

**Basel III disclosures of the Indian Branches for the year ended 31 March 2019**
All amounts in ₹ '000s, unless otherwise stated
**DF 1. Scope of application**
**1. Qualitative and Quantitative Disclosures:**

The Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {12.5% including Capital Conservation Buffer (CCB) and additional CET 1 requirement under Global Systemically Important Bank}, with minimum Common Equity Tier 1 (CET1) of 5.5% (8% including CCB) as on 31st March 2019. These guidelines on Basel III have been implemented on 1st April 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the year ended 31st March 2019 is 9% with minimum Common Equity Tier 1 (CET1) of 5.5%. The risk management framework of Indian operations is integrated with the Bank's strategy and business planning processes at global level. The Bank has comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed in conducting its activities. The risk management function in India is as per directives and framework set out at Head Office level. As at March 31, 2019, the Bank does not have any investment in subsidiaries/Joint Ventures and Associates, significant minority equity investment in insurance, financial and commercial entities.

**2. Capital structure**
**Qualitative Disclosures**

Bank regulatory capital consists of two components – Tier 1 capital and Tier 2 capital. Both components of capital provide support for banking operations and protect depositor. As per Reserve Bank of India (RBI) guidelines, the composition of capital instruments for foreign banks in India would include the following elements:

Tier 1 Capital:

- Interest-free funds received from Head Office
- Statutory reserves kept in Indian books
- Remittable surplus retained in Indian books which is not repatriable so long as the bank functions in India
- Capital Reserves
- Interest-free funds remitted from Head Office for acquisition of property

Tier 2 Capital:

- General provisions and loss reserves:  
General provisions and loss reserves can be reckoned up to a maximum of 1.25 per cent of the total Credit risk-weighted assets. Such provisions and reserves include provisions on Standard Assets, Country Risk Exposures, Unhedged Foreign Currency Exposures and Investment Reserve Account.
- Head Office borrowings in foreign currency raised by foreign banks operating in India classified as subordinated debt subject to a maximum ceiling of 50% of the Tier 1 capital maintained in India.

**Quantitative Disclosure**

a) Tier 1 Capital	(₹ '000s)
Amount Received from Head Office	14,148,680
Statutory Reserves	1,141,584
Remittable Surplus Retained in India for CRAR	1,018,465
Capital Reserves	264,211
Interest-free funds remitted from Head Office for acquisition of property	345,070
Less: Intangible Assets and Deferred Tax Assets	(612,001)
<b>Total Tier 1 Capital</b>	<b>16,306,009</b>
b) Tier 2 Capital	(₹ '000s)
General Provisions and loss Reserves reckoned up to a maximum of 1.25 per cent of the total Credit risk-weighted assets	751,167
Amount eligible to be reckoned as capital funds	<b>751,167</b>
c) Debt Capital Instruments Eligible for inclusion in Upper Tier 2 Capital	(₹ '000s)
Total Amount Outstanding	–
of which amount raised during the current year	–
Amount eligible to be reckoned as capital funds	–
d) Subordinated Debt Eligible for inclusion in Lower Tier 2 Capital	(₹ '000s)
Total amount outstanding	–
of which amount raised during the current year	–
Amount eligible to be reckoned as capital funds	–
<b>Total Tier 2 Capital (b) + (c) + (d)</b>	<b>751,167</b>
e) Other deduction from capital.	
There are no other deductions from capital.	
f) Total Eligible Capital	
The total eligible capital is ₹17,057,176 ('000s).	

**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. The Credit Risk is computed using the Standardized Approach, the Market Risk is calculated using the Standardized Duration Approach and the 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 31'2019. The capital requirement will be re-assessed taking into consideration the position of the Bank for the financial year ended March 31'2019.

The existing level of Capital is adequate to meet the Bank's current and future business requirements and the CRAR ratio of the Bank is significantly higher than that prescribed by the regulator. A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on 31st March 2019 is presented below:

**Quantitative Disclosures**

(₹ '000s)

(a) Capital Requirements for Credit Risk: Portfolios subject to Standardized Approach Securitization Exposures	723,710,688 -
(b) Capital Requirements for Market Risk: Standardized Duration Approach: Interest Rate Risk Foreign Exchange risk (including Gold) Equity Risk	1,320,434 180,000 -
(c) Capital Requirement for Operational Risk: Basic Indicator Approach	29,113,347
Total Eligible Capital	17,057,176
Total Risk Weighted Assets	102,806,896
Total Capital Ratio	16.59%
Tier 1 Capital Ratio	15.86%

**DF 3. Credit risk: general disclosures**
**Qualitative Disclosures**

Credit Risk has been defined as the risk of financial loss if counterparty defaults on an obligation under a contract. It arises mainly from direct lending, off-balance sheet exposures such as guarantees & derivatives and from the Bank's investments in debt securities.

**Strategy and processes (including credit risk management policy of the Bank)**

The credit risk management framework is based upon Société Générale group policies and revolves around certain key principles

- All transactions and facilities must be authorized in advance.
- All requests for authorizations relating to a specific client or client group are handled by a single operating division.
- All authorizations are given by an independent risk department, and approval rests on a framework based on internal counterparty risk ratings, Loss given default and a risk-adjusted return on capital analysis
- There are internal caps on the total sub-investment grade exposure (defined as internal rating of 6 (six) or below), exposure to sensitive sectors and on the extent of unsecured exposure.
- There are also specific controls on exposures to banks and financial institutions, designed to ensure against excessive risk concentration.

**Structure and Organization:**

The risk ratings are proposed by the operating divisions and are validated by the respective Risk Divisions at the Regional/Head Office (HO) Hubs. The Risk department is independent of the operating divisions. Risk ratings are included in all credit proposals and are factored into all credit decisions.

There is a specialized and centralized department for financial institutions which is located at Regional/HO hubs.

**Scope and nature of risk reporting and measurement:**

The internal rating models measure counterparty risk (expressed as a probability of default by the borrower in one year) and transaction risk (expressed as the amount that will be lost should a borrower default). An in-house database stores all credit limits.

The risk on counterparty exposure on market transactions is measured by modeling the future mark to market value of transactions, after taking into account netting and correlation effects.

**Non-performing advances:**

Non-performing advances are identified by regular appraisals of the portfolio by management or in accordance with RBI guidelines, whichever is earlier. Specific provision is made on a case by case basis, subject to minimum provisioning levels prescribed by RBI. Special attention is paid to early identification of problem exposures. The Bank's approach towards problem exposures is:

- Quick identification and isolation of potential weak /non-performing credits for concentrated attention through inclusion in the watch list. Watch list discussions are attended by Senior Management, Head of Risk and the Relationship Manager.
- Continued and rigorous follow up of these credits with the intention to monitor a possible turnaround or an early exit.
- A structured and sustained pro-active approach complemented by a rigorous follow up procedures.

For recognition of past due and impaired loans and advances, the Bank follows guidelines prescribed by Reserve Bank of India as contained in the Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning, as amended from time to time and other relevant circulars/notifications issued by RBI during the course of the year in this regard.



**Quantitative Disclosures**

a) Total gross credit risk exposure (₹ '000s)

	Fund Based (Note 1)	Non-Fund Based (Note 2)	Total
<b>As at 31 March 2019</b>	<b>36,521,760</b>	<b>30,357,766</b>	<b>66,879,526</b>

- The above amounts represent exposures before credit risk mitigants.
- Non-fund based exposures excludes exposures pertaining to FX and Derivatives.

b) Geographic distribution of exposures (₹ '000s)

As at 31.03.2019			
	Fund Based	Non-Fund Based	Total
Overseas	-	-	-
Domestic	36,521,760	30,357,766	66,879,526
<b>Total</b>	<b>36,521,760</b>	<b>30,357,766</b>	<b>66,879,526</b>

c) Industry type distribution of exposures (₹ '000s)

Industry	Fund based	Non-fund based	Total
All Engineering	3,447,092	7,415,783	10,862,875
Banking & Finance	3,549,631	15,558,623	19,108,254
Basic Metal & Metal Products	1,795,315	704,685	2,500,000
Cement and Cement Products	477,731	1,292,269	1,770,000
Chemical and chemicals products	1,384,775	175,225	1,560,000
Construction	-	300	300
Energy-Electricity Generation-Private Sector	-	1,250,000	1,250,000
Food Processing	1,957,656	1,572,344	3,530,000
Gems and Jewellery	-	-	-
Infrastructure	4,639,041	1,988,751	6,627,793
NBFC	5,800,000	-	5,800,000
Mining and Quarrying - Others	25,000	100,000	125,000
Other Industries	7,258,852	155,951	7,414,803
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	2,000,000	-	2,000,000
Transport- Roads and Bridges	736,666	143,334	880,000
<b>Vehicles, Vehicle Parts and Transport Equipments</b>	<b>3,450,000</b>	<b>500</b>	<b>3,450,500</b>
<b>Total</b>	<b>36,521,760</b>	<b>30,357,766</b>	<b>66,879,526</b>

d) Residual contractual maturity breakdown of assets (₹ '000s)

	As at 31.03.2019
1 day	48,173,058
2-7 days	624,847
8-14 days	113,383
15-30 days	411,812
31 days and up to 2 months	1,357,813
over 2 months and up to 3 months	2,445,373
Over 3 months and up to 6 months	2,439,400
Over 6 months and up to 1 year	494,730
Over 1 year and up to 3 years	12,395,647
Over 3 years and up to 5 years	471,514
Over 5 years	1,999,538
<b>Total</b>	<b>70,927,115</b>

e) Amount of NPAs (Gross): ₹1,489,178 (P.Y. ₹700,000)

f) Net NPAs: ₹454,466 (P.Y. ₹525,000)

g) NPA Ratios

- Gross NPAs to gross advances 9.32% (P.Y. 2.56%)
- Net NPAs to net advances: 3.04% (P.Y. 1.93%)

h) Movement of NPAs (₹ '000s)

	Gross NPAs	Provision	Net NPA
Opening balance	700,000	175,000	525,000
Additions	789,178	859,712	(70,534)
Reduction (including write backs / write offs)	-	-	-
<b>Closing balance</b>	<b>1,489,178</b>	<b>1,034,712</b>	<b>454,466</b>

i) Non-performing investments: ₹297,245 (P.Y. ₹ Nil)

j) Provisions held for non-performing investments: ₹131,842 (P.Y. ₹ Nil)

k) Movement of provisions for depreciation on investments (₹ '000s)

	2018-19
Opening Balance at beginning of the year	226,394
Add: Provisions made during the year	-
Less: Write-off/write-back of excess provisions during the year	(51,596)
<b>Closing Balance at end of the year</b>	<b>174,798</b>

**DF 4. Credit risk: disclosures for portfolios subject to the standardized approach**
**Qualitative Disclosures**

The Bank relies on the ratings given by the following External Credit Rating Agencies (ECRAs) approved by the RBI to calculate its capital requirement under the standardized approach for credit risk

Domestic Credit Rating Agencies for external ratings of Indian Corporates:

- 1) Credit Analysis and Research Ltd.(CARE)
- 2) CRISIL.
- 3) India Ratings & Research Private Limited (earlier known as FITCH India)
- 4) ICRA Ltd, Brickwork Ratings India Pvt. Ltd., SMERA Ratings Limited

The Bank has used issue-specific solicited ratings available in the public domain (for both Long Term and Short-Term facilities) from the above domestic rating agencies to allocate appropriate risk weighting for both funded as well as non-funded exposures on corporate customer.

The mapping of external credit ratings and risk weights for corporate exposures is provided in the tables below:

*Risk weight mapping of long term corporate ratings*

Long term ratings	Risk weights
AAA	20%
AA	30%
A	50%
BBB	100%
BB & Below	150%
Unrated	100%

*Risk weight mapping of short term corporate ratings*

CARE	CRISIL	FITCH	ICRA	Risk weights
PR1+	P1+	F1+	A1+	20%
PR1	P1	F1	A1	30%
PR2	P2	F2	A2	50%
PR3	P3	F3	A3	100%
PR4 & PR5	P4 & P5	F4/F5	A4 & D	150%
Unrated	Unrated	Unrated	Unrated	100%

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:

CRAR %	Scheduled Banks	Other Banks
> 9	20%	100%
6 to < 9	50%	150%
3 to < 6	100%	250%
0 < 3	150%	350%
Negative	625%	625%

International ECRAs for external ratings of Foreign Banks, Foreign Sovereigns, Foreign Public-Sector Entities and Non-Resident Corporates:

- a) Fitch
- b) Moody's
- c) Standard & Poor's

The mapping of external credit ratings and risk weights for the above entities are provided in the tables below to the extent applicable.

Risk weights of Claims on 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

Amount outstanding under various risk buckets:

(₹ '000s)

	As at 31.03.2019
Below 100 % risk weight	125,768,441
100 % risk weight	22,874,387
More than 100 % risk weight	832,645
Deducted	–
<b>Total**</b>	<b>149,475,473</b>

\*\*The amount outstanding under various risk buckets excludes exposures to QCCP and CVA charge as at March 31, 2019.

#### **DF 5. Credit risk mitigation: disclosures for standardized approaches:**

##### **Qualitative Disclosures**

##### **Policy for collateral valuation and Management**

All corporate and institutional facilities are reviewed (and hence revalued) at least on an annual basis. All deeds of ownership/ titles related to collateral are held in physical custody under the control of executive's independent of the business. Unsecured exposures cannot exceed the overall ceiling fixed for such facilities.

The main categories of recognized collateral taken by the Bank conform to the list of eligible financial collateral advised in RBI's Prudential guidelines on Capital Adequacy and Market discipline and include cash on deposits, marketable equities, and recognized debt securities

The Bank also extends credit facilities against guarantees from international corporates and banks. For a corporate guarantee to be recognized as a credit risk mitigant, the guarantor must have a rating of A or above from Standard & Poor's, Fitch and / or Moody's.

The Bank is not active in securitization of standard assets in India.

##### **Quantitative Disclosures:**

As on March 31, 2019, the total exposure covered by eligible financial collateral after application of haircuts was ₹3,958,751 (P.Y. ₹5,736) in 000s.

#### **DF 6. Securitization: disclosure for standardized approach**

The Bank has not undertaken any securitization operation during the year.

#### **DF 7. Market risk in trading book**

##### **Qualitative Disclosures**

Market risk arises out of the fluctuation in the interest rates, foreign exchange rates and the consequent change in the prices of various financial instruments held by the Bank. The financial instruments are revalued daily as per the guidelines issued by the regulatory authorities. The change in the valuation of the financial instruments may result in profit or loss for the Bank.

The primary objective of Bank's market risk management is the continuous and independent monitoring of positions, market and counterparty risks incurred by the Bank's trading activities, and the comparison of these positions and risks with established limits.

##### **Strategy and Process:**

All open Market Risk is subject to approved limits. The limits are set based on the projected business plan of the Risk Taking Unit, market environment and the risk perception. The internal HO Market Risk limits are defined as per the HO Market Risk policy under which the requests for limits are made by the relevant business line accompanied by supporting rationale (viz. projected business plan and historical utilizations). Market Risk team at the Regional/HO level then reviews and validates the limits in discussion with the business lines. All approved limits are then recorded in the reference systems for Market Limits (Colibris). The approved Market Risk limits are also presented to the Bank's ALCO, which reviews and revalidates the limits. The limits are reviewed on an annual basis or if particular circumstances arise.

In addition to the HO Market Risk limits, SG India also has local Stress Test, portfolio-wise VaR and PV01 limits. The local limits setting process involves, initiation of the request for limits by Treasury Front Office (TFO) to Chief Risk Officer (CRO), which then reviews and validates the limits based on the rationale provided by the TFO. While reviewing the proposed limits, the CRO considers the business plan forecasts, past utilizations, market environment and risk perception. Subsequently, the limits are then presented to ALCO for its approval. The ALCO takes into consideration TFO's capacity and capability to perform within the proposed limits evidenced by the experience of the Traders, controls and risk management, audit ratings and trading revenues. Post approval by the ALCO, the limits are documented in the limits package of SG India and updated in all the relevant risk monitoring reports. SG India also has Stop Loss limits applicable to the trading desk that is approved by the ALCO and the respective business head at the SG's Regional Office.

##### **Structure and organization of market risk management**

The local CRO is overall responsible for the management of Market Risk under support and guidance from the Market Risk Department (Risk/RMA) at the HO Level. The local CRO, functions within the broad framework defined by Risk/RMA, HO and ensures compliance with the local regulatory requirements. It works independently of Front Office, who have no hierarchical authority over CRO and no pressure may be brought to bear by traders in relation to allocated limits or calculated risk amounts used by CRO. The TFO is the Risk Taking Unit within the bank. The primary responsibility for risk management of market transactions is held by TFO s as part of the ongoing management of their activities and the continuous monitoring of their positions.

##### **Scope and nature of risk measurement, risk reporting and risk monitoring system:**

Market risk is monitored and controlled using parameters, such as, Value at Risk (VaR), Sensitivity limits (parallel shift in interest rates), net open position limit (Foreign exchange positions) and stress test. The bank has set limits on each of these parameters and the utilizations are reported on a daily basis to the senior management.

All trading transactions are booked in the front office deal booking system called X-ONE. This system is capable of calculating the position and sensitivity on treasury transactions that are used by TFO to view the risk on their portfolio. Additionally, TFO refers to another system called 'Mercury' to view the sensitivities on their positions. The Market Risk parameters like VaR, stress tests, Interest Rate sensitivity (10bps) and Forex Spot Position are computed by the Market Risk Department at HO (RISQ/RMA) using systems called RISK-ONE and AGRisk. The local CRO compiles the sensitivities and VaR report for the Bank's portfolio using reports received from the Regional Office as well as those that are generated locally using RISK-ONE system. The SG's VaR model uses historical simulation methodology based on a 1-day time horizon at the 99% confidence interval using a 1-year sliding window.

The bank has adopted stress testing as an integral part of its risk management framework and as such it is used to evaluate potential vulnerability to some unlikely but plausible events or movements in financial variable. While there is a well-defined global framework designed at the SG's HO level on stress test, that covers all the geographical locations and markets including the Indian branches of SG, the bank has adopted a localized stress test framework to incorporate the local risk factors having an impact on the Bank's portfolio. The Bank performs Market Risk Stress Test on a quarterly basis for both the Trading and accrual portfolios. The methodology, assumptions, scenarios and results of the Stress Test are presented to ALCO and APEX Committee for discussion and review

**Capital requirements for market risk:** (₹ '000s)

Standardised duration approach	As at 31.03.2019
Interest rate risk	1,320,434
Foreign exchange risk	180,000
Equity risk	-
<b>Capital requirements for market risk</b>	<b>1,500,434</b>

#### **DF 8. Operational Risk: :**

##### **Qualitative disclosures**

The operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputation risks.

##### **Strategy and Process**

The Bank has an Incident Management Policy in place which classifies Operational Risk events into 8 major heads and 58 sub-heads to map with the Basel II Loss Event Type Classifications, Event Description, Corrective & Preventive Action plan and loss amounts & recoveries. The risk is managed through a system of prevention, control and coverage that comprises detailed procedures, permanent supervision, and insurance policies, further supported by reviews of the Regional/Head-office teams.

##### **Structure and Organization**

Implementation of the Operational Risk framework of the bank is done by the Head-Operational Risk Management under guidance from the regional Regulatory, Oversight & Cyber Security (**ROCS**) team responsible for Operational Risk topics. The framework rests on the following pillars: -

- ❖ Operational Loss Collection.
- ❖ Risk & Controls Self-Assessment
- ❖ Permanent Supervision
- ❖ Key Risk Indicators
- ❖ New Product Approval process
- ❖ Outsourcing of Essential Services process
- ❖ Business Continuity & Crisis Management
- ❖ Information & Cyber Security

The Operational Risk aspects are discussed in the APEX Committee meetings, Operational Risk Management Committee and Outsourcing Committee meetings chaired by the India CEO/COO and participants from the respective Business/Support Functions.

##### **Scope and nature of Risk reporting / measurement system**

The Bank has clearly defined the nature, scope of risk reporting by putting in place systems and thresholds for loss data collection, measurement and reporting by category and sub category of events. The Bank's internal classification has been mapped to the Basel II Loss Event Type Classifications. Based on this classification Risk Drivers (KRIs) that convey any control weakness that could cause an Operational Risk Event are identified and assessed through multiple evaluation questions.

The Bank also has a RCSA (Risk Control & Self-Assessment) process in place which helps to evaluate the inherent risk in the business and the controls in place to mitigate it. The process covers all business units of the bank.

##### **Hedging / Mitigating techniques**

Permanent Supervision controls framework is in place to ensure risk mitigants or controls are identified and monitored periodically to prevent or reduce operational losses and impacts. The gaps / residual risks identified during the RCSA exercises are addressed by implementing additional controls to ensure a robust ORM structure.

The Bank has adopted the Basic Indicator approach to compute the capital requirement for operational risk as prescribed by RBI.

#### **DF 9. Interest rate risk in the banking book (IRRBB)**

In order to manage the risk optimally, the Interest Rate Risk in the Banking Book (IRRBB) is centralized within the ALM desk in Finance department. The Head Office has assigned sensitivity limits on the IRRBB which also covers the capital and investments held in the HTM category. The risks arising out of various commercial banking activities are transferred to the ALM desk using the internal funds transfer pricing mechanism.

The ALM desk manages and hedges, if required, the IRRBB with Treasury under the guidance of the ALCO.



**Quantitative Disclosures**
**Market Risk Limits**

(₹ '000s)

**1- Value at Risk: VAR 99%**

VAR	Limit	Usage	
FX VaR	200,000	106,527.83	53%
Interest Rate Trading VaR	225,000	106,813.43	47%
Consolidated Trading VaR (FX and IR)	225,000	140,998.62	63%

**2- Interest Rate Sensitivity Limits**

Parallel	Limit	Usage	
Total Investments PVBP01 (HFT + AFS + HTM)	13,200	6,840.91	52%
IRD Trading PVBP01	7,000	292.15	4%

**3- Stress Tests**

Stress Test	Limit	Usage	
Stress Test	3,500,000	2,134,000	61%

As required under Pillar III norms, the increase / decline in earnings and economic value for an upward / downward rate shock of 200 basis points as on March 31, 2019, broken down by currency is as follows:

**Earnings Perspective**

(₹ '000s)

Currency	Interest Rate Shock	
	2% Increase	2% Decrease
Rupees and other major currencies	(29,509)	29,509
US Dollar	(75,570)	75,570

**Economic Value Perspective**

(₹ '000s)

Currency	Interest Rate Shock	
	2% Increase	2% Decrease
Rupees and other major currencies	1,640,674	(1,640,674)
US Dollar	283,806	(283,806)

**DF-10: General Disclosure for Exposures Related to Counterparty Credit Risk-**
**Qualitative Disclosures:**

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default. Unlike a firm's exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss: the market value of the transaction can be positive or negative to either counterparty to the transaction. The market value is uncertain and can vary over time with the movement of underlying market factors. SG India Bank computes the exposure amount for counterparty credit risk using the Current Exposure Method (CEM). The credit equivalent amount of a market related off-balance sheet transaction is calculated by taking the sum of current credit exposure and potential future credit exposure.

The Bank has entered into CSAs with some Bank counterparties which requires maintenance of collateral due to valuation changes on transactions under the CSA framework. Exposures to central counterparties arising from OTC derivatives transactions, exchange traded derivatives transactions and securities financing transactions (SFTs) are arrived at basis the counterparty credit risk treatment as stipulated in the regulatory guidelines. The Bank has exposure to only one QCCP, CCIL. The Bank does not take into account netting while computing exposures with counterparties except for the exposures with CCIL.

**Quantitative Disclosure: The derivative exposure is calculated using Current Exposure method, as seen in the table below**

Type (₹ '000s)	Notional Amount	Exposure as per Current Exposure Method
I. Interest Rate Swap	936,550,818	19,469,030
II. Currency Swap	265,866,709	32,422,448
III. Forex Forwards	424,998,253	14,505,797
IV. Swap	75,150,256	1,555,814
V. Options	97,79,700	226,360
Total Current Exposure	1,712,345,736	68,179,450

**DF 11. Composition of capital:**

(₹ '000s)

Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Ref No.	
<b>Common Equity Tier 1 capital: instruments and reserves</b>				
1	Directly issued qualifying common share capital plus related stock surplus (share premium) (Funds from Head Office)	14,493,750	–	Schedule 1
2	Retained earnings	1,018,465	–	Schedule 2
3	Accumulated other comprehensive income (and other reserves)	1,405,795	–	Schedule 2
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	–	–	
<b>Public sector capital injections grandfathered until January 1, 2018</b>				
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–	–	
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>16,918,010</b>	–	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>				
7	Prudential valuation adjustments	–	–	
8	Goodwill (net of related tax liability)	–	–	
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	11,993	–	Schedule 18 Note 22 (vi)
10	Deferred tax assets	600,008	–	Schedule 11
11	Cash-flow hedge reserve	–	–	
12	Shortfall of provisions to expected losses	–	–	
13	Securitization gain on sale	–	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	–	–	
15	Defined-benefit pension fund net assets	–	–	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	–	–	
17	Reciprocal cross-holdings in common equity	–	–	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	–	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	–	–	
20	Mortgage servicing rights (amount above 10% threshold)	–	–	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–	–	
22	Amount exceeding the 15% threshold	–	–	
23	of which: significant investments in the common stock of financial entities	–	–	
24	of which: mortgage servicing rights	–	–	
25	of which: deferred tax assets arising from temporary differences	–	–	
26	National specific regulatory adjustments (26a+26b+26c+26d)	–	–	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	–	–	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	–	–	
26d	of which: Unamortized pension funds expenditures	–	–	
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	–	–	
	of which: HO Debit Balance	–	–	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	–	–	
28	<b>Total regulatory adjustments to Common Equity Tier 1</b>	<b>612,001</b>	–	Schedule 18 Note 22 (vi) & Schedule 11
29	<b>Common Equity Tier 1 capital (CET1)</b>	<b>16,306,009</b>	–	
<b>Additional Tier 1 capital: instruments</b>				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	–	–	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	–	–	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	–	–	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	–	–	



34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	-	
36	<b>Additional Tier 1 capital before regulatory adjustments</b>	-	-	
<b>Additional Tier 1 capital: regulatory adjustments</b>				
37	Investments in own Additional Tier 1 instruments	-	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	
41	National specific regulatory adjustments (41a+41b)	-	-	
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	-	
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	-	
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-	-	
	of which:	-	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	-	-	
44	<b>Additional Tier 1 capital (AT1)</b>	-	-	
44a	<b>Additional Tier 1 capital reckoned for capital adequacy</b>	-	-	
45	<b>Tier 1 capital (T1 = CET1 + Admissible AT1) (29 + 44a)</b>	<b>16,306,009</b>	-	
<b>Tier 2 capital: instruments and provisions</b>				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	
47	Directly issued capital instruments subject to phase out from Tier 2*	-	-	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	-	
50	Provisions (Please refer to Note to Template Point 50)	751,167	-	
51	<b>Tier 2 capital before regulatory adjustments</b>	<b>751,167</b>	-	
<b>Tier 2 capital: regulatory adjustments</b>				
52	Investments in own Tier 2 instruments	-	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	-	
55	Significant investments <sup>13</sup> in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	
56	National specific regulatory adjustments (56a+56b)	-	-	
56a	of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	-	-	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	-	
	Regulatory Adjustments Applied to Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-	-	
	of which: Investment in Subsidiaries	-	-	
57	<b>Total regulatory adjustments to Tier 2 capital</b>	-	-	
58	<b>Tier 2 capital (T2)</b>	<b>751,167</b>	-	
58a	<b>Tier 2 capital reckoned for capital adequacy</b>	<b>751,167</b>	-	
58b	<b>Excess Additional Tier 1 capital reckoned as Tier 2 capital</b>	-	-	
58c	<b>Total Tier 2 capital admissible for capital adequacy (58a + 58b)</b>	<b>751,167</b>	-	
59	<b>Total capital (TC = T1 + Admissible T2) (45 + 58c)</b>	<b>17,057,176</b>	-	
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: ...			
60	<b>Total risk weighted assets (60a + 60b + 60c)</b>	<b>102,806,896</b>	-	
60a	of which: total credit risk weighted assets	80,412,299	-	
60b	of which: total market risk weighted assets	18,755,429	-	
60c	of which: total operational risk weighted assets	3,639,168	-	
<b>Capital ratios</b>				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	15.86%	-	
62	Tier 1 (as a percentage of risk weighted assets)	15.86%	-	

63	Total capital (as a percentage of risk weighted assets)	16.59%	-	-
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	-	-	-
65	of which: capital conservation buffer requirement	-	-	-
66	of which: bank specific countercyclical buffer requirement	-	-	-
67	of which: G-SIB buffer requirement	-	-	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-	-	-
<b>National minima (if different from Basel III)</b>				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	-	-
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%	-	-
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%	-	-
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
72	Non-significant investments in the capital of other financial entities	-	-	-
73	Significant investments in the common stock of financial entities	-	-	-
74	Mortgage servicing rights (net of related tax liability)	-	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	751,167	-	-
77	Cap on inclusion of provisions in Tier 2 under standardized approach	751,167	-	-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N.A.	-	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N.A.	-	-
<b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2018 and March 31, 2022)</b>				
80	Current cap on CET1 instruments subject to phase out arrangements	N.A.	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N.A.	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	N.A.	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N.A.	-	-
84	Current cap on T2 instruments subject to phase out arrangements	N.A.	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	N.A.	-	-

Note to the template		
Row No. of the template	Particular	Rs. in '000
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	600,008
	Total as indicated in row 10	600,008
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
(i)	Increase in Common Equity Tier 1 capital	-
(ii)	Increase in risk weighted assets	-
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	751,167
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	<b>751,167</b>
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

**Table DF-12: Composition of Capital- Reconciliation requirements**

Step 1

(₹ '000s)

Particulars		Balance sheet as in published financial statements As at 31.03.2019	Under regulatory scope of consolidation As at 31.03.2018
<b>A</b>	<b>Capital &amp; Liabilities</b>		
i.	Paid-up Capital (funds from HO)	14,493,748	7,826,968
	Reserves & Surplus	2,718,960	2,663,887
	Minority Interest	-	-
	<b>Total Capital</b>	<b>17,212,708</b>	<b>10,490,855</b>
ii.	Deposits	<b>23,121,395</b>	<b>26,951,622</b>
	of which: Deposits from banks	16,709	17,131
	of which: Customer deposits	23,104,686	26,934,491
	of which: Other deposits (pl. specify)	-	-
iii.	Borrowings	<b>6,295,314</b>	<b>8,643,140</b>
	of which: From RBI	-	-
	of which: From banks	-	-
	of which: From other institutions & agencies	6,295,314	3,198,857
	of which: Others (pl. specify) (Borrowings outside India)	-	5,444,283
	of which: Capital instruments	-	-
iv.	Other liabilities & provisions	24,297,698	7,478,906
	<b>Total</b>	<b>70,927,115</b>	<b>53,564,524</b>
<b>B</b>	<b>Assets</b>		
i.	Cash and balances with Reserve Bank of India	1,705,698	2,089,947
	Balance with banks and money at call and short notice	4,302,683	2,513,292
ii.	Investments:	22,400,038	13,436,364
	of which: Government securities	21,742,191	12,791,501
	of which: Other approved securities	-	-
	of which: Shares	-	-
	of which: Debentures & Bonds	657,847	644,863
	of which: Subsidiaries / Joint Ventures / Associates	-	-
	of which: Others (Commercial Papers, Mutual Funds etc.)	-	-
iii.	Loans and advances	14,949,858	27,200,757
	of which: Loans and advances to banks	1,141,403	4,390,340
	of which: Loans and advances to customers	13,808,455	22,810,417
iv.	Fixed assets	552,328	623,001
v.	Other assets	27,016,510	7,701,163
	of which: Goodwill and intangible assets	-	-
	of which: Deferred tax assets	600,008	221,303
vi.	Goodwill on consolidation	-	-
vii.	Debit balance in Profit & Loss account	-	-
	<b>Total Assets</b>	<b>70,927,115</b>	<b>53,564,524</b>

Step 2

Particulars		Balance sheet as in published financial statements As at 31.03.2019	Under regulatory scope of consolidation As at 31.03.2018
<b>A</b>	<b>Capital &amp; Liabilities</b>		
i.	<b>Paid-up Capital (funds from HO)</b>		
	of which: Amount eligible for CET1	16,918,010	10,226,509
	of which: Amount eligible for AT1	-	-
	<b>Reserves &amp; Surplus</b>	294,698	264,347
	Minority Interest	-	-
	<b>Total Capital</b>	<b>17,212,708</b>	<b>10,490,856</b>
ii.	<b>Deposits</b>	<b>23,121,395</b>	<b>26,951,622</b>
	of which: Deposits from banks	16,709	17,131
	of which: Customer deposits	23,104,686	26,934,491
	of which: Other deposits (pl. specify)	-	-

	iii.	<b>Borrowings</b>	<b>6,295,314</b>	<b>8,643,140</b>
		of which: From RBI	–	–
		of which: From banks	–	–
		of which: From other institutions & agencies	6,295,314	3,198,857
		of which: Others (pl. specify) (Borrowings outside India)	–	5,444,283
		of which: Capital instruments	–	–
	iv.	<b>Other liabilities &amp; provisions</b>	<b>24,297,698</b>	<b>7,478,906</b>
		of which: DTLs related to goodwill	–	–
		of which: DTLs related to intangible assets	–	–
		<b>Total</b>	<b>70,927,115</b>	<b>53,564,524</b>
		<b>Assets</b>		
B	i.	Cash and balances with Reserve Bank of India	1,705,698	2,089,947
		Balance with banks and money at call and short notice	4,302,683	2,513,292
	ii.	<b>Investments:</b>	<b>22,400,038</b>	<b>13,436,364</b>
		of which: Government securities	21,742,191	12,791,501
		of which: Other approved securities	–	–
		of which: Shares	–	–
		of which: Debentures & Bonds	657,847	644,863
		of which: Subsidiaries / Joint Ventures / Associates	–	–
		of which: Others (Commercial Papers, Mutual Funds etc.)	–	–
	iii.	<b>Loans and advances</b>	<b>14,949,858</b>	<b>27,200,757</b>
		of which: Loans and advances to banks	1,141,403	4,390,340
		of which: Loans and advances to customers	13,808,455	22,810,417
	iv.	<b>Fixed assets</b>	<b>552,328</b>	<b>623,001</b>
	v.	<b>Other assets</b>	<b>27,016,510</b>	<b>7,701,163</b>
		of which: Goodwill and intangible assets	–	–
		of which: Goodwill	–	–
		of which: Intangible assets	–	–
		Deferred tax assets	600,008	221,303
	vi.	Goodwill on consolidation	–	–
	vii.	Debit balance in Profit & Loss account	–	–
		<b>Total Assets</b>	<b>70,927,115</b>	<b>53,564,524</b>

**Step 3: Common Equity Tier 1 capital: instruments and reserves**

		Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2
1	Directly issued qualifying common share (and equivalent for non- joint stock companies) capital plus related stock surplus	14,493,750	14,493,750
2	Retained earnings	1,018,465	1,018,465
3	Accumulated other comprehensive income (and other reserves)	1,405,795	1,405,795
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	–	–
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	–	–
6	Common Equity Tier 1 capital before regulatory adjustments	16,918,010	16,918,010
7	Prudential valuation adjustments	–	–
8	Goodwill (net of related tax liability)	–	–
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	11,993	11,993
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	600,008	600,008
11	Regulatory adjustments applied to Common Equity Tier 1 and Tier 2 to cover deductions	–	–
	<b>Common Equity Tier 1 capital (CET1)</b>	<b>16,306,009</b>	<b>16,306,009</b>

**DF-13: Main Features of Regulatory Capital Instruments**

The bank has not issued any regulatory capital instruments during the period.



**DF -14: Full Terms and Conditions of Regulatory Capital Instruments**

The bank has not issued any regulatory capital instruments during the period.

**DF-15: Disclosure Requirements for Remuneration:**

The Bank's compensation policies are in conformity with the Financial Stability Board principles and standards. In accordance with the requirements of the RBI Circular No. DBOD No.BC.72/29.67/001/2011-12 dated 13 January 2012, the Head Office of the Bank in Paris, France has submitted a declaration to RBI confirming the aforesaid matter. Accordingly, no disclosure is required to be made in this regard.

**DF-16: Equities – Disclosure for Banking Book Positions:**

**Qualitative Disclosures**

Investment in Equities amounting to ₹ 71,016 (in 000s) as at 31<sup>st</sup> March 2019 are the shares obtained from restructuring of debt of client and are publicly traded. These have been full provided and therefore the Net Investment in Equities is nil.

**Quantitative Disclosures**

The Book value and Market value of quoted and unquoted securities are as follows:

₹ in 000

Securities	Book Value	Market Value
Investment in Equities: Quoted	71,016	38,291
Investment in Equities: Unquoted	–	–

**DF 17- Summary comparison of accounting assets vs. leverage ratio exposure measure:**

	Item	(₹ in Millions)
1	Total consolidated assets as per published financial statements	70,927
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	–
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	–
4	Adjustments for derivative financial instruments	68,179
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	–
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	16,741
7	Other adjustments	(18,673)
8	<b>Leverage ratio exposure</b>	<b>137,174</b>

**DF 18. Leverage ratio common disclosure template:**

	Item	(₹ in Millions)
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	52,553
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(612)
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>51,941</b>
<b>Derivative exposures</b>		
4	Replacement cost associated with all <i>derivatives</i> transactions (i.e. net of eligible cash variation margin)	17,367
5	Add-on amounts for PFE associated with <i>all derivatives</i> transactions	50,812
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	<b>Total derivative exposures (sum of lines 4 to 10)</b>	<b>68,179</b>
<b>Securities financing transaction exposures</b>		
12	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sale accounting transactions	313
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–
14	CCR exposure for SFT assets	–
15	Agent transaction exposures	–
16	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>313</b>
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	47,761
18	(Adjustments for conversion to credit equivalent amounts)	(30,870)
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>16,890</b>
<b>Capital and total exposures</b>		
20	<b>Tier 1 capital</b>	<b>16,306</b>
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>137,474</b>
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>11.87</b>