**BASEL- III DISCLOSURES – QUARTER ENDED 30thJUNE 2020**

**Table DF 2 - CAPITAL ADEQUACY**

**Qualitative disclosures**

Bank is already geared up to adopt global best practices while implementing risk management stipulations that are in conformity with the Basel II and Basel III framework.

Comprehensive risk management architecture is in place to address various issues concerning Basel II and Basel III. A quarterly review is carried out to assess the capital need of the Bank, keeping in view the anticipated growth in Risk Weighted Assets, Market Risk and Operational Risk.

Bank maintains capital as a cushion towards the risk of loss in value of exposure, businesses, etc., to protect the interest of stake holders, more particularly, depositors.

Bank has system in place for assessing the capital requirements based on current and future business activities and monitoring the same on an ongoing basis. The bank considers that capital availability is the central theme in the whole process and its computation is relatable to policy, strategy, business level/composition, and Supervisory concern and Disclosure issues. Towards this, bank has evolved a well laid down Internal Capital Adequacy Assessment Process (ICAAP) framework and carries out capital calculation under Pillar-2 of Basel II and also of Basel-III at periodical intervals besides Pillar 1 Capital calculation. The bank has formulated Stress Testing policy to measure impact of adverse stress scenarios on the adequacy of capital at periodical intervals.

In line with RBI guidelines, the bank has adopted following approaches for implementation of New Capital Adequacy Framework – Basel II.

- Standardised Approach for credit risk

- Basic Indicator Approach for operational risk

- Standardised Duration Approach for market risk

Though the bank has implemented the Standardized Approach of credit risk, yet the bank shall continue its journey towards adopting Internal Rating Based Approaches.

**Capital requirements for credit risk:**

**Amt. in Lakhs**

|  |  |
| --- | --- |
| * Portfolios subject to standardised approach @ 9%
 | 346512 |
| * Securitisation exposures
 | Nil |

**Capital requirements for market risk: Standardised duration approach**

|  |  |
| --- | --- |
| Capital Charge on account of General Market Risk | **Amt. in Lakhs** |
| * Interest rate risk
 | 56584 |
| * Foreign exchange risk (including gold)
 | 225 |
| * Equity risk
 | 4689 |

**Capital requirements for operational risk:**

|  |  |
| --- | --- |
|  | **Amt. in Lakhs** |
| Basic indicator approach | 38686 |

**Total and Tier 1 capital ratio for the Bank:**

|  |  |
| --- | --- |
| Total Capital to Risk Weighted Assets Ratio as per Basel III | 12.81% |
| Common Equity Tier I Capital to Risk Weighted Assets Ratio as per Basel III | 7.42% |
| Tier I Capital to Risk Weighted Assets Ratio as per Basel III | 9.46% |

**Table DF 3 - CREDIT RISK : GENERAL DISCLOSURES**

**Qualitative Disclosures**

**A. DEFINITIONS OF PAST DUE AND IMPAIRED:**

The Bank follows the basic prudential guidelines issued by the RBI on classification of Non-Performing Asset (NPA) as under :

1. Interest and / or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.
2. The account remains ‘out of order’ if the outstanding balance remains continuously in excess of sanctioned limit / DP for more than 90 days and / or there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, in respect of Overdraft/Cash Credit (OD/CC).
3. The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
4. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops.
5. The installment of principal or interest thereon remains overdue for one crop season for long duration crops.
6. The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization dated May 7, 2012.
7. In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remains unpaid for a period of 90 days from the specified due date for repayment.

**Out of Order means:** An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as 'out of order'.

`Overdue’ mean any amount due to the Bank under any credit facility, if it is not paid on the due date fixed by the Bank.

In addition to above, an account may also be classified as NPA in terms of the following:

Account with temporary deficiencies/irregularities (Refer RBI MC point 4.2.4)

Where the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter, the account is classified as Non-performing asset and ceases to generate income for the bank.

The classification of an asset as NPA should be based on the record of recovery. Bank should not classify an advance account as NPA merely due to the existence of some deficiencies which are temporary in nature such as non-availability of adequate drawing power based on the latest available stock statement, balance outstanding exceeding the limit temporarily, non-submission of stock statements and non-renewal of the limits on the due date, etc. In the matter of classification of accounts with such deficiencies banks may follow the following guidelines:

i) Banks should ensure that drawings in the working capital accounts are covered by the adequacy of current assets, since current assets are first appropriated in times of distress. Drawing power is required to be arrived at based on the stock statement which is current. However, considering the difficulties of large borrowers, stock statements relied upon by the banks for determining drawing power should not be older than three months. The outstanding in the account based on drawing power calculated from stock statements older than three months, would be deemed as irregular.

A working capital borrowal account will become NPA if such irregular drawings are permitted in the account for a continuous period of 90 days even though the unit may be working or the borrower's financial position is satisfactory.

ii) Regular and ad hoc credit limits need to be reviewed/ regularised not later than three months from the due date/date of ad hoc sanction. In case of constraints such as non-availability of financial statements and other data from the borrowers, the branch should furnish evidence to show that renewal/ review of credit limits is already on and would be completed soon. In any case, delay beyond six months is not considered desirable as a general discipline. Hence, an account where the regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date/ date of ad hoc sanction will be treated as NPA.

Besides above, Bank also follows the guidelines issued by RBI in respect of classification of assets under a) Restructured accounts, b) Project under implementation involving time overrun, c) Post shipment Suppliers’ Credit. d) Export Project Finance, e) Take over Finance, f) Govt. guaranteed Advance, g) Advance under Rehabilitation approved by BFIR / TLI, h) Advances under Debt Waiver & Debt Relief Scheme 2009, i) Sale of Financial Assets to Securitization Company /Reconstruction Company, j) Purchase/ Sale of Non-Performing Financial Assets, k) Up-gradation of accounts, l) Accounts regularized near about the Balance Sheet date etc.

**B. CREDIT RISK MANAGEMENT AND OBJECTIVES:**

The main objective of Credit Risk Management Department is to effectively identify, assess, measure, and manage the credit risk exposure of the Bank, with a view to contain it within desired limits in relation to the risk appetite of the Bank and commensurate with the availability of Capital. In doing so, the Bank's Credit Risk philosophy aims at minimizing risk and maintaining it within the levels which shall ensure safety of the Bank's financial resources, including stakeholders' equity and, at the same time, also ensure a steady and healthy financial growth.

**STRATEGIC POLICY OF THE BANK - CREDIT RISK:**

The Bank has a comprehensive and well defined Loan Policy which covers various aspects of strategic planning. The loan policy of the Bank is reviewed from time to time, depending on requirements of the changes in loan portfolio and general economic and market scenario. The loan policy is also subjected to a comprehensive review by the Board at least once a year. The loan policy of the Bank addresses, among other things:

* Exposure ceilings and prudential caps in different industry segments and borrower categories.
* Pricing based on risk profile linked to credit ratings and/or retail segments.
* Guidelines relating to procedures and systems for appraisal, sanction, and monitoring of loans and modes of dispensation of credit.
* Credit Rating framework.
* Inspection mechanism and compliance of regulatory and policy guidelines.

**CREDIT RISK MANAGEMENT ARCHITECTURE**:

* The organizational structure of the Bank for Credit Risk Management function has the Board of Directors at the Apex level that has the overall oversight of management of risks.
* The Risk Management Committee (RMC) which is the sub-committee of the Board headed by the Chairman devises the policy and strategy for integrated risk management including credit risk.
* At the operational level, the Credit Risk Management Committee (CRMC) manages the credit risk. The main function includes implementation of credit risk management policies approved by the Board, monitoring credit risk on a bank wide basis, recommending to the board for its approval all policies relating to credit risk management, prudential limits on credit exposures, portfolio management, loan products etc. There is a structured and standardized credit approval process including a comprehensive credit appraisal procedure. In order to assess the credit risk associated with any financing proposal, the Bank assesses a variety of risks relating to the borrower and the relevant industry.
* The Risk Management Department (RMD) headed by the Deputy General Manager, measures, controls and manages credit risk on bank wide basis within the limits set by the Board and enforces compliance with risk parameters set by the Board/RMC/CRMC. The RMD is duly supported by Credit Risk Management Cell, Market Risk Management Cell and Operations Risk Management Cell.
* The Inspection Department as well as Credit Monitoring Department headed by a General Manager / Deputy General Manager monitor the quality of loan portfolio identifies problems and takes steps to correct deficiencies. Loan review / credit audit is undertaken by the Credit Audit function.

**TOOLS USED FOR CREDIT RISK MANAGEMENT / MITIGATION**

* Credit Approving Authority – Delegation of Powers. The Bank has a well-defined scheme of delegation of powers with a multi-tier risk based approving system, which is reviewed periodically and revised as and when necessary to meet the compulsions of business environment.
* Prudential Limits on various aspects of credit / investment like Single / Group borrower limits for various types of borrowers are in place.
* Risk Rating/Pricing - The bank has introduced rating models for various segments, which serve as a single point indicator of diverse risk factors of a counter party and support credit and pricing decisions.
* Credit Audit/Loan review mechanism is an effective tool for constantly evaluating the quality of loan book and to bring about qualitative improvements in credit administration
* Portfolio Management - to start with, the bank has introduced a simple portfolio-monitoring framework. Going forward the bank will be graduating to a more sophisticated Portfolio Management model.
* The Bank accepts a range of collaterals and techniques to mitigate the credit risks to which they are exposed to, provided the collaterals are legally enforceable and the Bank has a priority claim on the sale proceeds of the collaterised assets in the case of obligor’s default or occurrence of adverse credit events.

**RISK MEASUREMENT**

At present Credit Risk is assessed through Risk rating at the individual level and through Risk Weighting of the assets at the portfolio level and capital is maintained based on Risk Weights.

**Total gross credit risk exposures**

|  |  |  |
| --- | --- | --- |
|  | Category | **Amt. in Lakhs** |
| 1 | Fund Based Credit Exposures | 6168533 |
| 2 | Non Fund Based Credit Exposures | 368511 |

**Geographic distribution of exposures**

|  |  |  |
| --- | --- | --- |
|  | **Category** | **Amt. in Lakhs** |
| 1 | **Overseas** * Fund Based Credit Exposures
 | NIL |
| * Non Fund Based Credit Exposures
 | NIL |
| 2 | **Domestic** * Fund Based Credit Exposures
 |  6168533 |
| * Non Fund Based Credit Exposures
 | 368511 |

**INDUSTRY TYPE DISTRIBUTION OF EXPOSURES**

 Amount in Lacs

| **INDUSTRY** | **FUNDED** | **NON FUND** | **TOTAL** |
| --- | --- | --- | --- |
| **A.MINING & QUARRYING** | **39294** | **13883** | **53177** |
| A.1 COAL/HARD LIGNITE/PEAT | 48 | 8609 | 8657 |
| A.2 MINING OTHERS | 39246 | 5274 | 44520 |
| **B.FOOD PROCESSING** | **102196** | **2283** | **104479** |
| B.1 SUGAR | 12195 | 168 | 12363 |
| B.2 EDIBLE OILS & VANASPATI | 28185 | 6 | 28191 |
| B.3 TEA | 2905 | 134 | 3039 |
| B.4 COFFEE | 5 | 0 | 5 |
| B.5 FOOD PROC.- OTHERS | 58906 | 1974 | 60880 |
| **C.BEVERAGES & TOBACCO** | **23332** | **280** | **23612** |
| C.1 TABACCO & TOBACCO PROD. | 18 | 0 | 18 |
| C.2 BEVERAGES & TOBACCO-OTHERS | 23314 | 280 | 23594 |
| **D.TEXTILES** | **132182** | **1595** | **133777** |
| D.1 COTTON | 75603 | 651 | 76254 |
| D.1.1 SPINNING | 54688 | 537 | 55225 |
| D.2 JUTE | 356 | 0 | 356 |
| D.2.1 SPINNING | 63 | 0 | 63 |
| D.3 HANDICRAFT/KHADI (NPS) | 1937 | 59 | 1996 |
| D.3.1 SPINNING | 588 | 40 | 628 |
| D.4 SILK | 7505 | 383 | 7888 |
| D.4.1 SPINNING | 3792 | 0 | 3792 |
| D.5 WOOLEN | 1077 | 87 | 1164 |
| D.5.1 SPINNING | 105 | 2 | 107 |
| D.6 TEXTILE-OTHERS | 45704 | 415 | 46119 |
| **E.LEATHER & LEATHER PRODUCTS** | **13953** | **171** | **14124** |
| **F.WOOD & WOOD PRODUCTS** | **9229** | **1396** | **10625** |
| **G.PAPER & PAPER PRODUCTS** | **5436** | **155** | **5591** |
| **H.PETRO./COAL/NUCLEAR FUELS** | **4233** | **1396** | **5629** |
| **I.CHEMICALS & CHEMICAL PROD.** | **9172** | **869** | **10041** |
| I.1 FERTILISERS | 2 | 0 | 2 |
| I.2 DRUGS AND PHARMA. | 1363 | 4 | 1367 |
| I.3 PETRO-CHEMICALS | 1090 | 69 | 1159 |
| I.4 CHEMICALS & CHEMICAL PROD.- OTHERS | 6718 | 796 | 7514 |
| **J.RUBBER,PLASTIC & ITS PROD.** | **12775** | **869** | **13644** |
| **K.GLASS & GLASSWARE** | **1733** | **25** | **1758** |
| **L.CEMENT AND CEMENT PROD.** | **2779** | **6239** | **9018** |
| **M.BASIC METAL & METAL PROD.** | **116995** | **5349** | **122344** |
| M.1 IRON & STEEL | 95208 | 1082 | 96290 |
| M.2 OTHER METAL & METAL PROD. | 21787 | 4267 | 26054 |
| **N.ALL ENGINEERING** | **39905** | **6138** | **46043** |
| N.1 ELECTRONICS | 1305 | 155 | 1460 |
| N.2 ALL ENGG. - OTHERS | 38599 | 5983 | 44582 |
| **O.VEHCLES/V.PARTS/TPT.EQPM.** | **10545** | **5510** | **16055** |
| **P.GEMS & JEWELLARY** | **3597** | **1** | **3598** |
| **Q.CONSTRUCTIONS** | **44451** | **36972** | **81423** |
| **R.INFRASTRUCTURE** | **1310595** | **154433** | **1465028** |
| R.1 TRANSPORT | 312250 | 131896 | 444146 |
| R.1.1 -RAILWAYS | 4 | 520 | 524 |
| R.1.2 -ROADWAYS | 290636 | 111689 | 402325 |
| R.1.3 -OTHERS | 3541 | 213 | 3754 |
| R.1.4 -WATERWAYS | 2565 | 19321 | 21886 |
| R.1.5 -OTHERS | 15504 | 153 | 15657 |
| R.2 ENERGY | 399155 | 11082 | 410237 |
| R.2.1 -ELEC(GEN/TRMN/DTB) | 398977 | 11047 | 410024 |
| R.2.2 -OIL (STRG/PIPELINES) | 87 | 35 | 122 |
| R.2.3 -GAS/LNG STRG/PIPELINE | 92 | 0 | 92 |
| R.3 TELECOMMUNICATION | 88219 | 62 | 88281 |
| R.4 INFRA-OTHERS | 510970 | 11393 | 522363 |
| R.4.1 -WATER SANITATION | 376346 | 2682 | 379028 |
| R.4.2 -SOCIAL & COMM. | 134624 | 8710 | 143334 |
| **S.OTHER INDUSTRIES** | **15147** | **1203** | **16350** |
| **T.Residuary** | **4270985** | **129743** | **4400728** |
| a.Education | 25828 | 84 | 25912 |
| b.Aviation | 154157 | 0 | 154157 |
| **TOTAL** | **6168533** | **368511** | **6537044** |

**Significant exposure:**

Industry where the Total Exposure is more than 5% of Total Fund based and Non-fund based exposure:

**Amt. in Lakhs**

|  |  |  |
| --- | --- | --- |
| **S.No.** | **Industry** | **Exposure** |
| 1  | Infrastructure | **1465028** |

**RESIDUAL CONTRACTUAL MATURITY BREAKDOWN OF ASSETS**

**Amt. in Lakhs**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Maturity Pattern's** | **Loans &** | **Investments** | **Foreign Currency** | **Deposits** | **Borrowings** |
| **(Time Buckets)** | **Advances** | **(Book Value)** | **Liabilities** | **Assets** |
| Next 1 Day | 91800 | 361042 |  1105 | 9864 | 55074 | 400 |
| 2 Days To 7 Days | 100100 | 33191 | 286 | 1010 | 71870 | 0.00 |
| 8 Days To 14 Days | 82800 | 18210 | 203 | 1036 | 80049 | 0.00 |
| 15 Days To 30 Days | 126200 | 19008 | 715 | 3706 | 108129 | 0.00 |
| 31 Days To 2 Months | 162000 | 96331 | 1032 | 10373 | 441321 | 0.00 |
| Over 2 Months To 3 Months | 172600 | 94642 | 819 | 8454 | 431717 | 0.00 |
| Over 3 Months To 6 Months | 320600 | 126225 | 3097 | 4103 | 692576 | 850 |
| Over 6 Months To 1 Year | 343100 | 494565 | 7317 | 6886 | 2746536 | 1700 |
| Over 1 Year To 3 Years | 1443000 | 485008 | 7527 | 0 | 1847222 | 49125 |
| Over 3 Years To 5 Years | 949200 | 212921 | 1216 | 0 | 1060137 | 0.00 |
| Over 5 Years | 1490600 | 474203 | 0.00 | 0 | 987913 | 0.00 |
| **GRAND TOTAL** | **5282000** | **2415346** | **23317** | **45432** | **8522544** | **52075** |

**Amount of NPAs (Gross)**

|  |  |  |
| --- | --- | --- |
| S.No | **Category** | **Amt. in Lakhs** |
| 1 | Substandard | 205149 |
| 2 | Doubtful 1  | 256384 |
| 3 | Doubtful 2  | 242082 |
| 4 | Doubtful 3  | 150625 |
| 5 | Loss |  30567 |

**Net NPAs**

**Amt. in Lakhs**

|  |  |
| --- | --- |
| Net NPAs | 432642 |

**NPA Ratios**

|  |  |  |
| --- | --- | --- |
|  | **Category** | **Percent** |
| 1 | Gross NPAs to Gross advances | 14.34% |
| 2 | Net NPAs to Net advances |  7.57% |

**Movement of NPAs (Gross)**

**Amt. in Lakhs**

|  |  |
| --- | --- |
| Opening Balance | 887457 |
| Additions | 5923 |
| Reductions | 8574 |
| Closing Balance | 884806 |

**Movement of Provisions for NPAs**

**Amt. in Lakhs**

|  |  |  |
| --- | --- | --- |
| **SL.NO.** | **PROVISION** | **Provisions for NPAs** |
|   | **OPENING BALANCE (A)**  | 413879.78 |
|  **ADD :** | **Provision made during the Period :** |  36997.18 |
| **Less :** |  |  |
| a) | Upgraded Accounts | 654.55 |
| b) | Write Off / Written Back of Excess Provision \* | 3262.65 |
|  | **Sub-Total** (**B)** | 3917.20 |
|  | **CLOSING BALANCE (C)** | 446959.76 |

**Details of write offs & recoveries that have been booked directly to the Income statement**

**Amt. in Lakhs**

|  |  |
| --- | --- |
| Interest On Loans & Advances Technically Written Off Cases | 151.46 |
| Miscellaneous  Income-Recovery In Technical  Write Off A/Cs | 741.93 |
| **TOTAL** | **893.39** |

**Amount of Non-Performing Investments**

**Amt. in Lakhs**

|  |  |
| --- | --- |
| Amount of Non-Performing Investments  | 46833 |

**Amount of provisions held for non-performing investments**

**Amt. in Lakhs**

|  |  |
| --- | --- |
| Provisions held for non-performing investments | 38308 |

**Movement of provisions for depreciation on investments**

**Amt. in Lakhs**

|  |  |
| --- | --- |
| Opening Balance | 1117 |
| Provisions made during the period | 0.00 |
| Write-off | 0.00 |
| Write-back of excess provisions | -15 |
| Closing Balance | 1102 |

**Major Industry Breakup of NPA**

**Amt. in Lakhs**

|  |  |  |
| --- | --- | --- |
| **Industry** | **Gross NPA** | **Provision for NPA** |
| **NPA in Top 5 Industries** | 302500 | 169518 |

**Geography wise Distribution of NPA & Provision**

**Amt. in Lakhs**

|  |  |  |  |
| --- | --- | --- | --- |
| **Industry** | **Gross NPA** | **Provision for NPA** | **Provision for Standard Advances** |
| **Domestic** | 884806 | 446960 | 35807 |
| **Overseas** | 0.00 | 0.00 | 0.00 |

**Table DF 4 - CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH**

**Qualitative Disclosures**

1. The Bank has approved using the general rating of the following credit rating agencies for risk weighting under the standardized approach for CRAR calculations CRISIL, ICRA, India Rating, ACUITE, BRICKWORK, Infomerics and CARE for domestic claims and S&P, FITCH and Moody’s for claims on non-resident corporates, foreign banks and foreign sovereigns.

The ratings of all these agencies are being used for all exposures subjected to rating for risk weighting purposes under the standardized approach for CRAR calculations under Basel-II & Basel III as defined by RBI.

2. The process used to transfer public issue ratings on to comparable assets in the banking book is as per regulatory requirements of RBI. The public ratings published by the rating agencies on their website are used for this purpose. Only, ratings which are in force as per monthly bulletin of the concerned rating agency and which have been reviewed at least once during the previous 15 months are used.

3. For all the exposures on a particular counterparty, bank uses the rating of only one agency, even though these exposures are rated by more than one with exception being where each of the exposures is rated by only one of the approved rating agencies.

4. To be eligible for risk-weighting purposes, it is ensured that the external credit assessment takes into account and reflects the entire amount of credit risk exposure the bank has with regard to all payments owed to it i.e., both principal and interest. External assessments for one entity within a corporate group is not used to risk weight other entities within the same group.

5. For assets that have contractual maturity less than or equal to one year, short term ratings are used while for other assets, long term ratings are used. For Cash Credit exposures long term ratings are taken.

6. Where an issuer has a long-term exposure with an external long term rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether short-term or long-term, also receive a 150% risk weight, except incases where credit risk mitigation techniques are used for such claims. Similar is the case with short-term rating.

7. The **Short**-term ratings assigned by the approved rating agencies are directly mapped to the risk weights under the Standardised Approach for short-term exposures.

A mechanism for mapping of internal ratings of short term loans (up to 1 year) with Short Term ratings of External Credit Rating Agencies, on similar lines as risk weight mapping given by RBI, is already in vogue in our bank.

Further, a revised mapping matrix of internal ratings of Long term loans with Long Term Ratings of External Credit Rating Agencies, has been approved by the Board.

8. If there are two ratings accorded by eligible credit rating agencies, which map into different risk weights, the higher risk weight is applied. If there are three or more ratings accorded by eligible credit rating agencies with different risk weights, the ratings corresponding to the two lowest risk weights are referred to and the higher of those two risk weights are applied, i.e., the second lowest risk weight.

9. The RW of the investment claim is based on specific rating by a chosen credit rating agency, where the claim is not an investment in a specific assessed issue:

i) the rating applicable to the specific debt (where the rating maps into a risk weight lower than that which applies to an unrated claim) is applied to the bank’s un-assessed claim only if this claim ranks *paripassu* or senior to the specific rated debt in all respects and the maturity of the un-assessed claim is not later than the maturity of the rated claim**, e**xcept where the rated claim is a short term obligation.

ii) if either the issuer or single issue has been assigned a rating which maps into a risk weight equal to or higher than that which applies to unrated claims, an unrated claim on the same counterparty, is assigned the same risk weight as is applicable to the rated exposure, if this claim ranks *paripassu* or junior to the rated exposure in all respects.

**Exposure amounts after risk mitigation subject to the standardized approach**

|  |  |
| --- | --- |
| **Risk Weight Category** | **Exposure After Credit Risk Mitigation** |
| Below 100 % risk weight | 3432439 |
| 100 % risk weight | 1004299 |
| More than 100 % risk weight | 416031 |
| Deducted | 2122234 |
| TOTAL | **4852769** |

**Tabe DF 13 – Main features of Regulatory Capital Instruments**

| **Sr. No** | **Disclosure template for main features of regulatory capital instruments** | **SERIES- XIII =300 crore**  | **SERIES- XIV =500 crore**  | **PSB AT-1 BONDS:SERIES 1** | **SERIES- XV =237.30 crore**  | **SERIES- XVI =500 crore**  |
| --- | --- | --- | --- | --- | --- | --- |
| 1 | Issuer | Punjab & Sind Bank | Punjab & Sind Bank | Punjab & Sind Bank | Punjab & Sind Bank | Punjab & Sind Bank |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | INE608A09130 | INE608A08017 | INE608A08025 | INE608A08033 | INE608A08041 |
| 3 | Governing law(s) of the instrument | Secuities Contract Regulation Act 1956, Companies Act 1956, Banking companies( acquisition and transfer of undertakings ) act 1980, Depositories Act 1996, GOI, RBI, SEBI, Concerned Stock Exchanges.provisions contained in annexure C and/or annexure D to the companies ( Central Government's ) General rules and forms 1956.  | SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008, AS AMENDED AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012, AS AMENDED AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2014 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2013-14/43/207 DATED JANUARY 31, 2014, AS AMENDED | SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008, AS AMENDED BY SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012 AND CIR/IMD/DF/18/2013 DATED OCTOBER 29, 2013) AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2014 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2013-14/43/207 DATED JANUARY 31, 2014 AS AMENDED SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2015 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2014-15/25/539 DATED MARCH 24, 2015 AND RBI CIRCULAR NO.RBI/2015-16/58 DBR.No.BP.BC.1/21.06.201/2015-16 DATED 01.07.2015, NOTIFICATION NO. RBI/2015-16/285 DBR.NO.BP.BC.71/21.06.201/2015-16 DATED 14.01.2016, RBI/2015-16/331 DBR.NO.BP.BC.83/21.06.201/2015-16 DATED 01.03.2016 AND NOTIFICATION NO. DBR.BP.BC.NO.50/21.06.201/2016-17 DATED 02.02.2017. | SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008, AS AMENDED AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012, AS AMENDED AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2014 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2013-14/43/207 DATED JANUARY 31, 2014, AS AMENDED | SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008, AS AMENDED AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012, AS AMENDED AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2014 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2013-14/43/207 DATED JANUARY 31, 2014, AS AMENDED |
|   | **Regulatory treatment** |   |   |   |  |  |
| 4 | Transitional Basel III rules | Tier II | Tier II | Tier I | Tier II | Tier II |
| 5 | Post-transitional Basel III rules | Tier II | Tier II | Tier I | Tier II | Tier II |
| 6 | Eligible at solo/group/ group & solo | Solo | Solo | Solo | Solo | Solo |
| 7 | Instrument type | Tier II debt instruments | Tier II debt instruments | Tier I instrument | Tier II debt instruments | Tier II debt instruments |
| 8 | Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date) | 12 | 500 | 1000 | 237.3 | 500 |
| 9 | Par value of instrument | Rs. 1000000 | Rs. 1000000 | Rs. 1000000 | Rs. 1000000 | Rs. 1000000 |
| 10 | Accounting classification | Liability (Borrowing) | Liability (Borrowing) | Liability (Borrowing) | Liability (Borrowing) | Liability (Borrowing) |
| 11 | Original date of issuance | 24.06.2011 | 19.10.2016 | 08.05.2017 | 27.06.2019 | 04.11.2019 |
| 12 | Perpetual or dated | Dated | Dated | Perpetual | Dated | Dated |
| 13 | Original maturity date | 24.10.2021 | 19.10.2026 | NA | 26.10.2029 | 03.12.2029 |
| 14 | Issuer call subject to prior supervisory approval | Yes | No | Yes - The call option on the instrument is permissible after the instrument has run for at least five years subject to prior RBI approval.The call option on the instrument is permissible after the instrument has run for at least five years | No | No |
| 15 | Optional call date, contingent call dates and redemption amount | NA | NA | The call option on the instrument is permissible after the instrument has run for at least five years | NA | NA |
| 16 | Subsequent call dates, if applicable | NA | NA | Every coupon date thereafter | NA | NA |
|   | **Coupons/ dividends** |   |   |   |  |  |
| 17 | Fixed or floating dividend/coupon | Fixed | Fixed | Fixed | Fixed | Fixed |
| 18 | Coupon rate and any related index | 9.73% | 7.99% | 10.90% | 9.50% | 8.67% |
| 19 | Existence of a dividend stopper | No | No | Yes | No | No |
| 20 | Fully discretionary, partially discretionary or mandatory | Mandatory | Mandatory | Fully Discretionary | Mandatory | Mandatory |
| 21 | Existence of step up or other incentive to redeem | No | No | No | No | No |
| 22 | Noncumulative or cumulative | Noncumulative | Noncumulative | Noncumulative | Noncumulative | Noncumulative |
| 23 | Convertible or non-convertible | Nonconvertible | Nonconvertible | Nonconvertible | Nonconvertible | Nonconvertible |
| 24 | If convertible, conversion trigger(s) | NA | NA | NA | NA | NA |
| 25 | If convertible, fully or partially | NA | NA | NA | NA | NA |
| 26 | If convertible, conversion rate | NA | NA | NA | NA | NA |
| 27 | If convertible, mandatory or optional conversion | NA | NA | NA | NA | NA |
| 28 | If convertible, specify instrument type convertible into | NA | NA | NA | NA | NA |
| 29 | If convertible, specify issuer of instrument it converts into | NA | NA | NA | NA | NA |
| 30 | Write-down feature | NO | Write-off feature is applicable | Write-off feature is applicable | Write-off feature is applicable | Write-off feature is applicable |
| 31 | If write-down, write-down trigger(s) | NA | PONV Trigger as per RBI Guidelines | The Bonds issued before 30.09.2020 i.e. before the full implementation of Basel III shall have two prespecified triggers. A lower pre-specified trigger at CET1 of 5.5% of RWAs shall apply and remain effective before 30.09.2020 .From this date the trigger shall be raised to CET1 OF 6.125% of RWAs for all such Bonds. | PONV Trigger as per RBI Guidelines | PONV Trigger as per RBI Guidelines |
| 32 | If write-down, full or partial | NA | full or partial | full or partial | full or partial | full or partial |
| 33 | If write-down, permanent or temporary | NA | Permanent | The write down mechanism may be Temporary or Permanent at Bank’s Discretion. | Permanent | Permanent |
| 34 | If temporary write-down, description of write-up mechanism | NA | NA | A temporary writedown is different from a conversion and a permanent writedowni.e.the original instrument may not be fully extinguished.Generally, the par value of the instrument is written-down (decrease) on the occurrence of the trigger event and which may be written-up (increase) back to its original value in future in conformity with the provisions of the RBI Basel III Guidelines. The amount shown on the balance sheet subsequent to temporary write-down may depend on the precise features of the Bonds and the prevailing accounting standards. | NA | NA |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | UNSECURED LIABILITIES (depositors & general creditors)) | Subbordinate to claims of all depositors and general creditors of the bank | Subordinated to the claims of (a) all depositors,(b) general creditors (c) subordinated debt of the bank other than subordinated debt qualifying as Additional Tier 1 Capital (as the term is defined in the Basel III Guidelines) ;(d) Debt Capital Instruments eligible for inclusion in Tier 2 capital issued and to be issued in future by the Bank; (e) perpetual cumulative preference shares;(f) redeemable non-cumulative preference shares; (g)redeemable cumulative preference shares eligible for inclusion in Tier 2 capital issued and to be issued infuture by the Bank | Subbordinate to claims of all depositors and general creditors of the bank | Subbordinate to claims of all depositors and general creditors of the bank |
| 36 | Non-compliant transitioned features | YES | NA | NO | NA | NA |
| 37 | If yes, specify non-compliant features | Point of non-viability. | NA | NA | NA | NA |

**LEVERAGE RATIO**

The leverage ratio has been calculated using the definitions of capital and total exposure. The Bank’s leverage ratio, calculated in accordance with the RBI guidelines is as follows:

Rs in Lakhs

|  |  |  |  |
| --- | --- | --- | --- |
| PARTICULARS | AS ON 31.12.2019 | AS ON 31.03.2020 | AS ON 30.06.2020 |
| Tier 1 Capital | 532478 | 480591 | 463632 |
| Exposure Measure | 10732010 | 10660431 | 10192970 |
| Leverage Ratio | 4.96% | 4.51% | 4.55% |