal capital in accordance with the RBI Guidelines, Basel II and Basel III Guidelines and overall Corporate Governance Principles.
- To describe the process for identification, assessment, measurement and aggregation of the risks inherent in the Bank's business and operations.
- To ensure that the available capital is commensurate with the Bank's risk profile.
- To ensure that there is clear assignment of roles and responsibilities for facilitating the ICAAP.

Internal Capital Adequacy Assessment Committee (ICAAC) of the Board is responsible for implementation of ICAAP in the Bank.

**Internal Capital Adequacy Assessment Process (ICAAP):** The ICAAP comprises of a bank's procedures and measures designed to ensure the following:

- Risk identification and measurement processes are appropriate;
- Level of internal capital is commensurate with the bank's risk profile;
- Risk management systems are suitably developed and applied.

**Identification of Material Risk**: The Bank considers the following as material risks it is exposed to in the course of its business and therefore, factors these while assessment of existing capital and future capital requirement:

| **Pillar-I** | **Pillar-II** |
|---|---|
| • Credit Risk | • Residual credit risks |
| • Market Risk | • Credit Concentration Risk |
| • Operational Risk | • Liquidity Risk |
| | • Interest Rate Risk in the Banking Book |
| | • Settlement Risk |
| | • Counterparty Credit Risk |
| | • Reputation Risk |
| | • Unhedged foreign currency Risk |
| | • Strategic Risk and Business Risk |
| | • Pension obligation Risk |
| | • Loan Maturity Concentration |
| | • Currency Induced Credit Risk |
| | • Collateral Concentration Risk |
| | • Concentration in Human Resource |
| | • Residual Risk |

**Quantitative Disclosures**

**b. Capital requirement for Credit risk**

**Amounts in (₹) million**

| **Particulars (Basel-III)** | **Dec 31, 2014** |
|---|---|
| Portfolio subject to standardised approach | 108,356.2 |
| Securitisation exposures | Nil |
| **Total** | **108,356.2** |

**c. Capital requirement for Market risk**

**Amounts in (₹) million**

| **Portfolio subject to Standardised Duration Method (Basel-III)** | **Dec 31, 2014** |
|---|---|
| Interest rate risk | 3515.7 |
| Foreign Exchange risk (including gold) | 45.0 |
| Equity risk | 879.8 |
| CVA | 16.3 |
| **Total** | **4,456.8** |

**d. Capital requirement for Operational risk**

**Amounts in (₹) million**

| **Particulars (Basel-III)** | **Dec 31, 2014** |
|---|---|
| Basic indicator approach | 7,277.5 |
| **Total** | **7,277.5** |

### e. Common Equity Tier 1, Tier 1 and Total Capital ratio

| Particulars | Basel-III |
|---|---|
| CET 1 capital ratio | 7.46% |
| Tier I capital ratio | 7.90% |
| Total capital ratio | 11.26% |

### 2. Risk exposure and assessment

The Bank has put in place an Internal Capital Adequacy Assessment Committee (ICAAC) which is a Board level Committee vested with the overall responsibility of implementing the ICAAP. The Board of Directors maintains active oversight over Bank's Capital levels so as to ensure that Bank continues to operate above the minimum regulatory capital requirement all the times. The Bank has also set up Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC)/ Asset liability management committee (ALCO) and Operational Risk Management Committee (ORMC) for a better and more focused approach towards each major area of Risk Management.

Bank has also formed Zonal level Credit Committee (ZLCC), Circle Level; Credit Committee (CLCC), Head Office Level Credit Committee (HLCC) and Credit Approval Committee (CAC) for according sanctions to credit proposals.

The Bank actively manages its credit risk and has implemented rating cum appraisal system for commercial credit facilities of Rs.10 lakhs and above. The borrowers are rated based on the financials, the project viability, collaterals offered etc. Ratings assigned by the appraising officers are independently verified by the Risk Managers, before confirming the same. There are 8 rating grades for standard borrowers and 1 rating grade for defaulted borrower respectively. The Bank has implemented a multi-tier credit approving system wherein an "Approval Grid" clears the loan proposals before being placed to the respective sanctioning authorities. The Group Credit Policy has defined the hurdle rate i.e. the minimum rating that the borrower should get in case of new/takeover proposals. The Bank has been steadily building data through the rating system which will help the bank in migrating to the advanced approaches in Risk Management.

In order to quicken the processing of Retail Loans and maintain quality in appraisal, Retail Hubs for processing of retail loans has been set up across the country. The Retail hubs have enabled the bank for speeding up the processing of Retail Loans and to also process the appraisal note of retail obligors keeping in view Risk Perspective. For a focused approach and faster dispensation of SME credit and Agriculture loans, the Bank has opened exclusive SME Loan centers in Sixteen Cities across the country.

**Risk Management Architecture**

**Credit Risk:**
Credit Risk is defined as a potential risk that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable levels.

**Credit Risk Management Organisation**
The Credit Risk Management Committee (CRMC) looks after the credit risk areas and in turn reports to the Risk Management Committee of Board (RMCB). The RMCB reports to the Board.

**Policies in place:**
Bank has put in place following policies for Credit Risk Management:

- Group Credit Policy
- Country Risk Management Policy
- Credit Risk Quantification Policy
- Credit Risk Management Principle
- Risk Management Charter
- Collateral Management Policy

**Market Risk:**
Market risk is defined as the risk of losses in on-balance sheet and off-balance sheet positions arising from movements in market prices.

**Market Risk Management Organisation**
The Bank has set up an independent Mid – Office at its Treasury Branch, Mumbai. Mid office acts as extended arm of Integrated Risk Management Division and is entrusted with the responsibility of monitoring the adherence of various risks limits set, such as, Trading limits, Counterparty exposure limits etc. The Mid Office calculates the Value At Risk on a daily basis and reports the same to the Integrated Risk Management Division. Any breach of limits is immediately brought to the attention of Top management and necessary actions are taken wherever required.

The Market Risk Management Committee (MRMC) looks after the Market Risk areas and in turn reports to the Risk Management Committee of Board (RMCB). The RMCB reports to the Board.

**Policies in place:**
Bank has put in place following policies for Market Risk Management:

- Investment Policy
- Market Risk Policy
- Derivative Policy
- Gold Loan Policy
- Precious Metal Policy

**Operational Risk:**
Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk.

The Operational Risk Management Committee (ORMC) is entrusted with Operational Risk Management areas and in turn reports to the Risk Management Committee of Board (RMCB). The RMCB reports to the Board.

**Policies in place:**
Bank has put in place following policies for Operational Risk Management:

- Operational Risk Policy

**Approaches for capital computation**
In line with the Reserve Bank of India (RBI) Guidelines, the Bank has adopted following approaches for implementation of New capital Adequacy Framework under Basel-II norms.

- Standardised Approach for Credit Risk.

- Standardised Duration Approach for Market Risk.
- Basic Indicator Approach for Operational Risk.

The Bank is in the process of migration to advanced approaches for credit, market and operational risk.

## Table DF-3: Credit Risk: General Disclosures for all Banks

**a.** The Bank has adopted the definition of the past due and impaired assets (for accounting purposes), as defined by the regulator, for income recognition and asset classification norms.

The Bank has put in place Board approved Group Credit Policy. The objectives of the policy are to ensure that the operations are in line with the expectation of the Management / Regulator so that strategies of the top management are translated into meaningful and desired outcomes at operational level. The policy stipulates prudential limits on large credit exposure, standards for loan collateral, portfolio management, risk concentration, 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.

Various Risk Management Committees monitor implementation of these policies and strategies approved by the Board. They monitor credit risks and ensure compliance of risk limits.

The Bank monitors the risk concentration by analyzing the actual exposure Vis-à-vis exposure limits fixed for single and group borrowers, rating grade–wise limits, Industry wise exposure limits and analyzing the geographical distribution of credit across the Zones / States etc.

**b. Total Gross credit risk exposures, Fund Based and Non-fund based**

| **Particulars** | **Amounts in (₹) million** |
|---|---:|
| **Fund Based (Book value)** | |
| Gross Advances | 1,423,113.5 |
| Investments (including RIDF and venture capital funds liable for credit risk) | 100,000.1 |
| Other Assets* | 36,639.5 |
| **Non Fund Based** | |
| Market related$ | 32,605.1 |
| Non-Market related (Book Value) | 248,742.6 |
| **Total Credit risk exposures** | **1,841,100.8** |

* Risk weighted as per RBI guidelines

$ Credit equivalent value of derivatives and market value of securities posted as collateral for collaterised lending and borrowing transactions

**c. Geographical Distribution of Credit risk exposures**

**Amounts in (₹) million**

| **Exposure distribution** | **December 31st , 2014** | | |
|---|---:|---:|---:|
| | **Fund Based** | **Non-fund Based** | **Total** |
| Domestic | 1,423,113.5 | 248,742.6 | **16,71,856.1** |
| Overseas | - | - | - |

**d. Industry type distribution of exposures, fund based and non-fund based**

**Amounts in (₹) million**

| Industry Code | Industry | Fund Based | Non-Fund Based | Total | %age of Gross Credit Exposure |
|---|---|---|---|---|---|
| 1 | A. Mining and Quarrying (A.1 + A.2) | 1,278.3 | 946.8 | 2,225.1 | |
| 11 | A.1 Coal | 621.4 | 946.8 | 1,568.2 | 0.09% |
| 12 | A.2 Others | 656.9 | - | 656.9 | 0.04% |
| 2 | B. Food Processing (Sum of B.1 to B.5) | 35,701.1 | 6,906.1 | 42,607.2 | |
| 21 | B.1 Sugar | 4,458.4 | 61.2 | 4,519.6 | 0.27% |
| 22 | B.2 Edible Oils and Vanaspati | 3,074.2 | 5,396.8 | 8,471.0 | 0.51% |
| 23 | B.3 Tea | 240.2 | 7.4 | 247.6 | 0.01% |
| 24 | B.4 Coffee | 791.5 | - | 791.5 | 0.05% |
| 25 | B.5 Others | 27,136.8 | 1,440.7 | 28,577.5 | 1.71% |
| 3 | C. Beverages (excluding Tea & Coffee) and Tobacco (Sum of C.1 & C.2) | 7,135.0 | 1,862.1 | 8,997.1 | |
| 31 | C.1 Tobacco and tobacco products | 4,212.1 | 1,862.1 | 6,074.2 | 0.36% |
| 32 | C.2 Others | 2,922.9 | - | 2,922.9 | 0.17% |
| 4 | D. Textiles ((Sum of D.1 to D.6) | 60,166.8 | 6,905.0 | 67,071.8 | |
| 41 | D.1 Cotton | 35,170.8 | 2,307.1 | 37,477.9 | 2.24% |
| 42 | D.2 Jute | 18.9 | 9.0 | 27.9 | 0.00% |
| 43 | D.3 Handicraft/Khadi (Non Priority) | 600.9 | - | 600.9 | 0.04% |
| 44 | D.4 Silk | 540.3 | - | 540.3 | 0.03% |
| 45 | D5. Woolen | - | - | - | 0.00% |
| 46 | D6. Others | 23,836.0 | 4,588.9 | 28,424.9 | 1.70% |
| 47 | Out of D (i.e., Total Textiles) to Spinning Mills | 1,384.7 | - | 1,384.7 | 0.08% |
| 5 | E. Leather and Leather products | 3,388.2 | 561.1 | 3,949.3 | 0.24% |
| 6 | F. Wood and Wood Products | 9,719.2 | 6,909.6 | 16,628.8 | 0.99% |
| 7 | G. Paper and Paper Products | 5,115.4 | 813.6 | 5,929.0 | 0.35% |
| 8 | H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels | 10,742.6 | 1,338.4 | 12,081.0 | 0.72% |
| 9 | I. Chemicals and Chemical Products (Dyes, Paints, etc.) (Sum of I.1 to I.4) | 50,331.3 | 8,360.2 | 58,691.5 | |
| 91 | I.1 Fertilisers | 8,939.0 | 1,937.5 | 10,876.5 | 0.65% |
| 92 | I.2 Drugs and Pharmaceuticals | 12,642.2 | 1,336.6 | 13,978.8 | 0.84% |
| 93 | I.3 Petro-chemicals (excluding under Infrastructure) | 21,500.2 | 4,811.5 | 26,311.7 | 1.57% |
| 94 | I.4 Others | 7,249.8 | 274.6 | 7,524.4 | 0.45% |
| 10 | J. Rubber, Plastic and their Products | 6,057.0 | 4,474.1 | 10,531.1 | 0.63% |
| 11 | K. Glass & Glassware | 987.6 | 50.2 | 1,037.8 | 0.06% |
| 12 | L. Cement and Cement Products | 13,431.7 | 1,223.2 | 14,654.9 | 0.88% |
| 13 | M. Basic Metal and Metal Products (M.1 + M.2) | 56,652.3 | 14,090.9 | 70,743.2 | |
| 131 | M.1 Iron and Steel | 43,859.0 | 11,023.2 | 54,882.2 | 3.28% |
| 132 | M.2 Other Metal and Metal Products | 12,793.3 | 3,067.7 | 15,861.0 | 0.95% |
| 14 | N. All Engineering (N.1 + N.2) | 43,524.8 | 44,626.5 | 88,151.3 | |

| | | | | | |
|---|---|---|---|---|---|
| 141 | N.1 Electronics | 19,846.5 | 4,967.5 | 24,814.0 | 1.48% |
| 142 | N.2 Others | 23,678.3 | 39,659.0 | 63,337.3 | 3.79% |
| 15 | O. Vehicles, Vehicle Parts and Transport Equipment's | 29,492.2 | 7,896.5 | 37,388.7 | 2.24% |
| 16 | P. Gems and Jewellery | 38,813.1 | 1,542.8 | 40,355.9 | 2.41% |
| 17 | Q. Construction | 3,585.3 | 1,018.7 | 4,604.0 | 0.28% |
| 18 | R. Infrastructure (Sum of R1 to R.4) | 2,23,211.8 | 21,881.5 | 2,45,093.3 | |
| 181 | R.1 Transport ((Sum of R.1.1 to R.1.5) | 46,578.7 | 1,928.0 | 48,506.7 | 2.90% |
| 1811 | R.1.1 Railways | - | - | - | 0.00% |
| 1812 | R.1.2 Roadways | 41,985.5 | 1,928.0 | 43,913.5 | 2.63% |
| 1813 | R.1.3 Airport | 2,894.5 | - | 2,894.5 | 0.17% |
| 1814 | R.1.4 Waterways | - | - | - | 0.00% |
| 1815 | R.1.5 Others | 1,698.7 | - | 1,698.7 | 0.10% |
| 182 | R.2 Energy (Sum of R.2.1 to R.2.4) | 1,30,889.8 | 12,278.2 | 1,43,168.0 | |
| ***1821*** | ***R.2.1 Electricity (generation-transportation and distribution)*** | 1,30,625.1 | 12,278.2 | 1,42,903.3 | 8.55% |
| 18211 | R.2.1.1 State Electricity Boards | 58,461.6 | - | 58,461.6 | 3.50% |
| 18212 | R.2.1.2 Others | 72,163.5 | - | 72,163.5 | 4.32% |
| 1822 | R.2.2 Oil (storage and pipeline) | - | - | - | 0.00% |
| 1823 | R.2.3 Gas/LNG (storage and pipeline) | 264.7 | - | 264.7 | 0.02% |
| 1824 | R.2.4 Others | - | - | - | 0.00% |
| 183 | R.3 Telecommunication | 30,188.3 | 5,916.9 | 36,105.2 | 2.16% |
| 184 | R.4 Others (Sum of R.4.1 to R.4.3) | 15,555.0 | 1,758.4 | 17,313.4 | 1.04% |
| 1841 | R.4.1 Water sanitation | 738.0 | - | 738.0 | 0.04% |
| 1842 | R.4.2 Social & Commercial Infrastructure | 14,817.0 | - | 14,817.0 | 0.89% |
| 1843 | R.4.3 Others | - | 1,758.4 | 1,758.4 | 0.11% |
| 19 | S. Other Industries | 1,52,322.4 | 45,033.8 | 1,97,356.2 | |
| 20 | All Industries (Sum of A to S) | 7,51,655.9 | 1,76,441.1 | 9,28,097.0 | |
| 21 | Residuary Other Advances (to tally with gross advances) [a+b+c] | 6,97,254.7 | 72,301.5 | 7,69,556.2 | |
| 211 | a. Education Loan | 13,405.9 | - | 13,405.9 | |
| 212 | b.Aviation Sector | 12,391.2 | 0.0 | 12,391.2 | |
| 213 | c.Other Residurary Advances | 6,71,457.6 | 72,301.5 | 7,43,759.1 | |
| **22** | **Gross total Loans and Advances (20+21)** | **14,23,113.5** | **2,48,742.6** | **16,71,856.1** | |

Note:

- The above industries wise break-up is provided on the same lines as prescribed for DSB returns.
  Exposure to Electricity (generation-transportation and distribution) industry, as mentioned in industry code 1821 above, is exceeding 5% of Gross Credit exposure (Fund and non-fund based).

### e. Residual Contractual Maturity breakdown of assets

**Amounts in (₹) million**

| Maturity Buckets | Cash and Balance with RBI | Balances with Banks and Money at Call and Short Notice | Investments | Advances | Fixed Assets | Other Assets | Grand Total |
|---|---|---|---|---|---|---|---|
| **Next Day** | 25,082.9 | 14,045.5 | 90,404.6 | 41,115.1 | - | 21,834.1 | 192,482.2 |
| **2 - 7 Days** | 2,251.2 | - | 11,069.1 | 29,934.2 | - | 7,667.2 | 50,921.7 |
| **8 -14 Days** | 3,037.2 | 1,250.0 | 13,482.2 | 18,993.5 | - | 6,466.7 | 43,229.6 |
| **15- 28 Days** | 1,973.4 | - | 8,113.2 | 30,525.2 | - | | 40,611.8 |
| **29 Days – 3 Months** | 10,102.7 | - | 74,855.1 | 117,586.3 | - | 7,526.9 | 210,071.0 |
| **>3 Months-6 Months** | 7,257.6 | - | 38,487.6 | 87,595.1 | - | 9,273.6 | 142,613.9 |
| **>6 Months-1Yr** | 11,528.4 | - | 88,280.4 | 122,390.0 | - | 21,282.1 | 243,480.9 |
| **>1Yr-3 Yrs** | 12,267.5 | - | 95,131.1 | 551,730.4 | - | 19,619.0 | 678,748.0 |
| **>3 Yrs- 5 Yrs** | 5,367.8 | - | 63,801.1 | 184,648.0 | - | - | 253,816.9 |
| **>5 Yrs** | 20,402.3 | - | 1,47,632.2 | 214,956.4 | 4,578.3 | - | 387,569.2 |
| **Total** | **99,271.0** | **15,295.5** | **631,256.6** | **1,399,474.2** | **4,578.3** | **93,669.6** | **2,243,545.2** |
| **Add:** Provisions and claims held | | | 1,099.3 | 23,639.3 | - | **-** | **-** |
| **Gross Investments/Advances** | | | **632,355.9** | **1,423,113.5** | - | **-** | **-** |

Note: Contractual maturity break down of assets as used for reporting positions in the ALM returns to RBI

### f. Amount of NPAs (Gross)

| **Classification of Gross NPAs** | **Amounts in (₹) million** |
|---|---|
| Sub –Standard | 34,447.5 |
| Doubtful –1 | 20,889.9 |
| Doubtful – 2 | 9,409.8 |
| Doubtful – 3 | 916.5 |
| Loss | 3,657.0 |
| **Total NPA [Gross]** | **69,320.7** |

### g. Net NPAs

**Amounts in (₹) million**

| | |
|---|---|
| Gross NPAs | 69,320.7 |
| Less: Provisions | 23,639.3 |
| Net NPAs | 45,681.4 |

### h. NPA Ratios

| | |
|---|---|
| Gross NPA to Gross Advances | 4.88% |
| Net NPA to Net Advances | 3.27% |

### i. Movement of NPAs (Gross)

**Amounts in (₹) million**

| | |
|---|---|
| Opening balance at the beginning of the year 1st April 2014 | 47,367.9 |
| Additions during the Year till 31st December 2014 | 32,032.5 |
| Reductions during the Year till 31st December 2014 | 10,079.7 |
| Closing balance as on till 31st December 2014 | 69,320.7 |

### j. Movement of Provisions for NPAs

**Amounts in (₹) million**

| | |
|---|---|
| Opening balance at the beginning of the year 1st April 2014 | 15,511.1 |
| **Add**: Provisions made during the year till 31st December 2014 | 14,365.1 |
| **Less**: Written off during the current year till 31st December 2014. | 5,315.7 |
| **Less**: Write back of excess provision made during the year till 31st December 2014 | 1,160.9 |
| **Add**: DICGC Claim Settled amount | 239.7 |
| Closing balance as on 31st December 2014 | 23,639.3 |

**Amounts in (₹) million**

| | |
|---|---|
| **k.** Amount of Non-Performing Investment | 1,160.7 |
| **l.** Amount of provisions held for non-performing investments | 648.3 |
| **m.** Movement of Provisions for Depreciation/Amortization on Investments | |
| • Opening balance | 539.4 |
| • Add : Provisions made during the year | 130.2 |
| • Less : write-off/write-back of excess provision | - |
| • Closing balance | 669.6 |

**Note on above**

**Amounts in (₹) million**

| | |
|---|---|
| Provision for Non-Performing Investments | 648.3 |
| Provision for Depreciation on Investments | 669.6 |
| **Total** | **1,317.9** |
| Less: Amortization | 218.6 |
| **Gross Provision on Investments** | **1099.3** |

## Table DF-4: Credit Risk: Disclosure of portfolios subject to the Standardised Approach

**Qualitative Disclosures**

**a.** The Bank is using the ratings assigned by the following credit rating agencies, approved by the RBI, for risk weighting:

1. Crisil
2. Care
3. ICRA

4. India Rating
5. Brickworks
6. SMERA

**Types of exposures for which each agency is used**

The Bank has used the 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 the New Capital Adequacy Framework (NCAF). The Bank has not made any discrimination among ratings assigned by these agencies nor has restricted their usage to any particular type of exposure.

**Bank Loan Rating**

All long term and short term ratings assigned by the accredited credit rating agencies for Bank loan portfolio are considered by the Bank. For assets in the Bank's portfolio that have contractual maturity less than or equal to one year, short term ratings accorded by the chosen 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 chosen credit rating agencies are considered relevant.

Long term ratings issued by the chosen domestic credit rating agencies are mapped to the appropriate risk weights applicable as per the Standardised approach under the NCAF. The rating to risk weight mapping furnished below was adopted for domestic corporate exposures, as per RBI guidelines:

| Long Term Rating | AAA | AA | A | BBB | BB & Below | Unrated |
|---|---|---|---|---|---|---|
| Risk Weight | 20% | 30% | 50% | 100% | 150% | 100% |

In respect of the short term ratings the following risk weight mapping has been adopted by the Bank, as provided in the NCAF:

| Short Term Rating | A1+ | A1 | A2 | A3 | A4&D | Unrated |
|---|---|---|---|---|---|---|
| Risk Weight | 20% | 30% | 50% | 100% | 150% | 100% |

**Quantitative Disclosure**

**b. Amount of bank's outstanding exposure (rated and unrated) in major risk buckets:**

| **Gross Credit Exposure (Fund and Non-Fund)** | **Amounts in (₹) million** |
|---|---|
| Below 100% risk weight | 827,115.8 |
| 100% risk weight | 434,526.3 |
| More than 100% risk weight | 410,214.0 |
| Deducted | Nil |
| **Total** | **1,671,856.1** |

# Table DF-5: Credit Risk Mitigation: Disclosures for Standardised Approaches

**Qualitative Disclosures**

**a.** The Bank has a Board approved collateral management policy. The policy covers aspects on the nature of risk Mitigants/collaterals acceptable to the Bank, the documentation and custodial arrangement of the collateral, the valuation process and periodicity etc. For purposes of computation of capital requirement for Credit Risk, the Bank recognizes only those collaterals that are considered as eligible for risk mitigation in RBI guidelines, which are as follows:

- Gold
- Kisan Vikas Patra, National Saving Certificates
- Cash & Bank Deposits

The Bank uses the comprehensive approach in capital assessment. In the comprehensive approach, when taking collateral, the Bank calculates the adjusted exposure to counterparty by netting off the effects of that collateral for capital adequacy purposes. The credit protection given by the following entities, considered eligible as per RBI guidelines, are recognized for the purpose of capital computation.

Export Credit Guarantee Corporation of India (ECGC) and Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), and Guarantees given by Central and State Government.

The credit risk mitigation taken is largely in the form of cash deposit with the Bank and thus the risk (credit and market) concentration of the Mitigants is low.

**Quantitative Disclosures**

**b.** Exposure covered by financial collateral

**Amounts in (₹) million**

| Eligible Financial Collateral | Total Amount of Financial Collateral Used | Net amount of financial collateral after haircut |
|---|---|---|
| Gold | 72,837.2 | 49,125.7 |
| Kisan Vikas Patra, National Saving Certificates | 3,564.5 | 2,463.4 |
| Cash & Bank Deposits | 94,618.6 | 67,537.4 |

**c.** Exposure covered by guarantees

| Particulars | Amounts in (₹) million |
|---|---|
| CGSTME | 8,616.0 |
| ECGC | 5,552.3 |
| Government (State & Central) | 63,147.9 |
| **Total** | **77,316.2** |

# Table DF- 6 –Securitization: Disclosure for Standardized approach

**Qualitative Disclosures**

**Objectives, Policies, Monitoring**

The Bank undertakes loan assignment transactions basically for meeting priority sector lending requirements and maximizing yield on asset opportunities. The loan assignment under securitisation in the Bank is governed by Group Credit Policy. The policy envisages about need of securitisation/ loan assignment, minimum holding period, minimum retention requirement, limit on total retained exposure, booking of profit upfront, disclosures to be made in Servicer/Investor/Trustee Report, disclosures to be made by the originator in notes to annual accounts, loan origination standards, stress testing, credit monitoring etc.

The Bank also invests in Pass Through Certificates (PTCs) backed by financial assets originated by third parties for the purposes of holding/trading/maximizing yield opportunities requirements.

In case of Loan Assignment transactions, the assignee bears the loss arising from defaults/delinquencies by the underlying obligors. The pool assets purchased under securitization/ loan assignment basis is eligible for qualifying as advances in Bank's book as per RBI guidelines. Bank has considered all the purchased pool assets as part of its advances and has applied the rating, for the purpose of capital computation for credit risk, based on the available pool rating assigned by the accredited external rating agencies approved by RBI.

**External credit rating agencies**

Rating assigned by the following rating agencies is used for loan assignment transactions:

- Credit Rating Information Services of India Limited (CRISIL)
- ICRA Limited (ICRA)
- Credit Analysis and Research Limited (CARE)
- India Ratings and Research Private Limited (India Ratings)
- Brickwork Ratings India Private Limited (Brickwork)
- SMERA

**Quantitative disclosures: Banking Book**

Aggregate amount of on-balance sheet securitisation exposures purchased:

**Amounts in (₹) million**

| **Exposure Type** | **Dec 31, 2014** |
|---|---|
| Housing Loans (classified under advances) | 4,178.0 |
| Vehicle Loans (classified under advances) | 745.3 |
| **Total** | **4,923.3** |

Aggregate amount of securitisation exposures purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach:

**Amounts in (₹) million**

| **Risk weight Band** | **Exposure type** | **Dec 31, 2014** | |
|---|---|---|---|
| | | **Exposure** | **Capital Charge** |
| Less than 100% | Housing Loans | 4,178.0 | 77.3 |
| | Vehicle Loans | 745.3 | 25.6 |
| At 100% | Housing Loans | - | - |
| | Vehicle Loans | - | - |
| More than 100% | Housing Loans | - | - |
| | Vehicle Loans | - | - |
| **Total** | | **4,923.3** | **102.9** |

**Securitisation exposures deducted from capital as on December 31st, 2014: NIL**

**Securitisation exposures in trading book**

Aggregate amount of securitisation exposures invested (through PTCs), subject to the securitisation framework for specific risk broken down into different risk weight bands and capital requirement:

**Amounts in (₹) million**

| **Risk weights Band** | **Book Value** | **Capital Charge** |
|---|---|---|
| Less than 100% | **3.0** | **0.1** |
| At 100% | - | - |
| More than 100% | - | - |
| Total | **3.0** | **0.1** |

**Securitisation exposures deducted from capital as on December 31st, 2014: NIL**