

BASEL III PILLAR 3 DISCLOSURE (ON CONSOLIDATED BASIS) AS ON 30.06.2018

Table DF – 2: Capital Adequacy

(i) Qualitative Disclosures

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 need and capital optimization are monitored periodically by the Capital Planning Committee comprising Top Executives. Further the committee is being monitored at Board level, with members of the Board in the committee comprising of Managing Director & CEO, Executive Directors and two independent Directors. Capital requirement is projected quarterly considering the expected growth in advances, investments and investments in Subsidiaries / Joint Ventures, etc. Committee ensures that CRAR is maintained well above the regulatory level. It explores the different avenues of raising capital and decides the quantum, time and option for capital augmentation in tune with business growth and realignment of Capital structure, duly undertaking the scenario analysis for capital optimization. Capital planning process is carried in tune with Bank's long term goals enumerated in ICAAP and Vision documents of the Bank.

(ii) Quantitative disclosures

SI No	Items	Amount (₹ in millions)	
		30.06.2018	30.06.2017
(b)	Capital requirements for Credit Risk		
	• Portfolios subject to Standardized Approach	312,503.00	299,613.27
	• Securitization Exposures	0.00	0.00
(c)	Capital requirements for Market Risk		
	• Standardized Duration Approach		
	- Interest Rate Risk	14,106.50	13,640.20
	- Foreign Exchange Risk (including Gold)	54.00	54.00
	- Equity Risk	6,290.70	7,867.90
(d)	Capital requirements for Operational Risk		
	• Basic Indicator Approach	32,321.80	27,792.15
(e)	Common Equity Tier 1, Tier 1 and Total Capital:		
	• Group		
	- CET 1 Capital	340,864.17	306,479.62
	- Tier 1 Capital	368,630.88	335,758.20
	- Tier 2 Capital	103,190.82	104,834.09
	- Total Capital	471,821.70	440,592.29
	• Stand alone (Parent Bank)		
	- CET 1 Capital	335,168.40	300,524.62
	- Tier 1 Capital	362,905.64	329,774.60
	- Tier 2 Capital	102,973.31	104,782.58
	- Total Capital	465,878.95	434,557.18
(f)	Common Equity Tier 1, Tier 1 and Total Capital ratios:		
	• Group CRAR		
	- CET 1 Ratio	9.46%	8.85%
	- Tier 1 Ratio	10.23%	9.69%
	- Tier 2 Ratio	2.87%	3.03%
	- CRAR	13.10%	12.72%
	• Stand alone (Parent Bank) CRAR		
	- CET 1 Ratio	9.35%	8.72%
	- Tier 1 Ratio	10.12%	9.57%
	- Tier 2 Ratio	2.88%	3.04%
	- CRAR	13.00%	12.61%

Table DF- 3: Credit Risk

(i) Qualitative Disclosures

Bank's policy governs all credit risk related aspects. CRM Policy outlines the principles, standards and approach for credit risk management at the Bank. It establishes systems, procedures, controls and measures to actively manage the credit risks, optimize resources and protect the bank against adverse credit situations. The Delegation of Power for approval of credit limits is approved by Board of Directors.

The Bank's policies assume moderate risk appetite and healthy balance between risk and return. The primary risk management goals are to maximize value for shareholders within acceptable parameters and adequately addressing the requirements of regulatory authorities, depositors and other stakeholders. The guiding principles in risk management of the Bank comprise of Compliance with regulatory and legal requirements, achieving a balance between risk and return, ensuring independence of risk functions, and aligning risk management and business objectives. The Credit Risk Management process of the Bank is driven by a strong organizational culture and sound operating procedures, involving corporate values, attitudes, competencies, employment of business intelligence tools, internal control culture, effective internal reporting and contingency planning.

The overall objectives of Bank's Credit Risk Management are to:

- Ensure credit growth, both qualitatively and quantitatively that would be sectorally balanced, diversified with optimum dispersal of risk and also strive towards credit growth with usage of capital efficiently.
- Ensure adherence to regulatory prudential norms on exposures and portfolios.
- Adequately pricing various risks in the credit exposure.
- Define roles, responsibilities and empowerment.
- Form part of an integrated system of risk management encompassing identification, measurement, monitoring and control.
- **Strategies and processes:**

In order to realize the above objectives of Credit Risk Management, the Bank prescribes various methods for Credit Risk identification, measurement, grading and aggregation techniques, monitoring and reporting, risk control/ mitigation techniques and management of problem loans/ credits. The Bank has also defined target markets, risk acceptance criteria, credit approval authorities, and guidelines on credit origination/ maintenance procedures.

The strategies are framed keeping in view various measures for Credit Risk Mitigation, which includes identification of thrust areas and target markets, fixing of exposure ceiling based on regulatory guidelines and risk appetite of the Bank, Minimizing Concentration Risk, and pricing based on rating.

Bank from time to time would identify the potential and productive sectors for lending, based on the performance of the segments and demands of the economy. The Bank restricts its exposures in sectors which do not have growth potentials, based on the Bank's evaluation of industries/ sectors based on the prevailing economic scenario prospects, etc.

The operational processes and systems of the Bank relating to credit are framed on sound Credit Risk Management Principles and are subjected to periodical review.

The Bank has comprehensive credit risk identification processes as part of due diligence on credit proposals.

▪ **The structure and organization of the Credit Risk Management Function:** Credit Risk Management Structure in the Bank is as under-

- i. Board of Directors
- ii. Risk Management Committee of the Board (RMCB)
- iii. Credit Risk Management Committee (CRMC)
- iv. Model Review Technical Working Group (MRTWG)
- v. General Manager-Risk Management Wing, H.O (Group Chief Risk Officer)
- vi. Deputy General Manager (I&II), Risk Management Wing
- vii. Credit Risk Management Department comprising of Credit Policy Section, Credit Analysis Cell and Credit Risk Management Section. The Credit Risk Management Section has three functional desks, the Credit Risk Management Desk, Credit Risk Rating Desk and Industry Research Desk.
- viii. Model Development Team
- ix. Model Validation Team (MVT)
- x. Risk Management & Credit Review Section at Circle Offices.

▪ **The scope and nature of risk reporting and / or measurement systems:**

Bank has an appropriate credit risk measurement and monitoring processes. The measurement of risk is through a pre-sanction exercise of credit risk rating and scoring models put in place by the Bank. The Bank has a separate Risk Rating Policy for identifying the parameters under each of these risks as also assigning weighted scores thereto and rating them on a scale of I to VII. Grade VIII or High Risk Grade III is termed as default grade. The risk rating policy also entails the guidelines on usage/mapping of ratings assigned by the recognized ECAs (External Credit Assessment Institutions) for assigning risk weights for the eligible credit exposures as per the guidelines of the RBI on standardized approach for capital computation and also for pricing purposes.

The Bank has adopted 'Standardized Approach' for entire credit portfolio for credit risk measurement. The bank is endeavouring to move towards IRB approaches and made all necessary efforts in this regard.

The Bank has embarked upon implementation of a software solution to get system support for establishing a robust credit data warehouse for all MIS requirements, computation of Risk Weighted Assets (RWA), generate various credit related reports for review of exposure and monitoring, and conducting analysis of credit portfolio from various angles.

▪ **Policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants:**

Bank primarily relies on the borrower's financial strength and debt servicing capacity while approving credits. Bank does not excessively rely on collaterals or guarantees as a source of repayment or as a substitute for evaluating borrower's creditworthiness. The Bank does not deny credit facilities to those assessed as credit worthy for mere want of adequate collaterals.

In order to manage the Bank's credit risk exposure, the Bank has adopted credit appraisal and approval policies and procedures that are reviewed and updated by the Risk Management Wing at Head office in consultation with other functional wings. The credit appraisal and approval process is broadly divided into credit origination, appraisal, assessment and approval, and dispensation.

Corporate finance and project finance loans are typically secured by a first lien on fixed assets, normally consisting of property, plant and equipment. The Bank also takes security of pledge of financial assets like marketable securities and obtains corporate guarantees and personal guarantees wherever appropriate. Working Capital loans are typically secured by a first lien on current assets, which normally consist of inventory and receivables.

Bank has laid down detailed guidelines on documentation to ensure legal certainty of Bank's charge on collaterals.

The Bank's policy is to ensure portfolio diversification and evaluate overall exposure in a particular industry / sector in the light of forecasts of growth and profitability for that industry, and the risk appetite of the Bank. The Bank monitors exposures to major sectors of the economy and specifically exposure to various industries and sensitive sectors. Exposure to industrial activities is subjected to the credit exposure ceilings fixed by the Bank based on the analysis on performance of the industry. The Bank's exposures to single and group borrowers as also substantial exposure is fixed as per the risk rating of the borrowers and monitored periodically in order to keep the exposure level within the prudential ceiling norms advised by Reserve Bank of India from time to time.

The credit origination is through the grass root level ably assisted by the branch net work, Regional Offices and Circle Offices. The process of identification, application is carried out before commencing an in depth appraisal, due diligence and assessment.

The credit approval process is a critical factor and commences with the mandatory credit risk rating of the borrower as a pre sanction exercise. The measurement of Credit Risk associated with the borrower evaluates indicative factors like; borrowers' financial position, cash flows, activity, current market trends, past trends, management capabilities, experience with associated business entities, nature of facilities etc. The credit sanctioning power delegation to various authorities based on internal risk rating categories of the borrower is already put in place. In terms of the Ministry of Finance notifications, Bank has set up Credit Approval Committees at HO, Circle and Regional Office levels. The credit sanctioning powers of all the sanctioning authorities at administrative units (i.e., besides branch powers) are withdrawn and the committee approach for credit approval has been put in place. The Bank has in place specialized branches viz. Centralized Processing Units (CPUs), Retail Asset Hubs (RAHs) and SME Sulabhs at select cities to ease credit dispensation turnaround time and ensure specialized attention.

To enhance the control measures, a separate Credit Administration and Monitoring Wing is in place to undertake exclusive loan review, monitoring problem accounts, credit audit, etc. This ensures greater thrust on post sanction monitoring of loans and strengthen administering the various tools available under the Banks' policies on loan review mechanism.

For effective loan review, the Bank has the following in place:

- Pre-release Audit System for compliance to sanction terms and conditions, obtention of stipulated collateral securities ensuring perfection of securities before disbursement etc.
- Credit Audit System to identify, analyze instances of non-compliance and rectification for all types of credit facilities with aggregate liability of Rs 1crore and above.
- Review of loan sanctioned by each sanctioning authority by the next higher authority.
- Mid Term Review of borrowal accounts beyond a certain level of exposure.
- Monitoring of Special Mention Accounts (SMA) at various levels. Formation of a Joint Lenders' Forum (JLF) and formulation of Corrective Action Plan (CAP) in the case of consortium/JLA accounts, for early rectification or restructuring
- Monitoring tools like Credit Monitoring Format (web-based), Quarterly Information Systems, Half Yearly Operation Systems, Stock Audits etc.
- Credit Monitoring Officers at branches in charge of monitoring functions.
- A framework has been developed outlining a corrective action plan that will incentivize early identification of problem account, timely restructuring of accounts which are considered to be viable and taking prompt steps by lenders for recovery or sale thereby revitalizing the distressed accounts in the Bank.
- Vide RBI Circular DBR NO. BP.BC.101/21.04.048/2017-18 dated 12.02.2018, Bank has adopted revised framework for resolution of stressed assets. Under the revised framework, the eligible accounts, classified as Standard SMA, or substandard are identified for the resolution plan. The

resolution plan includes, identifying the cash deficit and if required providing additional finance, restricting and implementation of the resolution plan as soon as the account is reported to CRILC.

Definition and classification of Non-Performing Assets (NPAs):

The Bank classifies its advances (loans and credit substitutes in the nature of an advance) into performing and non-performing loans in accordance with the extant RBI guidelines. 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). An account should be 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.
- The bill remains overdue for a period of more than 90 days in the case of Bills Purchased and Discounted.
- The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops, and for one crop season for long duration crops.
- The amount of liquidity facility remains outstanding for more than 90 days, in respect of securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.
- In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contracts, if these remain unpaid for a period of 90 days from the specified due date for payment.

Any amount due to Bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the Bank. Assets classification has been made borrower-wise and not facility-wise. In other words, when a particular facility of a borrower has become non-performing, all the facilities granted by the Bank to the borrower will be classified as NPA.

Irrespective of record of recovery, the bank identifies a borrower account as a NPA even if it does not meet any of the above mention criteria, where:

- Loan availed by a borrower are repeatedly restructured unless otherwise permitted by regulations;
- Loans availed by borrowers are classified as fraud;
- Project does not commence commercial operations within the timelines permitted under the RBI guidelines in respect of loans extended to a borrower for the purpose of implementing a project; and

- Any security in nature of debenture/bonds/equity shares issued by a borrower and held by the Bank is classified as non-performing investment.

For loans held at the overseas branches, identification of NPA is based on the home country regulations (RBI Guidelines) or the host country regulations (overseas branch regulator's guidelines), whichever is more stringent.

Further, NPA are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A sub-standard asset is one, which has remained as a NPA for a period less than or equal to twelve month. An asset is classified as doubtful if it has remained in the sub-standard category for more than 12 months. A loss asset is one where loss has been identified by the Bank or internal or external auditors or during RBI inspection but the amount has not been written off fully.

(ii) Quantitative Disclosures

(b) Total Gross Credit Risk Exposure

Particulars	Amount (₹ in millions)	
	30.06.2018	30.06.2017
Fund Based Exposures	4,049,517.71	3,573,694.73
Non-fund Based Exposures	759,165.14	778,384.35
Total Gross Credit Exposures	4,808,682.85	4,352,079.08

(c) Geographic Distribution of Exposures:

Exposures	Amount (₹ in millions)			
	Fund Based Exposures		Non-fund Based Exposures	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Domestic operations	3,805,728.70	3,289,927.33	733,745.60	725,427.63
Overseas operations	243,789.01	283,767.40	25,419.54	52,956.72
Total	4,049,517.71	3,573,694.73	759,165.14	778,384.35

(d) Industry Type Distribution of Exposures (Global)

(₹ in millions)					
SL NO.	INDUSTRY	Fund Based Exposure		Non Fund Based Exposure	
		30.06.2018	30.06.2017	30.06.2018	30.06.2017
1.1	Mining and Quarrying	36,100.00	32,143.70	10,317.60	3,592.40
1.2	Food Processing	149,369.70	138,268.30	5,265.20	5,657.50
	1.2.1 Sugar	17,608.80	18,521.10	1,663.60	1,336.80
	1.2.2 Edible Oils and Vanaspati	7,509.60	6,743.00	29.50	163.80
	1.2.3 Tea	1,459.40	1,680.30	0.10	0.10
	1.2.4 Others	122,791.90	111,323.90	3,572.00	4,156.80
1.3	Beverage & Tobacco	10,530.80	10,162.30	234.80	519.50
1.4	Textiles	206,856.10	198,216.50	10,882.30	52,168.30
	1.4.1 Cotton Textiles	75,900.70	77,997.80	5,832.80	4,500.30
	1.4.2 Jute Textiles	3,576.40	3,150.80	417.00	265.20
	1.4.3 Other Textiles	127,379.00	117,067.90	4,632.50	47,402.80
1.5	Leather & Leather Products	26,860.20	24,262.60	504.80	595.40
1.6	Wood and Wood Products	10,702.14	8,866.30	1,509.24	2,234.60
1.7	Paper & Paper Products	27,455.50	27,038.20	2,607.60	1,384.60
1.8	Petroleum, Coal Products and Nuclear Fuels	53,188.80	44,505.10	48,909.00	14,452.80
1.9	Chemicals and Chemical Products	60,755.38	56,636.90	15,740.80	19,754.00
	1.9.1 Fertilizer	13,988.30	8,911.80	3,640.70	4,840.20
	1.9.2 Drugs & Pharmaceuticals	18,626.82	21,758.70	7,061.60	2,949.50
	1.9.3 Petro Chemicals	5,657.50	5,025.10	342.30	263.10
	1.9.4 Others	22,482.76	20,941.30	4,696.20	11,701.20
1.10	Rubber, Plastic & their Products	21,722.56	21,147.45	2,855.00	2,423.10
1.11	Glass and Glassware	1,895.90	1,762.60	21.50	44.30
1.12	Cement and Cement Products	25,541.60	22,895.70	1,020.60	1,841.70
1.13	Basic Metal and Metal Products	298,007.69	267,031.89	44,990.10	70,393.50
	1.13.1 Iron and Steel	241,338.39	203,697.79	33,172.30	52,688.80
	1.13.2 Other Metal and Metal Products	56,669.30	63,334.10	11,817.80	17,704.70
1.14	All Engineering	106,468.60	103,097.90	137,059.40	117,708.00
	1.14.1 Electronics	10,282.20	9,986.30	10,501.10	5,457.60
	1.14.2 Electricity	30,538.00	32,369.00	61,861.50	51,952.00
	1.14.3 Others	65,648.40	60,742.60	64,696.80	60,298.40

1.15	Vehicles, Vehicle Parts and Transport Equipments	62,657.16	41,084.84	12,344.08	12,354.20
1.16	Gems & Jewellery	49,776.10	36,180.00	3,653.50	798.20
1.17	Construction	63,469.60	106,704.80	119,935.40	148,218.60
1.18	Infrastructure	662,911.07	665,935.49	101,118.80	82,356.60
	1.18.1 Power	382,491.40	380,460.00	65,634.20	47,665.80
	1.18.2 Telecommunications	51,700.20	83,953.50	20,567.60	18,082.60
	1.18.3 Roads	81,565.90	86,761.60	332.76	3,652.70
	1.18.4 Airports	12,191.77	10,337.10	300.10	155.80
	1.18.5 Ports	5,387.00	6,043.70	350.00	-
	1.18.6 Railways (other than Indian Railways)	47,140.34	47,367.50	8,551.49	7,258.90
	1.18.7 Other Infrastructure	82,434.36	51,012.09	5,382.65	5,540.80
1.19	Other Industries	76,203.84	95,325.88	11,195.40	18,163.62
	INDUSTRY (Total of Small, Medium and Large Scale)	1,950,472.74	1,901,266.45	530,165.12	554,660.92

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

Sl No	Industry	Total Exposure (₹ in millions)	% of Total Gross Credit Exposure
1	Power	448,125.60	9.32%
2	Iron & Steel	274,510.69	5.71%

(e) Residual Contractual Maturity Breakdown of Assets

Maturity Pattern	₹in millions		
	Advances	Investments	Foreign Currency Assets
	30.06.2018	30.06.2018	30.06.2018
0 to 1 day	448,503.43 (137,135.70)	1,514.62 (1,755.73)	57,710.44 (24,276.41)
2 to 7 days	112,765.05 (78,852.60)	241.09 (0.00)	19,156.37 (28,135.57)
8 to 14 days	116,240.30 (72,121.60)	178.23 (6,271.96)	23,526.59 (31,609.97)
15 to 30 days	143,034.21 (100,999.10)	1,531.74 (7,535.53)	44,658.34 (46,186.62)
31 days to 2 months	170,445.77 (125,685.50)	13,033.65 (42,316.27)	64,460.22 (89,330.93)
2 months to 3 months	148,390.70 (205,272.00)	3,775.39 (18,692.28)	62,825.74 (129,941.42)
Over 3 months & upto 6 months	330,575.69 (231,973.30)	32,608.22 (18,264.35)	87,491.95 (104,563.66)
Over 6 months & upto 1 year	484,454.78 (427,355.80)	90,752.18 (43,090.61)	54,545.05 (104,001.57)
Over 1 year & upto 3 years	859,104.96 (945,064.70)	234,732.73 (301,186.07)	25,141.28 (26,529.45)
Over 3 year & upto 5 years	389,350.78 (400,275.10)	151,857.50 (176,504.73)	37,301.41 (45,209.24)
Over 5 years	663,341.29 (706,847.80)	888,022.99 (829,661.08)	43,937.10 (25,604.11)
Without Maturity	0.00 (0.00)	38,194.37 (37,023.36)	402.77 (0.00)
Total	3,866,206.97 (3,431,583.20)	1,456,442.71 (1,482,301.97)	521,157.26 (655,388.95)

(f) Amount of Non-Performing Assets

Sl No	Items	Amount (₹ in millions)	
		30.06.2018	30.06.2017
a)	Gross NPAs	448,836.70	378,722.00
	▪ Sub-Standard	127,019.50	103,338.43
	▪ Doubtful 1	94,128.60	155,797.95
	▪ Doubtful 2	226,315.00	118,639.52
	▪ Doubtful 3	0.00	0.00
	▪ Loss	1,373.60	946.10
b)	Net NPAs	267,305.10	243,647.80
c)	NPA Ratios		
	▪ Gross NPAs to Gross Advances (%)	11.08%	10.60%
	▪ Net NPAs to Net Advances (%)	6.91%	7.10%
d)	Movement of NPAs (gross)		
	▪ Opening balance	476,985.30	344,067.40
	▪ Additions	42,045.50	55,236.20
	▪ Reductions	70,194.10	20,581.60
	▪ Closing Balance	448,836.70	378,722.00
e)	Movement of Provisions for NPAs		
	▪ Opening Balance	189,429.30	125,339.97
	▪ Provisions made during the period	24,943.80	13,730.45
	▪ Write-off	34,904.10	788.25
	▪ Write back of excess provisions	0.00	371.73
	▪ Adjustment towards Exchange Fluctuations	328.60	22,785.25
	▪ Closing Balance	179,797.60	133,978.25
f)	Amount of Non-Performing Investments	21,505.96	6,854.05
g)	Amount of Provisions held for Non-Performing Investments	13,960.95	4,892.25
h)	Movement of Provisions for Depreciation on Investments		
	▪ Opening Balance	12,966.81	4,051.36
	▪ Provisions made during the period	1,086.45	846.26
	▪ Write-off	0.00	0
	▪ Write back of excess provisions	92.31	5.37
	▪ Closing Balance	13,960.95	4,892.25

g) By major Industry or Counter party type

Amount (₹ in Millions) as at 30.06.2018				
SI No	Industry /counterparty	NPA	Specific & General Provisions	Specific provisions and write offs during the current period.
1	Basic Metal & Metal Products	97,894.30	35,586.40	-13,663.00
2	Textiles	19,304.60	6,233.10	-1,882.00
3	Construction	11,530.60	2,698.70	-14,075.70
4	Infrastructure	102,293.10	27,246.70	4,132.60

h) By Significant Geographical area wise

Amount (₹ in Millions) as at 30.06.2018			
SI No	Significant Geographical area	NPA	Specific & General Provisions*
1	Domestic	416,303.90	174,867.40
2	Overseas	32,532.80	4,930.20

*Outstanding provision for NPA as at 30.06.2018

- Portion of General Provision that is not allocated to a geographical area - NA

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

- Brickwork Ratings India Private Limited (Brickwork),
- Credit Analysis & Research Limited (CARE),
- CRISIL Limited,
- ICRA Limited,
- India Ratings and Research Private Limited (Formerly FITCH India)
- Acuite Ratings & Research Ltd (Formerly SMERA Ratings Limited)
- INFOMERICS Valuation and Rating Pvt. Ltd. (INFOMERICS)

International Credit Rating Agencies:

- Standard & Poor,
- Moody's,
- FITCH

• 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:

- The Bank uses only publicly available solicited ratings that are valid and reviewed by the recognized External Credit Rating Agencies, referred as External Credit Assessment Institutions (ECAI).
- Bank uses Bank Loan Rating for risk weighting the borrower's exposures. Where Issuer Rating is available, the Bank uses such ratings unless the bank loan is specifically rated.

- The Bank does not simultaneously use the rating of one ECAI for one exposure and that of another ECAI for another exposure of the same borrower, unless the respective exposures are rated by only one of the chosen ECAs. Further, the Bank does not use rating assigned to a particular entity within a corporate group to risk weight other entities within the same group.
- Running limits such as Cash Credit are treated as long term exposures and accordingly, long term ratings are used for assigning risk weights for such exposures.
- While mapping/applying the ratings assigned by the ECAs, the Bank is guided by regulatory guidelines/Bank's Board approved Policy.
- Where exposures/ borrowers have multiple ratings from the chosen ECAs, the Bank has adopted the following procedure for risk weight calculations:
 - If there are two ratings accorded by chosen ECAs, which map into different risk weights, the higher risk weight is applied.
 - If there are three or more ratings accorded by the chosen ECAs which map into different risk weights, the ratings corresponding to the lowest 2 ratings are referred to and higher of those two risk weights is applied.

(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):

SI No	Particulars	Amount (₹ in millions)			
		FUND BASED		NON-FUND BASED	
		30.06.2018	30.06.2017	30.06.2018	30.06.2017
1	Below 100% Risk Weight	4,175,363.89	3,852,043.05	639,693.37	765644.43
2	100% Risk Weight	889,262.13	777,852.90	696,956.53	848267.13
3	More than 100% Risk Weight	516,128.51	641,288.08	161,708.00	244573.09
4	Deducted (Risk Mitigants)	498,442.88	461,422.17	105,170.20	145550.63
5	TOTAL	5,082,311.66	4,809,761.86	1,393,187.71	1,712,934.02

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. As per RBI guidelines, the Basel III leverage for the Bank at the consolidated level as at 30th June, 2018 is as follows:

Particulars	Amount (₹ in millions)	
	30.06.2018	30.06.2017
Tier 1 Capital (A)	368,630.88	335,758.20
Exposure Measure (B)	6,682,097.66	6,357,829.85
Leverage Ratio (A/B)	5.52%	5.28%