

Basel III Pillar 3 Disclosures (30.09.2022)

Table DF-2: Capital Adequacy

(i) Qualitative Disclosures

a. The Bank has put in place a robust Risk Management Architecture with due focus on Capital optimization and on profit maximization, i.e. to do maximum business out of the available capital which in turn maximize profit or return on equity. Bank is benchmarking on globally accepted sound risk management system, conforming to Basel III framework, enabling a more efficient equitable and prudent allocation of resources.

In Capital Planning process the bank reviews:

- Current capital requirement of the Bank
- The targeted and sustainable capital in terms of business strategy and risk appetite.

Capital needs are monitored periodically by the Internal Risk Management Committee comprising Top Executives. Capital requirement is projected annually considering the expected growth in advances, investments, Deposits, NPA, Operating Profit etc.

Bank maintains capital to cushion the risk of loss in value of exposure, businesses etc. so as to protect the depositors and general creditors against losses. Bank has a well-defined Internal Capital Adequacy Assessment Policy (ICAAP) to comprehensively evaluate and document all risks.

In line with the guidelines of the Reserve Bank of India, the Bank has adopted Standardised Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Standardized Duration Approach for Market Risk for computing CRAR.

The capital requirement is affected by the economic environment, the regulatory requirement and by the risk arising from bank's activities. The purpose of capital planning of the bank is to ensure the adequacy of capital at the times of changing economic conditions, even at times of economic recession. In capital planning process the bank reviews:

- Current capital requirement of the bank.
- The targeted and sustainable capital in terms of business strategy and risk appetite.
- The future capital planning is done on a three-year outlook.

(ii) Quantitative Disclosures

S. No.	Items	Amount (Rs. in Crores)
		30.09.2022
(b)	Capital requirements for Credit Risk	
	• Portfolios subject to Standardized Approach	391.49
	• Securitization Exposures	----
(c)	Capital requirements for Market Risk	
	• Standardized Duration Approach	46.80
	• Interest Rate Risk	46.80
	• Foreign Exchange Risk (including Gold)	----
	• Equity Risk	0.00
(d)	Capital requirements for Operational Risk	
	• Basic Indicator Approach	55.04

(e)	Common Equity Tier 1, tier 1 and Total Capital ratios:	
	• Group CRAR	
	• CET 1 Ratio	----
	• Tier 1 Ratio	----
	• Tier 2 Ratio	----
	• CRAR	----
	• Standalone CRAR	
	• CET 1 Ratio	14.21%
	• Tier 1 Ratio	14.21%
	• Tier 2 Ratio	0.98%
	• CRAR	15.19%

Table DF-3: Credit Risk

(i) Qualitative Disclosures

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

NON PERFORMING ASSETS (NPA): A non performing asset (NPA) is a loan or an advance where;

- interest and/ or installment 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 installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
- the installment 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. 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'.

An amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

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

Sub standard Assets

A sub standard asset would be one, which has remained NPA for a period less than or equal to 12 months. All the recovery measures are relevant in substandard assets also. If the entire overdues are recovered by way of cash recovery, the account can be upgraded to standard category immediately. Similarly, if an account is classified as NPA due to technical reasons, the account shall be upgraded on clearance of technical reasons.

Doubtful Assets

An asset would be classified as doubtful if it remained in the sub standard category for 12 months. Substandard and Doubtful accounts which are subjected to restructuring/rescheduling, can be upgraded to standard category only after a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance during the period.

Loss Assets

A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection. In Loss assets, realizable value of security available is not more than 10% of balance outstanding/ dues. Since security back up will not be available, the restructuring/ rehabilitation, if required, is considered with utmost care.

Strategies and Processes:

The bank has a well defined Loan Policy, Credit Risk Policy & Investment Policy covering the important areas of credit risk management as under:

- Exposure ceilings to different sectors of the economy, different types of borrowers and their group and industry
- Fair Practice Code in dispensation of credit.
- Discretionary Lending Powers for different levels of authority of the bank.
- Processes involved in dispensation of credit – pre sanction inspection, rejection, appraisal, sanction, documentation, monitoring, and recovery.
- Fixation of pricing.

The Credit Risk philosophy, architecture and systems of the bank are as under:

Credit Risk Philosophy:

- To Optimise the Credit and return envisaged in order that the Economic Value Addition to Shareholders is maximized and the interests of all the Stakeholders are protected alongside ensuring corporate growth and prosperity with safety of bank's resources.
- To regulate and streamline the financial resources of the bank in an orderly manner to enable the various channels to incline and achieve the common goal and objectives of the Bank.
- To comply with the national priorities in the matter of deployment of institutional finance to facilitate achieving planned growth in various productive sectors of the economy.
- To instill a sense of credit culture enterprise-wide and to assist the operating staff.
- To provide need-based and timely availability of credit to various borrower segments.
- To strengthen the credit management skills namely pre-sanction, post-sanction monitoring, supervision and follow-up measures so as to promote a healthy credit culture and maintain quality credit portfolio in the bank.
- To deal with credit proposals more effectively with quality assessment, speed and in full compliance with extant guidelines.
- To comply with various regulatory requirements, more particularly on Exposure norms, Priority Sector norms, Income Recognition and Asset Classification guidelines, Capital Adequacy, Credit Risk Management guidelines etc. of RBI/other Authorities.

Architecture and Systems of the Bank:

- A Sub-Committee of Directors has been constituted by the Board to specifically oversee and co-ordinate Risk Management functions in the bank.
- Credit Policy Committee has been set up to formulate and implement various credit risk strategy including lending policies and to monitor Bank's Risk Management function on a regular basis.
- The CRMC (Credit Risk Management Committee) is responsible for measuring,

controlling and managing the credit risk within the prescribed limits and to ensure compliance to functioning within the prudential limits set by the Board.

- Formulating of policies on standards for credit proposals, financial covenants, rating standards and benchmarks.
- Credit Department deal with identification, measurement, monitoring and controlling credit risk within the prescribed limits.
- Credit Risk Management department does the portfolio analysis on quarterly basis as per the defined methods under credit risk policy.
- Enforcement and compliance of the risk parameters and prudential limits set by the Board/regulator etc.,
- Laying down risk assessment systems, developing MIS, and monitoring quality of loan portfolio, identification of problems, correction of deficiencies.
- Improving credit delivery system upon full compliance of laid down norms and guidelines.

The Scope and Nature of Risk Reporting and/or Measurement System:

The Bank has in place a robust credit risk rating system for its credit exposures. An effective way to mitigate credit risks is to identify potential risks in a particular asset, maintain a healthy asset quality and at the same time impart flexibility in pricing assets to meet the required risk-return parameters as per the bank's overall strategy and credit policy. However Bank has a separate Credit Risk Policy where portfolio credit risk is analysed on quarterly interval on the basis defined methods.

(ii) Quantitative Disclosures

(b) Total Gross Credit Risk Exposure:

	Amount (Rs. in Crores)
Particulars	30.09.2022
Fund Based Outstanding	4215.55
Non-fund Based Outstanding	118.71
Total Gross Credit	4334.26

	Amount (Rs. in Crores)
Particulars	30.09.2022
Fund Based Exposure	4753.69
Non-fund Based Exposure	73.63
Total Gross Credit Exposure	4827.32

(c) Geographic Distribution of Exposures:

Exposures	Amount (Rs. in Crores)	
	Fund Based Exposure	Non-fund Based Exposure
Domestic operations	4753.69	73.63
Overseas operations	----	----
Total	4753.69	73.63

(d) Industry Type Distribution of Exposures**(Rs. in Crores)**

Industry Name	Total Funded Credit Exposure	Total Non-funded Credit Exposure	Total Credit Exposure (Funded and Non-Funded)
A. Mining and Quarrying	75.84	0.00	75.84
A.1 Coal	0.00	0.00	0.00
A.2 Others	75.84	0.00	75.84
B. Food Processing	59.29	0.85	60.14
B.1 Sugar	0.03	0.00	0.03
B.2 Edible Oils and Vanaspati	24.36	0.00	24.36
B.3 Tea	0.52	0.00	0.52
B.4 Coffee	0.00	0.00	0.00
B.5 Others	34.39	0.85	35.24
C. Beverages (excluding Tea & Coffee) and Tobacco	0.38	0.00	0.38
C.1 Tobacco and tobacco products	0.00	0.00	0.00
C.2 Others	0.38	0.00	0.38
D. Textiles	38.61	0.00	38.61
D.1 Cotton	2.95	0.00	2.95
D.2 Jute	0.00	0.00	0.00
D.3 Man-made	20.87	0.00	20.87
D.4 Others	14.79	0.00	14.79
Out of D (i.e., Total Textiles) to Spinning Mills	0.00	0.00	0.00
E. Leather and Leather products	1.96	0.00	1.96
F. Wood and Wood Products	6.42	0.00	6.42
G. Paper and Paper Products	8.40	0.00	8.40
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	0.60	0.00	0.60
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	19.86	0.00	19.86
I.1 Fertilizers	0.78	0.00	0.78
I.2 Drugs and Pharmaceuticals	7.67	0.00	7.67
I.3 Petro-chemicals (excluding under Infrastructure)	0.00	0.00	0.00
I.4 Others	11.40	0.00	11.40
J. Rubber, Plastic and their Products	9.90	0.00	9.90

K. Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	4.81	0.00	4.81
L. Cement and Cement Products	2.42	0.00	2.42
M. Basic Metal and Metal Products	21.96	0.22	22.18
M.1 Iron and Steel	15.83	0.22	16.06
M.2 Other Metal and Metal Products	6.13	0.00	6.13
N. All Engineering	115.67	0.63	116.29
N.1 Electronics	0.14	0.00	0.14
N.2 Others	115.52	0.63	116.15
O. Vehicles, Vehicle Parts and Transport Equipments	15.61	0.00	15.61
P. Gems and Jewellery	0.23	0.00	0.23
Q. Construction	6.15	3.25	9.39
R. Infrastructure (Pertaining to Industries Sector Only)	52.81	5.51	58.31
R.1. Transport and adjoining Infrastructure	17.11	1.06	18.17
R.2. Energy	13.89	0.00	13.89
R.3. Water and Sanitation	0.00	0.00	0.00
R.4. Communication	0.00	0.00	0.00
R.5. Social and Commercial Infrastructure	21.56	0.31	21.87
R.6. Others, if any, please specify	0.25	4.14	4.39
S. Other Industries, pl. specify	79.92	4.42	84.33
All Industries (A to S)	520.83	14.87	535.70
Residuary other advances			
T.1 Aviation Sector	----	----	----
T.2 NBFC	---	----	----
T.3 Other residuary Advances	4232.86	58.76	4291.62
Total Loans & Advances	4753.69	73.63	4827.32

(Rs. in Crores)

Industry Name (Rs. In Crs.)	Total Advances (Outstanding) - Funded	Non- Funded Outstanding	Total Advances (outstanding) (Funded and Non-Funded)
A. Mining and Quarrying	58.60	0.34	58.94
A.1 Coal	0.00	0.00	0.00
A.2 Others	58.60	0.34	58.94
B. Food Processing	56.43	0.90	57.33
B.1 Sugar	0.00	0.05	0.05
B.2 Edible Oils and Vanaspati	24.10	0.00	24.10
B.3 Tea	0.52	0.00	0.52
B.4 Coffee	0.00	0.00	0.00
B.5 Others	31.82	0.85	32.67
C. Beverages (excluding Tea & Coffee) and Tobacco	0.38	0.00	0.38
C.1 Tobacco and tobacco products	0.00	0.00	0.00
C.2 Others	0.38	0.00	0.38
D. Textiles	37.22	0.07	37.29
D.1 Cotton	2.54	0.00	2.54
D.2 Jute	0.00	0.00	0.00
D.3 Man-made	20.87	0.02	20.89
D.4 Others	13.81	0.06	13.86
Out of D (i.e., Total Textiles) to Spinning Mills	0.00	0.00	0.00
E. Leather and Leather products	1.93	0.00	1.93
F. Wood and Wood Products	5.92	0.00	5.92
G. Paper and Paper Products	7.40	0.06	7.46
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	0.09	0.00	0.09
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	17.76	0.05	17.80
I.1 Fertilizers	0.78	0.00	0.78
I.2 Drugs and Pharmaceuticals	7.05	0.00	7.05
I.3 Petro-chemicals (excluding under Infrastructure)	0.00	0.00	0.00
I.4 Others	9.93	0.05	9.97
J. Rubber, Plastic and their Products	8.76	0.00	8.76

K. Glass, Glassware and other non-metallic mineral products (Except Cement and Cement products)	4.68	0.02	4.70
L. Cement and Cement Products	2.26	0.00	2.26
M. Basic Metal and Metal Products	18.34	0.33	18.67
M.1 Iron and Steel	12.54	0.33	12.87
M.2 Other Metal and Metal Products	5.80	0.00	5.80
N. All Engineering	112.28	2.43	114.71
N.1 Electronics	0.14	0.00	0.14
N.2 Others	112.13	2.43	114.57
O. Vehicles, Vehicle Parts and Transport Equipments	14.58	0.00	14.58
P. Gems and Jewellery	0.23	0.00	0.23
Q. Construction	4.76	8.94	13.69
R. Infrastructure (Pertaining to Industries Sector Only)	51.42	8.24	59.66
R.1. Transport and adjoining Infrastructure	16.44	1.15	17.59
R.2. Energy	13.75	0.00	13.75
R.3. Water and Sanitation	0.00	0.00	0.00
R.4. Communication	0.00	0.00	0.00
R.5. Social and Commercial Infrastructure	21.05	2.04	23.09
R.6. Others, if any, please specify	0.18	5.05	5.24
S. Other Industries, pl. specify	71.68	6.08	77.76
All Industries (A to S)	474.70	27.46	502.16
Residuary other advances			
T.1 Aviation Sector		----	-----
T.2 NBFC		----	-----
T.3 Other residuary Advances	3740.85	91.25	3832.10
Total Loans & Advances	4215.55	118.71	4334.26

Credit Exposure of industries where outstanding exposure is more than 5% of the Total Gross Credit Exposure of the Bank is as follows:

S.No.	Industry	Total Exposure/ (O/s bal.) (in Crores)	% of Total Gross Credit Exposure
	NIL		

(e) Residual maturity breakdown of assets

(Rs. in Crores)

	Cash & Balances with RBI	Balances with other Banks & Money at call & short notice	Investm ents	Advances	Fixed Assets	Other Assets	Total
1Day	57.82	22.41	752.49	142.29	0	24.55	999.56
2-7Days	0	61.16	0	78.79	0	3.2	143.15
8-14Days	0	62.32	0	92.58	0	3.86	158.76
15-30Days	22.72	61.69	133.69	184.91	0	7.34	410.35
31days – upto2Months	7.16	87.73	47.37	106.49	0	15.08	263.83
Over 2months upto 3Months	11.58	137.02	17.62	429.51	0	15.08	610.81
Over 3 upto 6 Months	13.51	284.61	122.99	65.77	0	58.53	545.41
Over 6 upto 12 Months	30.2	428.05	311.16	147.74	0	7.59	924.74
Over 1 year upto 3 Years	75.82	100.08	634.6	1584.58	0	114.47	2509.55
Over 3 upto 5 Years	142.36	0	54.83	376.06	0	45.29	618.54
Over 5 Years	8.35	0	47.07	712.22	84.58	47.36	899.57
TOTAL	369.51	1245.07	2121.81	3920.94	84.58	342.35	8084.27

S.No.	Asset Category	Amount (Rs. in Crores)
a)	NPAs (Gross)*:	476.82
	Substandard	107.60
	Doubtful 1	73.72
	Doubtful 2	209.98
	Doubtful 3	61.87
	Loss	23.65
b)	Net NPAs	133.49
c)	NPA Ratios	
	Gross NPAs to gross advances (%)	11.35%
	Net NPAs to net advances (%)	3.46%
d)	Movement of NPA(Gross)	
	Opening balance	507.95
	Additions	56.70
	Reductions	87.83
	Any other adjustments due to Exchange Diff	0.00
	Closing balance	476.82
e)	SPECIFIC PROVISION	
	Movement of provisions for NPAs	

	Opening balance	281.16
	Provisions made during the period	24.71
	Write offs/ Write back of excess provisions	26.93
	Any other adjustments, including transfers between provisions	0.00
	Closing balance	278.94
	GENERAL PROVISION	
f)	Movement of provisions for NPAs	
	Opening balance	62.84
	Provisions made during the period	0.00
	Write offs	0.00
	Write back of excess provisions	0.00
	Any other adjustments, including transfers between provisions	0.00
	Closing balance	62.84
	Write-offs that have been booked directly to the income statement	1.72
	Recoveries that have been booked directly to the income statement	0.00
g)	Amount of Non-Performing Investments	0.54
h)	Amount of provisions held for non-performing investment	0.54
i)	Movement of provisions for depreciation on investments	
	Opening balance	8.41
	Provisions made during the period	28.84
	Write-off	0.00
	Write back of excess provisions	4.52
	Closing balance	32.73
j)	By major industry or counter type	
		Amount of NPAs
	Top 5 Industries	138.30
k)	Geographic-wise breakup	Gross NPA
	Domestic	476.82
		Provision
		93.65
		Provision
		278.94

Table DF-4: Credit Risk Disclosures for portfolios subject to Standardized Approach

(i) Qualitative Disclosures

(a) For portfolios under the Standardized Approach:

The Bank has recognized following credit rating agencies for the purpose of rating of an exposure & assigning risk weights for computation of capital charge under standardized approach.

Domestic credit rating agencies:

- Credit Analysis & Research Limited (CARE),
- CRISIL Limited,
- ICRA Limited,
- India Ratings (Formerly FITCH India)
- Brickwork
- SMERA

Types of exposure for which each agency is used:

All the above agencies are recognized for rating all types of exposures.

A description of the process used to transfer public issue ratings onto comparable assets in the banking books:

- Bank has used short term ratings for assets with maturity up to one year and long term ratings for assets maturing after one year as accorded by the approved external credit rating agencies.
- Bank has not used one rating of a CRA (Credit Rating Agency) for one exposure and another CRA's rating for another exposure on the same counterparty unless only one rating is available for given exposure.
- Amount above Rs. 50 Crores are subject to external rating.
- Bank has used only solicited rating from the recognized CRAs.

(ii) Quantitative Disclosures

(b) Amount of the Bank's Exposures- Gross Advances (Rated & Unrated) in Major Risk Buckets -under Standardized Approach, after factoring Risk Mitigants (i.e. Collaterals):

The amount of exposure including non-fund based after risk mitigation subject to Standardized Approach (rated and unrated) in the following three major risk buckets are as under:

S.No.	Particulars	Outstanding Amount(Rs. in Crores)	
		Fund Based	Non –Fund Based
		30.09.2022	30.09.2022
1	Below 100 % risk weight	2349.44	
2	100 % risk weight	1086.16	60.42
3	More than 100 % risk weight	87.20	
4	CRM Deducted	692.75	58.29
5	Total Outstanding Position	4215.55	118.71

S.No.	Particulars	Exposure Amount (Rs. in Crores)	
		Fund Based	Non –Fund Based
		30.09.2022	30.09.2022
1	Below 100 % risk weight	3181.65	0.00
2	100 % risk weight	598.69	15.34
3	More than 100 % risk weight	280.60	0.00
4	CRM Deducted	692.75	58.29
5	Total Exposure	4753.69	73.63

Leverage Ratio

The Basel III leverage ratio is defined as the capital measure (Tier-1 capital of the risk based capital framework) divided by the exposure measure, with this ratio expressed as a percentage. The Bank is required to maintain a minimum leverage ratio of 3.50%. As per RBI guidelines, disclosures required for leverage ratio for the Bank as of September 30th, 2022 is as follows:

DF-17: Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure Measure

S.No.	Item	(Rs. in Million)
1	Total consolidated assets as per published financial statements	80842.72
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	--
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	--
4	Adjustments for derivative financial instruments	--
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	--
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	8682.59
7	Other adjustments	-5440.30
8	Leverage ratio exposure	84085.01

Table DF-18: Leverage Ratio Common Disclosure Template

S. No.	Item	Leverage ratio framework (Rs. in Million)
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	80842.72
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	0.00
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	80842.72
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	0.00
5	Add-on amounts for PFE associated with all derivatives transactions	0.00
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00
9	Adjusted effective notional amount of written credit derivatives	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11	Total derivative exposures (sum of lines 4 to 10)	0.00
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after	0.00

	adjusting for sale accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.00
14	CCR exposure for SFT assets	0.00
15	Agent transaction exposures	0.00
16	Total securities financing transaction exposures (sum of lines 12 to 15)	
	Other off-balance sheet exposure	
17	Off-balance sheet exposure at gross notional amount	8682.59
18	(Adjustments for conversion to credit equivalent amounts)	-5440.30
19	Off-balance sheet items (sum of lines 17 and 18)	3242.29
	Capital and total exposures	
20	Tier 1 capital	6095.86
21	Total exposures (sum of lines 3, 11, 16 and 19)	84085.01
	Leverage ratio	
22	Basel III leverage ratio	7.25%

Submitted for kind perusal.

(Sachin Kumar)
Chief Risk Officer