CONSOLIDATED DISCLOSURES UNDER BASEL-III CAPITAL REGULATIONS FOR THE QUARTER ENDED 30th JUNE 2018

2.CAPITAL ADEQUACY

The Bank is subject to the capital adequacy guidelines stipulated by RBI vide its master circular on Basel-III. As per the said guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on 31st March 2019. These guidelines on Basel III have been implemented since 1st April 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the quarter ended 30th June 2018 is 10.875% with minimum Common Equity Tier 1 (CET1) of 7.375% (including CCB of 1.875%)

The Bank carries out regular assessment of its Capital requirements to maintain a comfortable Capital to Risk Weighted Assets Ratio (CRAR) and to cushion against the risk of losses against any unforeseen events so as to protect the interest of all stakeholders. The Bank conducts exercise of Capital Planning on an annual basis to review the capital required to carry out its activities smoothly in the future. Also, the Bank has well defined Internal Capital Adequacy Assessment Process (ICAAP) under which the Bank also assesses the adequacy of capital under stress to comprehensively assess all risks and maintain necessary additional capital.

The Bank has adopted Standardized Approach for Credit Risk, Basic Indicator Approach for Operational Risk and Standardized Duration Approach for Market Risk for computing CRAR, as per the guidelines of RBI.

A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on 30th June 2018 is presented below:

(Rs. in Millions)

S.No.	Capital Requirements for Various Risks	Capital Requirement*
A	**CREDIT RISK**	**111,000**
A.1	For non- securitized portfolio	111,000
A.2	For Securitized portfolio	-
B	**MARKET RISK**	**13,689**
B.1	For Interest Rate Risk	9,128
B.2	For Equity Risk	4,480
B.3	For Forex Risk (including gold)	81
B.4	For Commodities Risk	-

S.No.	Capital Requirements for Various Risks	Capital Requirement*
B.5	For Options risk	-
C	**OPERATIONAL RISK**	**15,690**
C.1	Basic Indicator Approach	15,690
C.2	Standardized Approach if applicable	-
D	**TOTAL CAPITAL REQUIREMENT**	**140,379**

*Capital requirement is computed at 10.875% of RWA.

PARTICULARS	STANDALONE	CONSOLIDATED
COMMON EQUITY TIER I (CET 1)	4.79%	4.99%
TIER 1 CRAR	4.88%	5.08%
TOTAL CRAR	**6.88%**	**7.08%**

3.CREDIT RISK: GENERAL DISCLOSURE

A. RISK MANAGEMENT: OBJECTIVES AND ORGANISATION STRUCTURE

A.1. The Bank identifies, measures, control, monitor and report risk effectively. The key parameters of the Bank's risk management activities rely on the risk governance architecture, comprehensive processes and internal control mechanism based on Board approved policies and guidelines.

B. ARCHITECTURE AND SYSTEMS OF THE BANK

B.1. The Bank has nominated Chief Risk Officer, who reports to the Managing Director and CEO.

B.2. A Sub-Committee of Board of Directors termed as Risk Management Committee (RMC) has been constituted to specifically oversee and co-ordinate Risk Management functions in the bank.

B.3. A Credit Risk Management Committee of executives has been set up to formulate and implement various credit risk strategies including lending policy and to monitor Bank's Credit Risk Management functions on a regular basis.

B.4. A Market Risk Management Committee of executives has been set up for management and to monitor Bank's Market Risk Management functions on a regular basis.

B.5. An Operational Risk Management Committee of executives has been set up for control and monitoring of Bank's Operational Risk Management functions on a regular basis.

C. CREDIT RISK

Credit risk is defined as the possibility of losses associated with default by or diminution in the credit quality of Borrowers or Counterparties arising from Outright default due to inability or unwillingness of a borrower or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions; or Reduction in portfolio value arising from actual or perceived deterioration in credit quality of borrowers or counterparties. Credit Risk emanates from a bank's dealings with an individual, non-corporate, corporate, bank, financial institution or sovereign.

D. BANK'S CREDIT RISK MANAGEMENT POLICY

D.1. The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Board. The Policy document defines organizational structure, role and responsibilities and the processes whereby the Credit Risks carried by the Bank can be identified, quantified, managed and controlled within the framework which the Bank considers consistent with its mandate and risk tolerance limits.

D.2. Credit Risk is monitored by the Bank account wise and compliance with the risk limits / exposure cap approved by the Board is ensured. The quality of internal control system is also monitored and in-house expertise has been built up to tackle all the facets of Credit Risk.

D.3. The Bank has taken earnest steps to put in place best Credit Risk Management practices. In addition to Credit Risk Management Policy, the Bank has also framed Board approved Lending Policy, Investment Policy, Country Risk Management Policy, Credit Monitoring Policy, Recovery Management Policy etc. which form integral part in monitoring of credit risk and ensures compliance with various regulatory requirements, more particularly in respect of Exposure norms, Priority Sector norms, Income Recognition and Asset Classification guidelines, Capital Adequacy, Credit Risk Management guidelines etc. of RBI/other Statutory Authorities.

D.4. Besides, the Bank has also put in place a Board approved policy on Credit Risk Mitigation & Collateral Management which lays down the details of securities and administration of such securities to protect the interests of the Bank. These securities act as mitigants against the credit risk to which the Bank is exposed.

E. CREDIT APPRAISAL / INTERNAL RATING

E.1. The Bank manages its credit risk by continuously measuring and monitoring of risks at each obligor (borrower) and portfolio level. The Bank has robust internally developed credit risk grading / rating modules and well-established credit appraisal / approval processes.

E.2. The internal risk rating / grading modules capture quantitative and qualitative issues relating to management risk, business risk, industry risk, financial risk and project risk. The data on industry risk is constantly updated based on market conditions.

E.3. The rating for every borrower is reviewed. As a measure of robust credit risk management practices, the bank has implemented a four-tier system of credit rating process for the loan proposals sanctioned at Head Office Level, three tier systems at FGM office/ Zonal Office level and two-tier system at Branch level which includes validation of rating independent of credit department. For the proposals falling under the powers of Bank's Head Office, the validation of ratings is done at Risk Management Department.

E.4. The Bank follows a well-defined multi layered discretionary power structure for sanction of loans. Various committees have been formed at ZO, FGMO & HO Level. ZLCC AGM/DGM headed by Zonal Head, FGMLCC headed by Field General Manager, HLCC GM headed by GM (Credit), HLCC ED headed by ED (Executive Director), CAC headed by MD & CEO and MCBOD (Management Committee of the Board) headed by MD& CEO. A structure named New Business Group (NBG) headed by MD& CEO has been constituted at Head Office level for considering in-principle approval for taking up fresh credit proposals above a specified cut-off point.

F. DEFINITION OF PAST DUE AND IMPAIRED (FOR ACCOUNTING PURPOSES)

The Bank follows Reserve Bank of India regulations, which are summed up below.

F.1. NON-PERFORMING ASSETS

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank.

A non-performing asset (NPA) is a loan or an advance where;

- **I.** Either Interest and/ or installment of principal dues remain 'overdue' for a period of more than 90 days in respect of a term loan,
- **II.** The account remains ‘out of order’ for 90 days as indicated below at paragraph F.2, in respect of an Overdraft/Cash Credit (OD/CC). Besides this CC/OD accounts can also be declared NPA in undernoted condition.
    - a. If the regular/ad-hoc limits are not reviewed/ renewed within 180 days from the due date of review/renewal or sanctioning of adhoc limit,
    - b. If the stock statements are not submitted continuously for a period of 90 days and limits/ drawings are allowed on such irregular drawing power continuously for 90 days.
- **III.** The bill remains overdue and unpaid for a period of more than 90 days in the case of bills purchased and discounted,
- **IV.** The installment of principal or interest thereon remains unpaid for two crop seasons beyond the due date for short duration crops,
- **V.** The installment of principal or interest thereon remains unpaid for one crop season beyond the due date for long duration crops.
- **VI.** The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization dated February 1, 2006.
- **VII.** An account is classified as NPA only if the interest due &charged during any quarter is not serviced fully within 90 days from the end of the quarter.

F.2. 'OUT OF ORDER' STATUS

An account is treated as **'out of order'** if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 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'**.

F.3. OVERDUE

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

F.4. NON-PERFORMING INVESTMENTS

In respect of securities, where interest/ principal is in arrears, the Bank does not reckon income on the securities and makes appropriate provisions for the depreciation in the value of the investment.

A non-performing investment (NPI), similar to a non-performing advance (NPA), is one where:

I. Interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.
II. This applies mutatis-mutandis to preference shares where the fixed dividend is not paid.
III. In the case of equity shares, in the event the investment in the shares of any company is valued at Re.1 per company on account of the non-availability of the latest balance sheet in accordance with the Reserve Bank of India instructions, those equity shares are also reckoned as NPI.
IV. If any credit facility availed by the issuer is NPA in the books of the bank, the investments in any of the securities issued by the same issuer is also treated as NPI and vice versa.
V. The investments in debentures / bonds, which are deemed to be in the nature of advance, are subjected to NPI norms as applicable to investments.

QUANTITATIVE DISCLOSURES

A. GROSS CREDIT RISK EXPOSURE Including Geographic Distribution of Exposure

(Rs. in Millions)

Sl. No.	Exposure* Type	Domestic	Overseas	Total
1.	Fund Based	18,85,496	84,987	**19,70,483**
2.	Non-Fund Based	2,90,484	103	**2,90,587**
3.	**Total**	**21,75,980**	**85,090**	**22,61,070**

*Exposure for Fund based includes advance portfolio whereas non-fund based includes exposure due to Bank guarantee and Letter of Credit.

B. RESIDUAL CONTRACTUAL MATURITY BREAKDOWN OF ASSETS

(Rs. in Millions)

Buckets	Cash & RBI Balances	Bank Balances #	Advances	Investments	Fixed Assets	Other Assets	Grand Total
Next day	9,364	3,026	6,819	156,079	-	82	**1,75,370**
2 – 7 days	1,794	28,929	24,055	11,587	-	354	**66,719**
8 –14 days	637	-	8,200	3,105	-	249	**12,191**
15 – 30 days	961	1,712	16,504	4,685	-	551	**24,413**
Over 1 month – 2 months	1,320	3,424	22,913	6,492	-	966	**35,115**
Over 2 months – 3 months	840	3,355	14,269	10,924	-	895	**30,283**
Over 3 months – 6 months	3,108	-	51,849	15,160	-	2,758	**72,875**
Over 6 months – 1 year	5,720	3,072	1,25,438	35,493	-	5,697	**1,75,420**
Over 1 year – 3 years	28,434	28,726	4,63,853	1,48,343	-	22,732	**6,92,088**
Over 3 years – 5 years	14,288	13,182	1,62,554	82,174	-	19,924	**292,122**
Over 5 years	26,587	-	5,25,699	1,68,895	31,160	27,541	**7,79,882**
Total	**93,053**	**85,426**	**14,22,153**	**6,42,937**	**31,160**	**81,749**	**23,56,478**

#Includes Balances with other banks and money at call & short notice.

C. NON-PERFORMING ASSETS (NPA) AND ITS MOVEMENT

S. No.	Particulars	Amount in Millions
A.	**Amount of Gross NPA**	**2,50,675**
A. 1	Substandard	51,615
A. 2	Doubtful 1	47,017
A. 3	Doubtful 2	1,02,384
A. 4	Doubtful 3	15,445
A. 5	Loss	34,214
B	**Net NPA**	**1,04,103**
C	**NPA Ratios**	
C. 1	Gross NPAs to Gross Advances	**15.97%**
C. 2	Net NPAs to Net Advances	**7.32%**

S. No.	Particulars	Amount in Millions
D	**Movement of Gross NPA**	
D. 1	**Opening balance at the beginning of the quarter**	**2,65,628**
D. 2	Additions during the period	22,494
D. 3	Reductions during the period	37,447
D. 4	**Closing balance as at end of the period**	**2,50,675**

D. NON-PERFORMING INVESTMENTS (NPI) AND MOVEMENT OF PROVISION FOR DEPRECIATION ON INVESTMENTS

(Rs. in Millions)

S. No.	Particulars	Amount
A.	**Amount of Non-Performing Investments**	**6,557**
B	Amount of Provision held for Non-Performing Investments	4,684
C	**Movement of provisions for depreciation on investments**	
C. 1	**Opening balance at the beginning of the quarter**	**13,221**
C. 2	Provisions made during the period	8,654
C. 3	Write-off during the period	-
C. 4	Write-back of excess provisions during the period	5,011
C. 5	**Closing balance as at end of the period**	**16,864**

E. MOVEMENT OF SPECIFIC & GENERAL PROVISION

(Rs. in Millions)

Movement of provisions	Specific Provisions#	General Provisions@
Opening balance at the beginning of the quarter	**1,43,081**	**7,512**
Provisions made during the period	25903	-
Write-off during the period	22667	-
Write-back of excess provisions during the period	-	961
Adjustments/Transfers between provisions during the period*	-	22
Closing Balance as at end of the period	**1,46,317**	**6,573**

#Represents provisions for NPA, @Represents provisions for Standard Advances

*Amount utilized towards sale of NPAs and transfer to PWO account.

F. Details of write offs and recoveries that have been booked directly to the income statement

(Rs. in Millions)

Write offs that have been booked directly to the income statement	-
Recoveries (in written-off) that have been booked directly to the income statement	2,061

G. GEOGRAPHIC DISTRIBUTION OF NPA & PROVISIONS

(Rs. in Millions)

SL No	Particulars	Domestic	Overseas	Total
1.	Gross NPA	2,48,595	2,080	**2,50,675**
2.	Provisions for NPA	1,45,128	1,189	**1,46,317**
3.	Provisions for Standard Advances	6,190	383	**6,573**

H. AGEING OF PAST DUE LOANS

(Rs. in Millions)

SL No	Particulars as on 31st Dec, 2017	Domestic	Overseas	Total
1.1	31-90 days	-	-	-
1.2	91-365 days	50,688	927	**51615**
1.3	1-2 years	46,902	115	**47,017**
1.4	2-4 years	1,01,346	1,038	**1,02,384**
1.5	Over 4 years	49,659	-	**49,659**
1.6	**Total**	**2,48,595**	**2,080**	**2,50,675**

I. INDUSTRY TYPE DISTRIBUTION OF EXPOSURES

(Rs. in Millions)

Industry	As on 30.06.2018					For quarter ended 30th June 2018	
	Exposure		Gross NPA	Provisions for		Write-offs	Provisions for NPA
	Funded*	Non-Funded#		NPA	Standard Advances		
Advances against Fixed Deposits	**63104**	**9490**	**1**	**0**	**108**	**0**	**0**
Agriculture & Allied activities	**313123**	**0**	**17416**	**6113**	**632**	**734**	**1271**
All Engineering	**46878**	**23524**	**21378**	**13042**	**45**	**76**	**3932**
Aviation	**6260**	**2200**	**0**	**0**	**24**	**0**	**0**
Basic Metal and Metal Products	**88852**	**35507**	**42816**	**24655**	**104**	**2261**	**6556**
Chemicals and Chemical Products	**35997**	**6216**	**8189**	**6834**	**143**	**259**	**22**
Cement and Cement Products	**10206**	**3806**	**1378**	**580**	**26**	**6**	**97**
Glass and Glassware	**1377**	**536**	**7**	**2**	**1**	**0**	**0**
Beverage & Tobacco	**3778**	**329**	**643**	**202**	**9**	**20**	**37**
Commercial Real Estate	**27139**	**1101**	**8348**	**4614**	**161**	**435**	**149**
Computer Software	**1713**	**332**	**0**	**0**	**1**	**0**	**0**
Construction	**28541**	**64129**	**13473**	**10384**	**49**	**3382**	**2490**
Consumer Durables	**50**	**41**	**9**	**2**	**0**	**0**	**1**
Education Loans	**16872**	**0**	**811**	**249**	**62**	**64**	**133**
Food Processing	**27952**	**5120**	**6845**	**3462**	**207**	**23**	**229**
Gems & Jewellery	**9962**	**3838**	**4940**	**2470**	**8**	**2**	**166**

Industry	As on 30.06.2018					For quarter ended 30th June 2018	
	Exposure		Gross NPA	Provisions for		Write-offs	Provisions for NPA
	Funded*	Non-Funded#		NPA	Standard Advances		
Housing Loans	124706	-	3437	733	456	32	170
Infrastructure	227358	53894	29943	15885	954	548	1934
Leather & Leather Products	2439	14	106	30	3	0	2
Mining and Quarrying	18654	7160	6621	6574	8	1	576
Non-Banking Finance Companies	162564	0	334	259	545	0	19
Banking and finance other than NBFCs & MFs	62351	814			210		
Paper & Paper Products	13985	1666	3378	1852	12	4	603
Petroleum, Coal Products and Nuclear Fuels	8941	4710	2981	2855	26	0	748
Professional Services	36071	73	2155	915	99	52	419
Retail Trade	101316	2801	5857	1791	198	592	284
Rubber, Plastic & their Products	6433	2539	401	109	12	8	5
Shipping	3446	0	0	0	30	0	0
Textiles	51075	5948	12825	9415	238	3163	1031
Tourism, Hotel and Restaurants	11514	414	3410	970	99	3	41
Transport Operators	4702	163	462	177	19	4	5
Vehicle/Auto Loans	15431	123	1634	791	55	17	461
Vehicles, Vehicle Parts and Transport Equipment	11112	1981	7619	5832	7	1	2892
Wholesale Trade	35950	16834	7853	5106	516	225	902
Wood & Wood Products	2828	2378	107	34	4	4	3
Other Industry/ sectors not included above	387803	32906	35298	20380	1502	7021	29833
Total	19,70,483	290587	2,50,675	1,46,317	6573	18937	55011

*Funded Exposure include Credit exposure and investment exposure

#Non-Funded Exposure includes Bank Guarantee, LC and Forward Contract

Exposures to industries in excess of 5% of total Funded &Non-Funded of the Bank as on June 30, 2018

(Rs. in Millions)

S. No.	Industry	% of Funded &Non-Funded Exposure
1.	Infrastructure	12.39%
1.1	Out of which: Power	6.19%
2.	Basic Metal and Metal Products	5.50%
2.1	Out of Which: Iron and Steel	4.23%
3.	Non-Banking Finance Companies	7.19%

4. CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH

The Bank has used the Standardized Approach under the RBI's Basel III capital regulations for calculation of risk-weighted assets of its credit portfolio. The RBI guidelines require banks to use ratings assigned by specified External Credit Rating Agencies (ECRA) namely Brickworks, CARE, CRISIL, ICRA, India Ratings, SMERA and Infomerics for domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties.

The Bank is using issuer ratings and short-term and long-term instrument/bank facilities' ratings which are assigned by the accredited rating agencies, i.e. ECRA, published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporates and foreign banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch is used.

QUANTITATIVE DISCLOSURES

The Bank's exposure on its advance portfolio (rated and unrated) bifurcated in three major risk buckets are as follows:

(Rs. in Millions)

Sl No	Risk Weight	Fund Based	Non-Fund Based
1	Below 100% risk weight	**11,55,573**	1,21,821
2	100% risk weight	2,69,343	49,726
3	More than 100% risk weight	1,44,261	35,354
4	Deduction from capital funds	-	-
5	**Total Exposure**	**15,69,177**	**2,06,902**

18.LEVERAGE RATIO COMMON DISCLOSURE TEMPLATE

The leverage ratio act as a credible supplementary measure to the risk-based capital requirement. The Bank is required to maintain a minimum leverage ratio of 4.5%. The Bank's leverage ratio, calculated in accordance with the RBI guidelines under consolidated framework is as follows: (Rs. in millions)

	Item	As on Jun 30, 2018
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	23,33,841
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(23,495)
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**23,10,346**
Derivative exposures		
4	Replacement cost associated with all *derivatives* transactions (i.e. net of eligible cash variation margin	24,354
5	Add-on amounts for PFE associated with *all* derivatives transactions	31,418
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**55,772**
Securities financing transaction exposures		
12	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	25,506
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	4
15	Agent transaction exposures	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	25,510

	Item	As on Jun 30, 2018
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	6,90,309
18	(Adjustments for conversion to credit equivalent amounts)	(5,29,744)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**1,60,565**
Capital and total exposures		
20	**Tier 1 capital**	**65,623**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**25,52,193**
Leverage ratio		
22	**Basel III leverage ratio**	**2.57%**

LEVERAGE RATIO DISCLOSURE

(Rs. in millions)

Particulars	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017	Sep 30, 2017
Tier 1 capital	65,623	99,095	1,33,977	1,35,950
Exposure Measure	25,52,193	27,22,651	26,79,056	26,22,322
Leverage Ratio	2.57%	3.64%	5.00%	5.18%