

BASEL III DISCLOSURES as at September 30, 2020 (Indian Branches)

1. SCOPE OF APPLICATION

The Basel III disclosures contained herein relate to the Indian Branches of Credit Agricole Corporate & Investment Bank ('the Bank') for the year ended Sep 30, 2020. These are primarily in the context of the disclosures required under Annex 18 - Pillar 3 disclosure requirements of the Reserve Bank of India ('the RBI') Master Circular - Basel III Capital Regulations dated 1st July 2015. The Bank has implemented the requirements laid down by RBI for Pillar 3 disclosure, covering both the qualitative and quantitative items. The information provided has been reviewed by senior management and is in accordance with the guidelines prescribed by the RBI. All table DF references relate to those mentioned in Annex 18 - Pillar 3 of the above mentioned circular.

Qualitative & Quantitative disclosures as per table DF 1

The Bank does not have any interest in subsidiaries/associates/Joint Ventures or Insurance entities. As such this disclosure is not applicable to the bank.

2. CAPITAL ADEQUACY

Qualitative Disclosures as per table DF 2

The Capital to Risk Weighted Assets Ratio (CRAR) of the bank is 13.62% as of Sep 30, 2020 computed under Basel III norms, higher than the minimum regulatory CRAR requirement of 10.875% including Capital Conservation Buffer (CCB) of 1.875%.

The bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. It is overseen by the Bank's Asset and Liability Committee (ALCO) and Local Credit Committee (LCC). It has a process for assessing its overall capital adequacy in relation to the risk profile. The Bank has a comprehensive Internal Capital Adequacy Assessment Process ('ICAAP'). The Bank's ICAAP document covers the capital management framework of the Bank, sets the process for assessment of the adequacy of capital to support current and future activities / risks and a report on the capital projections for a period of 3 years. The framework has been created by way of an approved ICAAP Manual which ensures existence of a good governance model to identify, assess, monitor and manage all material risks. This framework is supplemented by the existence of an approved stress testing framework which is an integral part of the ICAAP.

In the normal course of events, management reviews the adequacy of capital quarterly or with increased frequency, if circumstances demand. The capital requirement of the Bank is assessed after considering the Bank's strategy, its business model as well as opportunities for growth. The capital assessment by the Bank factors in the credit, operational and market risks associated with its current and future activities as well as the effective management of these risks to optimize the utilization of capital.

Quantitative Disclosures as per table DF 2

A summary of the bank's capital requirement for credit, market and operational risk and the capital adequacy ratio is presented below:

(Amount in ₹ crore)

	Particulars	Sep 30, 2020	March 31, 2020
A	Capital Requirement for Credit Risk (Standardized Approach) <ul style="list-style-type: none"> • On B/s excl securitization exposures • Off B/s excl securitization exposures <ul style="list-style-type: none"> 1. Non - Market Related 2. Market Related • Securitization Exposures 	1,582.11	1,537.59
		547.18	579.34
		1,034.93	958.25
		502.43	345.65
		532.50	612.60
		-	-
B	Capital Requirement for Market Risk (Standardized Duration Approach) <ul style="list-style-type: none"> • Interest Rate Risk • Foreign Exchange Risk • Equity Risk 	282.90	291.11
		246.90	255.11
		36.00	36.00
		-	-
C	Capital Requirement for Operational Risk (Basic Indicator Approach)	27.54	27.54
D	Total Capital Requirement	1,892.55	1,856.24
E	Total Risk Weighted Assets of the Bank <ul style="list-style-type: none"> • Credit Risk • Market Risk • Operational Risk 	18,977.04	18,654.94
		15,096.57	14,671.72
		3,536.18	3,638.93
		344.29	344.29
F	Total Capital Ratio <ul style="list-style-type: none"> • Common Equity Tier I • Tier I • Tier II 	13.62%	12.43%
		11.45%	10.17%
		11.45%	10.17%
		2.17%	2.26%

3. RISK EXPOSURE AND ASSESSMENT

Risk Management

The management of risk lies at the heart of the Bank's business. The businesses undertaken by the Bank requires it to identify, measure, control, monitor and report risks effectively and to allocate capital among businesses appropriately.

The key components of the Bank's risk management are the risk policies, comprehensive processes, integrated risk management systems and internal control mechanism. The Bank's risk policies focus attention on key areas of risks such as counterparty, market, country, portfolio and operational risk and identification, analysis, measurement and control of these risks for effective and continuous monitoring.

Categories of Risk

The key risks the Bank assumes are:

- Credit risk is the risk of financial loss if a borrower or counterparty fails to honor commitments under an agreement and any such failure has an adverse impact on the financial performance of the Bank. Credit risk arises mainly from direct lending and certain off-balance sheet products such as Guarantees, Letters of Credits, Foreign Exchange Forward Contracts & Derivatives and also from the Bank's holding of assets in the form of debt securities.
- Market Risk arising from the uncertainty concerning changes in market prices and rates (including interest rates, equity prices, foreign exchange rates and commodity prices), the correlations among them and their levels of volatility.
- Interest rate risk in the banking book is primarily the change in the net interest income and the value of the bank's assets and liabilities due to changes in interest rates. Interest rate risk arises on account of banking products (non-trading nature) offered to retail and corporate customers.
- Liquidity risk arising from the potential inability to meet all payment obligations when they become due.
- Operational risk is the potential for incurring losses in relation to employees, process failures, project management, contractual specifications and documentations, technology, infrastructure failure and disasters, external influences and customer relationships. This definition includes legal and regulatory risk.

Risk management components and policies

The key components of the Bank's risk management are the risk policies, comprehensive processes, integrated risk management systems and internal control mechanism. The Bank's risk policies focus attention on key areas of risk such as counterparty, market, country, portfolio and operational risks and identification, analysis, measurement and control of these risks for effective and continuous monitoring.

The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring. Head Office of the Bank approves the overall risk appetite and strategy for the Bank's operations. Locally, various senior management committees mainly, Asset-Liability Committee (ALCO), Internal Control Committee (ICC), and Local Credit Committee (LCC) operate within the broad policy set up by Head Office.

The Bank has formulated a local credit policy consistent with the Head Office policy and Reserve Bank of India regulations and guidelines on risk management. The Bank has also formulated a comprehensive Stress Testing policy to measure impact of adverse stress scenarios on the adequacy of capital.

Risk management organization

Risk Management function is organized functionally on a global basis as the Risk &

Permanent Control (RPC) Division. The Local Head of Risk Management Functions reports functionally to the Regional Chief Risk Officer, Asia Pacific Office in Hong Kong. The Local Head of Risk Management is responsible for credit, market and operational risk management activities for the Bank. The Bank has a Local Credit Committee comprising of the Senior Country Officer and other senior personnel representing Global Markets, Corporate Banking and Credit Risk Analysis. As per the scheme of delegations for credit approvals laid down by the Head Office, all credit applications from India of corporate clients are discussed in the local credit committee and approved by the Front Office delegate / Senior Country Officer (SCO) subject to a favorable opinion from local RPC if the size of credit limits are within his delegation and in other cases by the Risk Committee at Regional Office or Head Office, based on the recommendation from FO Delegate/SCO and analysis/conclusion provided by local RPC.

In case of Banks & Financial Institutions, the credit analysis of the counterparties is done by RPC in Regional Office, Hong Kong, based on the request from the Branch. The credit limits are assessed by the Branch and recommended to RPC Regional Office, and it requires a favorable recommendation from the Senior Country Officer of India. The final decision on the request for credit limits for Banks & Financial Institutions is made by Head Office.

The Risk Management function is responsible for the quality and performance of the credit portfolios and for monitoring and controlling all credit risks in the portfolio, including those subject to approval by the Regional Office and Head Office.

Treasury is responsible for the management of liquidity risk. The liquidity risk policies relating to the identification, measurement and management of liquidity risk as well as the actual status are reviewed on a regular basis by the ALCO.

The Bank's Finance, Audit and Legal departments support the risk management function. The role of Finance department is to quantify the risk assumed and ensure the quality and integrity of the risk related data. The Bank's Audit department reviews the compliance of the internal control procedures with internal and regulatory standards. The Legal department provides legal advice and support on topics including collateral arrangements and netting.

Scope and Nature of Risk Reporting and Measurement Systems

The Bank has globally adopted an internal rating system to rate the borrowers / counterparties. The internal rating model is a combination of quantitative and qualitative factors. It is comprehensive in terms of identification and assessment of all risks faced by a counter party. The rating model enables assessment of the possibility of delinquency over a one-year time horizon. Each internal rating grade corresponds to a distinct probability of default. Validation of Internal Rating Model is carried out at Head Office level periodically by objectively assessing its calibration accuracy and stability of ratings.

The local Credit Risk Management team manages the regular reporting to senior management on credit risk portfolio, including information on large credit exposures, concentrations, industry exposures, levels of impairment, provisioning and country exposures. The portfolio is also reviewed annually by the Country & Portfolio Review team of the Head Office Risk Department.

Policies for Credit Risk Mitigants

Credit Risk Mitigants (CRM) like financial collateral, non-financial collateral including guarantees are used to mitigate credit risk exposure. Availability of CRM either reduces effective exposure on the borrower (in case of collaterals) or transfers the risk to the more creditworthy party (in case of guarantees).

4. CREDIT RISK: GENERAL DISCLOSURES

Qualitative Disclosures as per table DF 3

Credit Risk Management Policy

The Bank's credit risk management process integrates risk management into the business management processes, while preserving the independence and integrity of risk assessment. There is a clear segregation of duties between transaction originators in the businesses and the approvers in the Risk functions. All credit exposure limits are approved within a defined credit approval authority framework.

The Head Office of the Bank establishes the parameters for risk appetite, which is defined quantitatively and qualitatively in accordance with the laid-down strategic business plan for the country. Group policies/procedures are customized locally to incorporate any local regulatory and governance needs. This is laid down through a combination of organizational structures and credit risk policies, control processes and credit systems embedded into an integrated risk management framework.

The Bank regularly monitors credit exposures, portfolio performance and external trends which may impact risk management outcomes. Internal risk management reports are presented to risk committees, containing information on key environmental, political and economic trends across major portfolios, portfolio delinquency and loan impairment performance.

Identification & Management of Doubtful Assets & Provisioning

The Bank has laid down a global policy for identification and management of Doubtful Assets and provisioning. In addition, the Bank's non-performing advances are identified by regular review of the portfolio by senior management in accordance with RBI guidelines on asset classification and provisioning. Specific provision is made on a case by case basis based on the management's assessment of impairment of the advance with approval from the Head Office, subject to the minimum provisioning levels prescribed by the RBI. All non performing advances are monitored by a specialized department called Distressed Assets Services at Regional Office, Hong Kong. The Bank engages with customers closely to work out of distress situations.

Concentration Risk

The Bank controls and limits concentration risk by means of appropriate borrower limits based on creditworthiness. These include:

Large exposures to individual clients or group:

The exposure limits on various categories of borrowers / counterparties and group of borrowers/counterparties shall be in accordance with the Large Exposure (LE) Framework of RBI.

The Bank has adopted the limits prescribed in the LE Framework as prudential exposure limit:

Single Borrower / counterparty: The sum of all the exposure values to a single counterparty must not be higher than 20% of the Bank's available eligible capital base at all time (i.e. Tier I capital).

Groups of connected Borrowers / counterparties: The sum of all the exposure values of a bank to a group of connected counterparties (as defined in the RBI regulation on Large Exposure Framework) must not be higher than 25% of the Bank's available eligible capital base at all times.

Interbank exposures: The interbank exposures, except intra-day interbank exposures, will be subject to the large exposure limit of 25% of Bank's Tier 1 capital. Additionally, in case of exposure to a G-SIB (including branch) and a non-bank G-SIFI, the exposure limit is further restricted to 20% of capital base (noting that CACIB is a not a G-SIB). For this purpose, Indian branches of a foreign G-SIB is treated as non-GSIB.

Exposure to Head Office: The sum of all the exposure values to Head office (including other overseas branches/subsidiaries/parent/group entities) must not be higher than 25% of the Bank's available eligible capital base at all time.

Exposure to NBFCs: Exposure Ceilings proposed under LE Framework:

(i) Exposures to NBFCs: Banks' exposures to a single NBFC will be restricted to 15 percent of the eligible capital base. However, for NBFCs having significant exposure to unsecured personal loans in its portfolio, the exposure be restricted to 10% of eligible capital base.

(ii) Banks' exposures to a group of connected NBFCs or groups of connected counterparties having NBFCs in the group will be restricted to 25 percent of their Tier I Capital.

Industries

Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Particular attention is given to industry sectors where the Bank believes there is a high degree of risk or potential for volatility in the future. The Bank has fixed internal limits for aggregate commitments to different sectors so that the exposures are evenly spread over various sectors.

Quantitative Disclosures as per table DF 3

CREDIT RISK EXPOSURES

Total Net Credit Risk Exposure

(Amount in ₹ crore)

Particulars	As at Sep 30, 2020	As at Mar 31, 2020
Fund Based	4,349.46	5,040.98
Non Fund Based	5,964.88	6,927.61
Total	10,314.34	11,968.59

Note 1: Fund-based exposure represents funded loans & advances including overdrafts, cash credits and bill discounting.

Note 2: Non-fund based exposures are guarantees given on behalf of constituents, Letters of Credit, Undrawn binding commitments, acceptances and endorsements.

Note 3: The exposure amount is the net outstanding (i.e. net of provisions and credit risk mitigants, if any).

Note 4: The increase in exposures by 25% due to unhedged foreign currency exposure is not considered in the above figures.

The Bank does not have overseas operations and hence exposures are restricted to the domestic segment.

Distribution of credit risk exposure by industry sector as at Sep 30, 2020

Industry code	Industry Name	(Amount in ₹ crore)		
		Funded	Non Funded	Total
1	A. Mining and Quarrying (A. 1 & A.2)	-	2.09	2.09
1.1	A.1 Coal	-	-	-
1.2	A.2 Others	-	2.09	2.09
2	B. Food Processing (Sum of B.1 to B.5)	1.23	-	1.23
2.1	B.1 Sugar	-	-	-
2.2	B.2 Edible Oils and Vanaspati	-	-	-
2.3	B.3 Tea	-	-	-
2.4	B.4 Coffee	-	-	-
2.5	B.5 Others	1.23	-	1.23
3	C. Beverages (excluding Tea & Coffee) and Tobacco (sum of C.1 & C.2)	-	1.27	1.27
3.1	C.1 Tobacco and Tobacco products	-	-	-
3.2	C.2 Others	-	1.27	1.27
4	D. Textiles (Sum of D.1 to D.6)	-	-	-
4.1	D.1 Cotton	-	-	-
4.2	D.2 Jute	-	-	-
4.3	D.3 Handicraft / Khadi (Non priority)	-	-	-
4.4	D.4 Silk	-	-	-
4.5	D.5 Woolen	-	-	-
4.6	D.6 Others	-	-	-
4.7	Out of D (i.e Total Textiles) to Spinning Mills	-	-	-
5	E. Leather and Leather products	-	-	-
6	F. Wood and Wood products	-	-	-
7	G. Paper and paper products	-	-	-
8	H. Petroleum (non-infra), Coal products (non-mining) and Nuclear Fuels	657.61	89.84	747.45

9	I Chemicals & Chemical products (Dyes, Paints, etc.) (Sum of 1.1 to 1.4)	490.90	66.99	557.89
9.1	I.1 Fertilisers	-	-	-
9.2	I.2 Drugs and Pharmaceuticals	398.18	-	398.18
9.3	I.3 Petro-chemicals (Excluding under Infrastructure)	-	-	-
9.4	I.4 Others	92.72	66.99	159.71
10	J Rubber, Plastic and their Products	18.80	68.34	87.14
11	K Glass & Glassware	130.00	0.93	130.93
12	L Cement and Cement products	-	34.19	34.19
13	M Basic Metal and Metal products (M.1 + M.2)	235.33	136.00	371.33
13.1	M.1 Iron and Steel	118.92	33.67	152.59
13.2	M.2 Other Metal and Metal Products.	116.41	102.33	218.74
14	N All Engineering (N.1+ N.2)	478.83	1,337.90	1,816.73
14.1	N.1 Electronics	-	-	-
14.2	N.2 Others	478.83	1,337.90	1,816.73
15	O Vehicles, Vehicles Parts and Transport Equipments	496.41	82.81	579.22
16	P Gems and Jewellery	-	-	-
17	Q Construction	90.53	683.28	773.81
18	R Infrastructure (Sum of R1 to R4)	217.55	1,064.17	1,281.72
18.1	R.1 Transport ((Sum of R.1.1 to R.1.5)	-	-	-
18.1.1	R.1.1 Railways	-	-	-
18.1.2	R.1.2 Roadways	-	-	-
18.1.3	R.1.3 Airport	-	-	-
18.1.4	R.1.4 Waterways	-	-	-
18.1.5	R.1.5 Others	-	-	-
18.2	R.2 Energy (Sum of R.2.1 to R.2.4)	212.80	229.21	442.01
18.2.1	R.2.1 Electricity (generation-transportation and distribution)	212.80	229.21	442.01
18.2.1.1	R.2.1.1 State Electricity Boards	-	-	-
18.2.1.2	R.2.1.2 Others	212.80	229.21	442.01
18.2.2	R.2.2 Oil (Storage and Pipeline)	-	-	-
18.2.3	R.2.3 Gas/LNG (Storage and Pipeline)	-	-	-
18.2.4	R.2.4 Others	-	-	-
18.3	R.3 Telecommunication	-	-	-
18.4	R.4 Others (Sum of R.4.1 to R.4.3)	4.75	834.96	839.71
18.4.1	R.4.1 Water Sanitation	-	-	-
18.4.2	R.4.2 Social & Commercial Infrastructure	-	-	-
18.4.3	R.4.3 Others	4.75	834.96	839.71
19	S Others Industries	215.05	81.02	296.07
20	All Industries (Sum of A to S)	3,032.24	3,648.83	6,681.07

21	Residuary other Advances (to tally with gross advances) [a+b+c]	1,317.22	2,316.05	3,633.27
21.1	a Education Loan	-	-	-
21.2	b Aviation Sector	-	-	-
21.3	c Other Residuary Advances	1,317.22	2,316.05	3,633.27
22	Total Loans and Advances	4,349.46	5,964.88	10,314.34

Residual contractual maturity breakdown of total assets

(Amount in ₹ crore)

Maturity bucket	Sep 30, 2020	Mar 31, 2020
1day	3,851.82	2,485.70
2 to 7 days	699.53	1,877.66
8 to 14 days	664.73	995.77
15 to 30 days	1,091.67	959.59
31 days to 3 months	1,372.19	1,546.48
3 to 6 months	1,064.38	665.48
6 to 12 months	419.73	968.82
1 to 3 years	659.05	877.07
3 to 5 years	29.47	5.00
Over 5 years	4,691.32	10,931.46
Total	14,543.89	21,313.03

Movement of NPAs and Provision for NPAs (excludes NPAs on derivatives)

(Amount in ₹ crore)

		Sep 30, 2020	Mar 31, 2020
A	Amount of NPAs (Gross)	2.93	2.93
	- Substandard	-	-
	- Doubtful 1	-	-
	- Doubtful 2	-	-
	- Doubtful 3	-	-
	- Loss	2.93	2.93
B	Net NPAs	-	-
C	NPA Ratios		
	- Gross NPAs to gross advances (%)	0.06%	0.06%
	- Net NPAs to net advances (%)	0.00%	0.00%
D	Movement of NPAs (Gross)		
	- Opening balance	2.93	3.17
	- Additions	-	-
	- Reductions		(0.24)
	- Exchange rate movement	-	-

	- Closing balance	2.93	2.93
E	Movement of Provision for NPAs		
	- Opening balance	2.93	3.17
	- Provision made	-	-
	- Write-off/write-back of excess provisions during the year (including recovery)	-	(0.24)
	- Exchange rate movement	-	-
	- Closing balance	2.93	2.93

NPIs and movement of provision for depreciation on investments

(Amount in ₹ crore)

		Sep 30, 2020	Mar 31, 2020
A	Amount of Non-Performing Investments	-	-
B	Amount of provision held for Non-Performing Investments	-	-
C	Movement of provision for depreciation on investments		
	- Opening balance	-	6.74
	- Provision made	12.11	-
	- Write - offs	-	-
	- Write - back of excess provision	-	(6.74)
	- Closing balance	12.11	-

5. CREDIT RISK - Disclosures for portfolios under the standardized approach

Qualitative Disclosures as per table DF 4

Use of external ratings issued by Rating Agencies under the Standardized Approach

The Bank uses the issuer ratings and short-term and long-term instrument/bank facilities' ratings which are assigned by the accredited rating agencies viz. CRISIL, CARE, ICRA, India Ratings (FITCH group company), Brickwork and SMERA, and 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 are used. For exposures with contractual maturity of less than one year, a short-term rating is used. For cash credit facilities and exposures with contractual maturity of more than one year, long-term rating is used.

Issue ratings would be used if the Bank has an exposure in the rated issue and this would include fund-based and non-fund based working capital facilities as well as loans and investments. In case the Bank does not have exposure in a rated issue, the Bank would use the issue rating for its comparable unrated exposures to the same borrower, provided that the Bank's exposures are pari-passu or senior and of similar or lesser maturity as compared to the rated issue. If an issuer has a long-term or short-term exposure with an external rating that warrants a risk weight of 150%, all unrated claims

on the same counterparty, whether short-term or long-term, also receive 150% risk weight, unless the Bank uses recognized credit risk mitigation techniques for such claims.

The unrated short term claim on counterparty is assigned risk weight of at least one level higher than the risk weight applicable to the rated short term claim on that counterparty. Thus, if a short term rated facility to a counter party attracts a 20% or a 50% risk weight, unrated short-term claims on the same counterparty is assigned a risk weight of 30% or 100% respectively.

Risk Weight mapping of long term corporate ratings

Domestic rating agencies	AAA	AA	A	BBB	BB & below	Unrated
Risk weight (%)	20	30	50	100	150	100

Risk weight mapping of short term corporate ratings

Short term claim on Corporates						Risk Weight (%)
CARE	CRISIL	India Ratings	ICRA	Brickwork	SMERA	
CARE A1+	CRISIL A1+	IND A1+	ICRA A1+	Brickwork A1+	SMERA A1+	20
CARE A1	CRISIL A1	IND A1	ICRA A1	Brickwork A1	SMERA A1	30
CARE A2	CRISIL A2	IND A2	ICRA A2	Brickwork A2	SMERA A2	50
CARE A3	CRISIL A3	IND A3	ICRA A3	Brickwork A3	SMERA A3	100
CARE A4 & D	CRISIL A4 & D	IND A4 & D	ICRA A4 & D	Brickwork A4 & D	SMERA A4 & D	150
Unrated	Unrated	Unrated	Unrated	Unrated	Unrated	100

Note:

Risk weight on claims on AFCs would continue to be governed by credit rating of the AFCs, except that claims that attract a risk weight of 150 per cent under NCAF shall be reduced to a level of 100 per cent.

Claims classified as “Commercial Real Estate Exposure” will attract risk weight of 100%.

Note:

a) In accordance with RBI circular # DBR.No.BP.BC.6/21.06.001/2016-17 dated 25 Aug 2016, any counterparty having aggregate exposure from banking system of more than INR 1 Bio which were externally rated earlier and subsequently not rated will attract Risk Weight of 150%.

b) Further, with effect from 30 Jun 2017, following two additional regulations have come into force:

- All unrated claims on corporates, AFCs, and NBFC-IFCs having aggregate exposure from banking system of more than INR 2 Bio attract a risk weight of 150% with effect from Financial Year ending March 31, 2019; and
- As per the Guidelines on Enhancing Credit Supply for Large Borrowers through Market Mechanism, with effect from 1 Apr 2017, an additional Risk Weight of 75 percentage points over and above the applicable Risk Weight is to be applied on

the exposure of borrowers having fund based credit facilities above INR 250 Bio from banking system at any time in FY 2017-18; INR 150 bio in FY 2018-19 and INR 100 bio from 1 Apr 2019 onwards.

c) Exposure to Qualifying Central Counterparties (QCCPs): risk weight of 2% to be applied to the Bank's trade exposure to QCCP where the Bank acts as a clearing member of a QCCP for its own purposes.

The claims on banks incorporated in India and foreign banks branches in India, excluding investment in equity shares and other instruments eligible for capital status are risk weighted as under:

Level of Common Equity Tier 1 capital (CET1) including applicable capital conservation buffer (CCB) (%) of the counterparty bank (where applicable)	Scheduled Banks	Other Banks
Applicable Minimum CET1 + Applicable CCB and above	20%	100%
Applicable Minimum CET1 + CCB = 75% and <100% of applicable CCB	50%	150%
Applicable Minimum CET1 + CCB = 50% and <75% of applicable CCB	100%	250%
Applicable Minimum CET1 + CCB = 0% and <50% of applicable CCB	150%	350%
Minimum CET1 less than applicable minimum	625%	625%

Risk weight mapping of foreign banks:

S&P / FITCH ratings	AAA to AA	A	BBB	BB to B	Below B	Unrated
Moody's ratings	Aaa to Aa	A	Baa	Ba to B	Below B	Unrated
Risk Weight (%)	20	50	50	100	150	50

Risk weight mapping of foreign sovereigns:

S&P / FITCH ratings	AAA to AA	A	BBB	BB to B	Below B	Unrated
Moody's ratings	Aaa to Aa	A	Baa	Ba to B	Below B	Unrated
Risk Weight (%)	0	20	50	100	150	100

Risk weight mapping of foreign public sector entities and non-resident corporates:

S&P / FITCH ratings	AAA to AA	A	BBB	Below B	Unrated
Moody's ratings	Aaa to Aa	A	Baa	Below B	Unrated
Risk Weight (%)	20	50	100	150	100

Quantitative Disclosures as per table DF 4

Amount of credit RWA outstanding under various risk buckets:

(Amount in ₹ crore)

Particulars	Sep 30, 2020	Mar 31, 2020
Below 100% risk weight	3,318.30	3,370.02
100% risk weight	2,346.22	2,747.77
More than 100% risk weight	9,432.05	8,553.93
Deductions	-	-
Total risk weighted assets	15,096.57	14,671.72

Note: Credit Risk Exposure for foreign exchange contracts and derivatives has been calculated as per Current Exposure Method in accordance with RBI guidelines.

6. CREDIT RISK MITIGATION

Qualitative Disclosures as per table DF 5

The Bank uses various collaterals both financial as well as non-financial as credit risk mitigants (CRM). The main collateral recognized by the Bank for RWA purpose comprises of bank deposits / cash margin.

The Bank has in place a Credit Risk Mitigants management policy, which underlines the eligibility requirements for credit risk mitigants for capital computation as per Basel III guidelines. The Bank reduces its credit exposure to a counter party with the value of eligible financial collateral to take account of the risk mitigating effect of the collateral. To account for the volatility in the value of collateral, haircut is applied based on the type, issuer, maturity and rating of the collateral / collateral provider.

Quantitative Disclosures as per table DF 5

The quantum of the credit portfolio which benefits from financial collaterals and/or guarantees as credit risk mitigants is an insignificant portion of our customer advances. Therefore, the credit and/or market concentration risks are not material.

The total exposure that is covered by eligible financial collateral, after the application of haircuts is INR 36.71 crores (March 31, 2020: INR 30.99 crores).

Break-down of exposure covered by eligible financial collateral:

(Amount in ₹ crore)

Facility	Sep 30, 2020	Mar 31, 2020
Funded	-	-
Non-Funded - Letters of Credit	-	-
Non-funded - Guarantees	36.71	30.99
Non-funded - FX/Derivative	-	-
Total	36.71	30.99

7. SECURITIZATION EXPOSURES

Qualitative & Quantitative disclosures as per table DF 6

The Bank has not undertaken any securitization activity either as an originator or as credit enhancer. Details of exposure securitized by the Bank and subject to securitization framework is thus NIL.

8. MARKET RISK IN TRADING BOOK

Qualitative Disclosures as per table DF 7

Market risk is the risk to the Bank's earnings and capital due to changes in the market level of interest rates or prices of securities and foreign exchange as well as the volatilities of those changes.

Bank's market risk objectives are to understand and control market risk by robust measurement and the setting of position limits, facilitate business growth within a controlled and transparent risk management framework and minimize non-traded market risk.

The Bank is exposed to market risk through its trading activities, which are carried out for customers. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset / liability portfolios. The Bank uses various risk metrics, both statistical and non-statistical, including:

- Value at Risk (VaR)
- Non-statistical measures like position, gaps and sensitivities i.e. PV01, Duration and Option Greeks

The Bank uses Historical Simulation method for calculation of VaR at 99% confidence interval and holding period of 1 day. The 261 day historical market data (rate + volatility) are used. The shocks are applied to market data to calculate mark to market value of each scenario in a portfolio at each level of consolidation. The VaR models are back-tested at regular intervals and results are used to maintain and improve the efficacy of the model. VaR is calculated for trading and non-trading portfolio on daily basis and reported to senior management of the Bank. Stress test is also conducted on quarterly basis as per RBI methodology. Similarly, stress test is also performed as per internal methodology on the total portfolio on weekly basis, which shows impact of extreme market movements on Bank's portfolio.

Different risk limits such as Overnight position, maximum maturity, Profit and Loss alert and Annual stop loss alerts are set up according to a number of criteria including relevant market analysis, business strategy, management experience and risk appetite for market risk exposures. These limits are monitored on daily basis and exceptions are reported to management and put up to ALCO. Market risk limits are reviewed at least once a year or more frequently if deemed necessary to maintain consistency with trading strategies and material developments in market conditions.

Concentration Risk

The Bank has allocated internal risk limits in order to avoid concentrations, wherever relevant. The Bank has allocated PVO1 limits currency wise / bucket wise, which are monitored on daily basis for any possible concentration risk.

Quantitative Disclosures as per table DF 7

Capital Requirement for Market Risk

(Amount in ₹ crore)

Particulars	Sep 30, 2020	Mar 31, 2020
-Interest rate risk	246.90	255.11
-Equity position risk	-	-
-Foreign exchange risk (including gold)	36.00	36.00
Total	282.90	291.11

9. OPERATIONAL RISK

Qualitative Disclosures as per table DF 8

Operational Risk - Definition

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk is the risk of direct or indirect losses resulting from human factors, external events, inadequate or failed internal processes and systems. Major sources of operational risk include: operational process reliability, IT security, outsourcing of operations, dependence on key suppliers, implementation of strategic change, integration of acquisition, fraud, human error, customer service quality, regulatory compliance, recruitment, training and retention of staff and social and environmental impacts. This definition includes legal risk, but excludes business and reputation risk.

Strategies and Processes

The Bank has set up a Permanent Control Department within Risk to manage operational risk through identification, assessment and monitoring. Simultaneously, a framework has been laid to capture loss data which can be mapped to operational risk events to measure the impact quantitatively. The Bank has put in place a structure to effectively manage operational risk through the formation of several Internal Committees viz., Internal Control Committee (ICC), New Products and Activities Committee. The functioning of these committees is well defined. The Risk and Permanent Control Department acts as the convener of ICC.

Structure and Organization

The Bank has an Internal Control Committee (ICC) which is responsible for implementation of the Operational Risk policies of the Bank. This Internal Control Committee supervises effective monitoring of operational risk and the implementation of measures for enhanced capability to manage operational risk.

Internal Vigilance System

As mandated by Reserve Bank of India the Bank has setup an Internal Vigilance Committee chaired by the Senior Country Officer (the other members being Chief Operating Officer, Heads of Risk, HR, Audit and Compliance with the Permanent Control Officer as the Chief Vigilance Officer) that is responsible for implementing anti-corruption measures and looking into acts of misconduct, alleged or committed, by employees within its control and take appropriate punitive action. The Committee

also takes appropriate measures to prevent commission of misconducts / malpractices by employees. The Committee meets on a quarterly basis.

Operational Risk Reporting and Measurement Systems

A systematic centralized process for reporting losses, “near misses” issues relating to operational events is implemented. Based upon the information gathered, control measures would be introduced. All operational loss events and potential loss events are reported to HO and reviewed by the Local ICC.

An Operational Risk Mapping project has been undertaken within the Bank to identify and assess the operational risk inherent in all material products, activities, processes and systems. The objective of the Operational Risk Mapping is to map the various business lines, organizational functions or process flows by risk type to reveal areas of weakness so to prioritize subsequent management actions.

Policies for Managing Operational risk

An Operational Risk Management Policy approved by the Internal Control Committee of the Bank details the framework for reducing/controlling operational risk in the Bank. As per the policy, all new products are being vetted by the New Products and Activities Committee to identify and assess potential operational risks involved and suggest control measures to mitigate the risks. A review of the approved products is being done by the Compliance Department on a regular basis.

Operational Risk Capital Assessment

As per the RBI guidelines, the Bank has followed the Basic Indicator Approach for the year ending 30th Sep 2020.

10. INTEREST RATE RISK IN THE BANKING BOOK

Qualitative Disclosures as per table DF 9

Interest rate risk in the banking book is primarily the change in the net interest income and the value of the bank’s assets and liabilities due to changes in interest rates. Treasury desk under the supervision of the Asset/Liability Committee (ALCO) manages interest rate risk within the ALM guidelines set up at Bank level and within the limits set up by the Department of Risk Management. The bank has ALCO approved funds transfer pricing policy between various product lines in the bank and also details about the interest rate risk management framework. As part of the policy interest rate risk originated due to commercial banking activities are transferred to Treasury - Fund Management desk, which is in charge of managing the interest rate risk within the banking book. The Treasury desk manages interest rate risk on ongoing basis by dealing in various approved financial products and is subject to same VaR & stress tests as that for the trading book.

Quantitative Disclosures as per table DF 9

The bank has uses the modified duration approach to measure potential impact on the capital fund (MVE) for upward and downward interest rate shocks of 200 bps on quarterly basis. The bank also has prescribed shocks to calculate impact arising out of the basis risk in the banking book.

The impact on the capital funds for upward/downward interest rate shock of 200 bps as at Sep 30,2020 is as below:

(Amount in ₹ crore)

Currency	Upward Interest rate shock	Downward Interest rate shock
INR	83.94	-83.94
USD	-1.05	1.05
Others	-0.35	0.35
Total	82.54	-82.54

Earnings at risk (EaR) measure the interest rate risk from earnings perspective. This is computed based on the net gaps for each bucket up to 1 year with a 1% parallel shift in the yield curve on the bank's earning. The impact from earnings perspective as at Sep 30,2020 is INR 13.58 crores.

11. GENERAL DISCLOSURE FOR EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK

Qualitative Disclosures as per table DF 10

The Bank stipulates limits as per the norms on exposure stipulated by RBI for both fund and non-fund based products including derivatives. Limits are set as a percentage of the capital funds and are monitored. The utilization against specified limits is reported to the Credit Committee on a periodic basis. The analysis of the composition of the portfolio is presented to the Local Management Committee on a half yearly basis.

Credit Control Department monitors the credit excess (including FX/ Derivatives exceeding approved limit) on a daily basis. The 'credit exposure' arising on account of interest rate and foreign exchange derivative transactions is computed using the "Current Exposure Method" as laid down by RBI.

The Bank has entered into Credit Support Annex (CSA) agreement with local banks. CSA defines the terms or rules under which collateral is posted or transferred between derivative counterparties to mitigate the credit risk arising from "in the money" derivative positions on OTC Derivative contracts.

Exposure to Central counterparties arising from over-the-counter derivative trades, exchange traded derivatives transactions and security financing transactions (SFTs), attracts capital charges applicable to Central Counterparty.

Applicable risk weights for trades, guaranteed by central counterparties, which are recognized as qualifying central counterparty (QCCP) by Reserve Bank of India or SEBI, are comparatively lower than OTC deals.

In India, presently there are four QCCPs viz. Clearing Corporation of India (CCIL), National Securities Clearing Corporation Ltd (NSCCL), Indian Clearing Corporation Ltd (ICCL) and MCX-SX Clearing Corporation Ltd (MCX-SXCCL). These CCPs are subjected, on an ongoing basis, to rules and regulations that are consistent with CPSS-IOSCO Principles for Financial Market Infrastructures.

The bank has also computed the incurred Credit Valuation Adjustment (CVA) loss as per Basel III master circular and the same has been considered for reduction in derivative exposure computation. The provision amount outstanding as on Sep 30, 2020 is INR 19.40 crores.

Quantitative Disclosures as per table DF 10

The derivative exposure outstanding as of Sep 30, 2020 is given below:

(Amount in ₹ crore)

Particulars	Notional Amount	Positive MTM	Add-On	Current Exposure
Interest Rate Swaps	126,808.18	1,571.99	1,070.40	2,642.39
Currency Swaps (CIRS)	19,946.56	255.99	1,764.91	2,020.90
Currency Options	1,845.56	5.85	60.52	66.37
Currency Future	0.00	0.00	0.00	0.00
Foreign Exchange Contract	377,355.27	2,699.61	8,605.67	11,305.27
Total	525,955.57	4,533.44	11,501.50	16,034.93

There are no Forward Rate Agreements outstanding as on date. The bank does not deal in Credit Default Swaps. The above table does not include the impact of CVA provision which is used to reduce the exposure computation.

12. COMPOSITION OF CAPITAL DISCLOSURE TEMPLATES (CAPITAL STRUCTURE)

Common Equity Tier I Capital: primarily comprises of interest free capital funds received from Head Office, statutory reserves, capital reserve, general reserves and remittable surplus retained for meeting capital adequacy requirements.

Additional Tier I Capital: The bank does not have any Additional Tier I capital.

Tier II Capital mainly comprises of the subordinated debt raised from Head Office, investment reserve, provision for country risk, provision towards standard assets (including on positive marked to market and un-hedged foreign currency exposures).

Quantitative Disclosures as per table DF 11, table DF 12, table DF 13 and DF 14

The composition of capital as on Sep 30, 2020 as per Table DF 11, Composition of Capital- Reconciliation Requirements as of Sep 30, 2020 (Step 1 to 3) as per Table DF 12 and Main Features of Regulatory Capital Instruments as per Table DF 13 are provided as separate annexures to this disclosure.

The Bank has received only interest free capital funds & also raised subordinated debt from Head Office. The terms & condition of same is already disclosed under DF 13. The Bank has not issued any regulatory capital instruments in India. Accordingly, no specific disclosure is required under DF 14.

13. REMUNERATION

As per section C of RBI circular DBOD.No.BC.72/29.67.001/2011-12 dated January 13, 2012 - Guidelines on compensation of Whole Time Directors /Chief Executive Officers/Risk takers and Control function staff, etc. on “Compensation guidelines for foreign banks”, foreign banks operating in India through branch mode of presence and having their compensation policy governed by their respective Head Office policies are expected to align the policy (In the light of the initiative taken by the FSB, G-20 and the BCBS endorsement of the FSB principles) in line with the Financial Stability Board (FSB) principles. As the bank’s compensation structure is in conformity with the FSB principles and standards, no specific qualitative and quantitative disclosure as per table DF 15 is required.

14. Equities -Banking Book Positions

Qualitative & Quantitative disclosures as per table DF 16

The Bank does not have any equity exposure and disclosure under this section is NIL.

15. Leverage Ratio Disclosures

As on Sep 30, 2020 the leverage ratio is 7.23%. The summary comparison of accounting assets vs. leverage ratio exposure measure as per Table DF 17 and leverage ratio common disclosure as per Table DF 18 are provided as separate annexures to this.