Basel III disclosures of the India Branch for the quarter ended June 30, 2023

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, 2023. 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 30th June 2023 is presented below:

Quantitative Disclosures

(Rs. ‘000s)

(a) Capital Requirements for Credit Risk:	
Portfolios subject to Standardised Approach	4,292,716
Securitisation Exposures	-
(b) Capital Requirements for Market Risk: Standardised Duration Approach:	
Interest Rate Risk	363,926
Foreign Exchange risk (including Gold)	298,483
Equity Risk	-
(c) Capital Requirement for Operational Risk:	
Basic Indicator Approach	357,642
Total Capital Required	5,312,767
Total Eligible Capital	22,255,951
Total Risk Weighted Assets	46,197,968
Total Capital Ratio	48.18%
Tier 1 Capital Ratio	46.67%

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) as well as Non-Performing (NPA) Accounts] and dealing with them effectively. There are policies which govern classification and credit grading of EA & 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 91 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)

Particulars	Fund Based (Note 1)	Non Fund Based (Note 2)	Total
As at 30 June 2023	44,913,702	18,870,636	63,784,338

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 June 2023		
	Fund Based	Non Fund Based	Total
Overseas	-	-	-
Domestic	44,913,702	18,870,636	63,784,338
Total	**44,913,702**	**18,870,636**	**63,784,338**

c) Industry type distribution of exposures

(Rs.' 000s)

Industry	As at 30 June 2023		
	Fund Based	Non Fund Based	Total
Food Processing	851,999	-	851,999
Fertilizers	-	1,342,236	1,342,236
Drugs & Pharmaceuticals	1,095,000	1,555,636	2,650,636
Chemical & Chemical Products	5,219,264	-	5,219,264
Metal & Metal Products	281,103	409,035	690,138
Vehicles, Vehicle parts & Transport equipment	166,884	-	166,884
Electronics	-	2,224,863	2,224,863
Gems and Jewelry	941,022	-	941,022
Infrastructure – Others	5,244	-	5,244
Infrastructure – Electricity generation	-	4,347,133	4,347,133
Other Industries	2,793,249	769,897	3,563,146
Residuary Other Advances (Services sector)	33,559,937	8,221,836	41,781,773
Total	**44,913,702**	**18,870,636**	**63,784,338**

d) Residual contractual maturity breakdown of assets

(Rs.' 000s)

Maturity Buckets	As at 30 June 2023
1 day	8,002,969
2-7 days	9,149,167
8-14 days	4,729,888
15-30 days	6,872,789
31 days and upto 2months	11,303,209
over 2months and upto 3months	9,010,607
Over 3 Months and upto 6 months	8,293,323
Over 6 Months and upto 1 year	10,073,909
Over 1 Year and upto 3 years	4,099,694
Over 3 Years and upto 5 years	51,556
Over 5 years	1,357,163
Total	**72,944,274**

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	34,012	8,503	25,509
Reduction (including write backs / write offs)	34,012	8,503	25,509
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	**2023-24**
Opening Balance at beginning of the year	372,356
Add: Provisions made during the year	-
Less: Write-off/write-back of excess provisions during the year	125,130
Closing Balance at end of the year	247,226

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 recognized Indian credit rating agencies are used for domestic non-bank entities 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:

Particulars	**Rs.' 000s**
Below 100 % risk weight	54,890,602
100 % risk weight	3,349,088
More than 100 % risk weight	16,247,244
Deducted	-
Total **	**74,486,934**

** 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).