Basel III disclosures of the India Branch for the quarter ended December 31, 2018

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, 2018. 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 31st December 2018 is presented below:

Quantitative Disclosures

(Rs. '000s)

(a) Capital Requirements for Credit Risk:	
Portfolios subject to Standardised Approach	1,120,960
Securitisation Exposures	-
(b) Capital Requirements for Market Risk: Standardised Duration Approach:	
Interest Rate Risk	85,221
Foreign Exchange risk (including Gold)	103,150
Equity Risk	-
(c) Capital Requirement for Operational Risk:	
Basic Indicator Approach	64,586
Total Capital Required	1,373,917
Total Eligible Capital	6,131,991
Total Risk Weighted Assets	12,633,723
Total Capital Ratio	48.54%
Tier 1 Capital Ratio	48.17%

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, 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 single obligors and groups. 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 banks and financial institutions.

Quantitative Disclosures

a) Total gross credit risk exposure

(Rs.' 000s)

Particulars	Fund Based (Note 1)	Non Fund Based (Note 2)	Total
As at 31 December 2018	9,430,402	4,005,227	13,435,629

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 31 December 2018		
	Fund Based	Non Fund Based	Total
Overseas	-	-	-
Domestic	9,430,402	4,005,227	13,435,629
Total	9,430,402	4,005,227	13,435,629

c) Industry type distribution of exposures

(Rs.' 000s)

Industry	As at 31 December 2018		
	Fund Based	Non Fund Based	Total
Food Processing	640,824	-	640,824
Chemical & Chemical Products	791,468	-	791,468
Other Metal & Metal Products	113,355	-	113,355
Gems and Jewelry	738,329	-	738,329
Construction	740,965	-	740,965
Other Industries	-	682,954	682,954
Residuary Other Advances	6,405,461	3,322,273	9,727,734
Total	9,430,402	4,005,227	13,435,629

d) Residual contractual maturity breakdown of assets

(Rs.' 000s)

Maturity Buckets	As at 31 Dec 2018
1 day	2,177,196
2-7 days	983,496
8-14 days	1,190,186
15-30 days	909,307
31 days and upto 2months	1,121,596
over 2months and upto 3months	832,415
Over 3 Months and upto 6 months	5,915,071
Over 6 Months and upto 1 year	1,178,006
Over 1 Year and upto 3 years	823,759
Over 3 Years and upto 5 years	111,475
Over 5 years	620,120
Total	**15,862,627**

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	2018-19
Opening Balance at beginning of the year	7,260
Add: Provisions made during the year	182
Less: Write-off/write-back of excess provisions during the year	-
Closing Balance at end of the year	7,442

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 31 Dec 2018
Below 100 % risk weight	7,204,046
100 % risk weight	6,290,408
More than 100 % risk weight	2,006,286
Deducted	-
Total **	**15,500,740**

** The amount outstanding under various risk buckets excludes exposures to QCCP and are prior to credit risk mitigants.