

Basel III Disclosures

For the Quarter Ended December 31, 2021

I. Scope of Application

The framework of disclosures applies to **RBL Bank Limited** (hereinafter referred to as the Bank), a scheduled commercial bank, incorporated on August 6, 1943.

The Bank's subsidiary, RBL Finserve Ltd. is a non-financial entity, and hence not consolidated for capital adequacy purpose. The bank does not have interest in any insurance entity.

As per capital adequacy guidelines under Basel III, insurance and non-financial subsidiaries / joint ventures / associates etc. of banks are not to be consolidated.

II. Capital Adequacy

Regulatory capital assessment

The Bank is subjected to Capital Adequacy guidelines stipulated by Reserve Bank of India (RBI). In line with RBI guidelines under Basel III, the Bank has adopted Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk while computing its Capital Adequacy Ratio (CAR).

As per capital adequacy guidelines under Basel III, the Bank is required to maintain a minimum CAR of 9% {11.50% including Capital Conservation Buffer (CCB)} by December 31, 2021, with minimum Common Equity Tier I (CET I) CAR of 5.5% {8% including CCB}.

As on December 31, 2021, total CAR of the Bank stood at 16.58%, well above regulatory minimum requirement of 11.50% (including CCB). Tier I ratio of the Bank stood at 15.76% and CET I ratio at 15.76%.

Assessment of adequacy of Capital to support current and future activities

The Bank has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) which is approved by the Board of Directors (Board). Under ICAAP, the Bank determines adequacy of capital required for current and future business needs. ICAAP evaluates and documents all risks and substantiates appropriate capital allocation for risks identified under Pillar 1 (i.e. Credit, Market and Operational Risk) as well as Pillar 2.

ICAAP enables the Bank to assess the adequacy of capital to take care of future business growth, factoring in all the various risks that the Bank is exposed to, so that the minimum capital required is maintained on a continuous basis irrespective of changing economic conditions/ economic recession. The Bank takes into account both quantifiable and non-quantifiable risks while assessing capital requirements. The Bank considers the following risks as material and has considered these while assessing and planning its capital requirements:

- Credit Risk
- Market Risk
- Operational Risk
- Credit Concentration Risk
- Interest Rate Risk in banking Book
- Liquidity Risk

- Business Risk
- Strategic Risk
- Compliance Risk
- Reputation Risk
- Technology Risk
- Cyber and Information Security Risk
- Model Risk
- Legal Risk
- Pension Obligation Risk
- Other Residual Risks

The Bank has also implemented a Board approved Stress Testing Framework. This involves the use of various techniques to assess the Bank's vulnerability to plausible but extreme stress events. The Bank has formed a Stress Testing Steering Committee, which has representation from Business, Finance, Treasury, Economist and Portfolio Risk team. This committee reviews the scenarios used for stress testing as well as reviews the results of stress testing. The results are thereafter reported to the Board. The stress tests cover assessment of Credit Risk, Market Risk, Operational Risk, Liquidity Risk as well as Interest Rate Risk under assumed 'stress' scenarios. Tolerance limits have also been defined for these stress tests. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in ICAAP.

As per the Bank's assessment, it believes that its current robust capital adequacy position, adequate headroom available to raise capital, demonstrated track record for raising capital and adequate flexibility in the balance sheet structure and business model, the capital position of the Bank is expected to remain robust.

Capital requirements for various risks

A summary of Bank's capital requirement for credit, market and operational risk along with CAR as on December 31, 2021 is presented below: (₹ In Millions)

SN	Particulars	31.12.2021
(a)	Capital requirements for Credit risk:	
	- Portfolios subject to standardized approach	71,973.88
(b)	Capital requirements for Market risk:	
	Standardized duration approach	
	- Interest rate risk	1,288.01
	- Foreign exchange risk (including gold)	285.45
	- Equity risk	2,027.75
(c)	Capital requirements for Operational risk:	
	- Basic indicator approach	7,538.55
(d)	Capital Adequacy Ratios	
	- Total Capital Adequacy Ratio (%)	16.58%
	- Tier-1 Capital Adequacy Ratio (%)	15.76%
	- Common Equity Tier-1 Capital Adequacy Ratio (%)	15.76%

III. Credit Risk: General Disclosures

Policy and Strategy for Credit Risk Management

At the apex level, the Board of Directors is responsible for the Bank's Risk Management Framework. The Board has approved the Bank's Risk Appetite Framework for all the various risks that the Bank is exposed; viz. Credit Risk, Market Risk, Earnings Risk, Capital Risk, Operational Risk, Compliance Risk and others. The Board of Directors also maintains oversight on the management of various risks as outlined above.

The Risk Management Committee of Board (RMCB) assists the Board and helps to devise Policy and strategy for management of various risks including Credit Risk. RMCB approves the Bank's Credit Policies, prudential exposure limits, credit assessment and approval system and procedure, margin and collateral management, credit documentation, credit pricing framework, credit administration and monitoring system, non-performing assets management policy, credit risk management system and exception management.

The Bank's Credit Risk Policies prescribe procedures for credit risk identification, measurement, grading, monitoring, reporting, risk control / mitigation techniques and management of problem loans/ credit. These Policies ensure that credit risk is identified, quantified and managed within the approved Risk Appetite Framework. The various Credit Risk Management Policies are Commercial Credit Policy, Investment Policy, Recovery Policy, Enterprise Risk Policy, and Policy on Transfer of Asset through Securitization & Direct Assignment of Cash Flows, Customer Suitability & Appropriateness Policy, and Retail Assets Credit Policy. All these Policies are duly approved by the Board.

Credit Risk is defined as the probability of losses associated with reduction in credit quality of borrowers or counterparties leading to non-payment of dues to the Bank. In the Bank's portfolio, losses arise from default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlements, or any other financial transaction.

Organizational Structure for Credit Risk Management function

At Executive level, Management Credit Committee (MCC) is responsible for operationalizing the credit policy and implementing credit framework as approved by the Board and RMCB. The committee recommends policies on standards for presentation of credit proposals, financial covenants, ratings, prudential limits on large credit exposures, standards for loan collaterals, etc. MCC also oversees portfolio risk management, loan review mechanism, risk concentrations, pricing of loans, provisioning and other regulatory/ legal compliances. The roles and responsibilities of the key functions involved in credit risk management are detailed below:

- **Portfolio Risk Department**– The Portfolio Risk department reports to the Chief Risk Officer (CRO) and is the custodian of all Credit Risk Policies of the Bank. The team is responsible for implementation and operationalization of these Policies, as well as ensuring these are reviewed on a periodic basis, and disseminated to all relevant stakeholders. The unit is also responsible for portfolio analysis and reporting the same to Senior Management and Board, review of internal rating system, monitoring prudential limits and submission of credit related returns/ MIS at periodic intervals.

- Portfolio Management & Early Warning Department – This department reports to the CRO and monitors the portfolio for identifying accounts that exhibit signs of incipient stress. Such accounts are reviewed along with the Relationship Manager (RM) and CRD.
- Sector Research Desk also reports to the CRO. This team conducts Sector and Industry Research with respect to the Bank's credit exposures. The team also carries out thematic reviews of the Bank's portfolio under specific events/ scenarios
- Credit Risk Department (CRD) – The CRD for Wholesale and Retail reports to Chief Credit Officer (CCO) – Wholesale and Retail respectively. The CRD takes decisions on all credit applications in accordance with policies applicable to the specific proposal / product / scheme. To ensure complete independence, and to avoid any conflict of interest, the CRD is not assigned any business targets.
- Credit Administration Department (CAD)/ Retail Operations – The CAD at Corporate / Regional level acts as the third eye after business and CRD to ensure compliance with the Bank's policies and prudent lending requirements. Similarly, Retail Operations manages the post sanction processes for retail business.
- Stressed Assets Group (SAG) – The Stressed Assets Group monitors selected standard accounts under stress and corporate NPAs, follows up for recoveries very closely and provides guidance to the Relationship Manager (RM's) responsible for recovery and actively participates in the recovery effort where warranted. SAG also coordinates legal action for recovery, as warranted.
- Collections and recovery: The Collections and Recovery team follows up with clients where payments have been missed or delayed and also follows up for recovery efforts if accounts have turned NPA.

Credit risk measurement, mitigation, monitoring & reporting systems

Credit Origination and Appraisal System

There are separate Credit Origination and Appraisal Processes for Wholesale and Retail segments. Within the Wholesale segment, Bank has adopted Target Operating Model for different client segments that is based, inter alia, on internal risk ratings, availability of security and other risk parameters. The credit sanctions are granted by experienced credit professionals and / or credit committees with delegated approval authorities as per Bank's Board approved Credit Policy, basis detailed appraisal memorandum that takes into account business and financial risks of the proposal. The Retail segment, on the other hand, relies largely on standardized product programs for credit risk assessment and approvals.

Credit Rating Framework

The Bank has put in place an internal rating system for Wholesale segment. The rating system uses various models, depending upon size of company as well as specialized models for Non-Banking Finance Companies (NBFC), Micro Finance Institutions (MFI) and Traders. The internal rating system is a step towards migration to Advanced Approach for Credit Risk as per Basel III.

The rating system is based on a two dimensional rating framework, Borrower Rating and Facility Rating. The Borrower Rating is determined first, which is based on assessment of Industry Risk, Business Risk, Management Risk and Financial Risk along with Project Risk / Conduct of Account (if

applicable). This is calibrated to the Probability of Default (PD). The Facility Rating is based on Borrower Rating, and takes into account security structure, therefore is a combination of PD and LGD (Loss Given Default).

Besides, the Bank continues to endeavor to have all facilities above ₹ 5 crore, to have external ratings.

Credit Documentation

The objective of credit documentation is to clearly establish the debt obligation of borrower to the Bank. In most cases, standardized set of documents are used as applicable, depending upon the type of credit facilities and the borrower entity. In cases of credit facilities for structured finance/ customized credit facilities for which standard documents have not been prescribed or are not appropriate, the documentation would be done on transactional basis in consultation with the Legal department/ external counsel.

Delegation of powers

The Bank has adopted 'Four Eyes' principle for credit approval. The principle dictates that generally at least two people must create, examine and approve a credit proposal. Most of the loan proposals require Joint Signature Approvals (JSA). This helps to avoid credit approval based on judgment of one functionary alone, ensures compliance and reduces risk from errors & prejudices. The Bank has also adopted Committee Approach for sanctioning high value credit proposals, viz. Board Investment & Credit Committee (BICC) and Management Credit Committee (MCC), as per authority matrix. The delegation Policy is approved by the Board and designed to avoid concentration of authority with few individuals.

Post Sanction Monitoring

The Bank has evolved a process to ensure end-use of funds is for the purpose for which credit limits are sanctioned. Further, it is ensured that the security obtained from borrowers by way of hypothecation, pledge, etc. are not tampered with in any manner and are adequate.

Quarterly Call Reports (QCR) are used to track the borrower's performance on a quarterly basis. Performance, Status of compliance with Internal Risk Triggers, Covenants, Position of Un-hedged FCY exposure & Adherence to specific approval conditions (if any) is tracked on quarterly basis through QCR.

All exceptions related to sanctioned credit facilities are monitored by Credit Administration Department (CAD) with MIS to Senior Management.

Early Warning System (EWS)

Bank has implemented automated EWS system based on AI/ML based rule engine to proactively identify emerging credit weakness well in advance. Bank's EWS system not only has all 42 EWS/RFA triggers mandated by RBI vide Circular No. RBI/DBS/2016-17/28 (DBS.CO.CFMC. BC.No.1/23.04.001/2016-17) dated 01.07.2016 but also captures multiple other alerts/signals from various internal/ external data sources to generate early warning alerts/ signals. EWS system based on risk severity, scores a customer in various risk grades and a customer heat map is generated

from an early warning (EWS) perspective. The alerts generated by EWS system are reviewed by EWS team and post discussion in EWS forum (comprising of representatives from business, credit and EWS team), a final decision whether to include an account in any of the EWS category (viz. Observe/Monitor/EWS) or otherwise is taken for proactive monitoring.

Watch List & Adverse Labeled Accounts

Accounts which exhibit stress are tagged as “Watch list” accounts. Accounts which exhibit severe stress are tagged as “Adverse Labeled” accounts. Both these categories of accounts receive special management attention. Such accounts are monitored very closely by Stressed Assets Group, Senior Management and Board/ RMCB.

In view of the enactment of the Insolvency and Bankruptcy Code, 2016 (IBC), RBI has substituted the existing guidelines on Resolution of Stressed Sectors with a harmonized and simplified generic framework through various circulars. The Bank is fully compliant with these guidelines.

Review / Renewal of Loans

After a credit facility is sanctioned and disbursed, follow-up and reviews are conducted at periodic intervals. All funded and non-funded facilities granted to corporate customers are reviewed at least once a year or at more frequent intervals, as warranted.

Credit Pricing

Pricing of loans / advances / cash credit / overdraft or any other financial accommodation granted / provided / renewed or discounted usance bills is in accordance with the directives on interest rates on advances issued by RBI as well as internal policies of the Bank. The Bank has also adopted Risk Based Pricing for different categories of customers.

Credit Portfolio Analysis

Credit portfolio analysis is carried out at periodic intervals to review entire credit portfolio of the Bank to monitor growth, distribution, concentration, quality, compliance with RBI guidelines & policies of the Bank, accounts under Observe/ Monitor/ Early Warning System (EWS)/ Watch-List (WL)/ Adversely Labeled (AL) category etc. The same is monitored / reviewed by Senior Management/ Board / RMCB.

Loan Review Mechanism (LRM) and Credit Audit

The Bank has implemented LRM and Credit Audit framework. The primary objective includes monitoring effectiveness of loan administration, compliance with internal policies of Bank and regulatory framework, monitor portfolio quality, concentrations, post sanction follow-ups and appraising top management with information pertaining to the audit finding for further corrective actions.

Non-performing Assets (NPA)

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the Bank.

A non-performing asset (NPA) is a loan or an advance where:

- i) Interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan. Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.
- ii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted;
- iii) Installment of principal or interest thereon remains overdue for two crop seasons for short duration crops, and one crop season for long duration crops;
- iv) The account remains 'out of order' in respect of an Overdraft/ Cash Credit (OD/CC). An account is treated as 'out of order' if:
 - a. the outstanding balance remains continuously in excess of the sanctioned limit / drawing power for more than 90 days; or
 - b. where outstanding balance in principal operating account is less than 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 interest debited during the same period;
- v) The regular/ ad hoc credit limits have not been reviewed/ renewed within 180 days from the due date / date of ad-hoc sanction;
- vi) Drawings have been permitted in working capital account for a continuous period of 90 days based on drawing power computed on the basis of stock statements that are more than 3 months old, even though the unit may be working or the borrower's financial position is satisfactory;
- vii) Bank Guarantees/ Letters of Credits devolved on the Bank which are not reimbursed by the customer within 90 days from the date of payment;
- viii) A loan for an infrastructure / non-infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset';
- ix) A loan for an infrastructure (/ non-infrastructure) project will be classified as NPA if it fails to commence commercial operations within 2 years (/1 year) from original date of commencement of commercial operations, even if it is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset'.
- x) The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of RBI guidelines on securitization;
- xi) In respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Non- performing Investments (NPI)

NPI is one where:

- i) Interest / installment (including maturity proceeds) is due and remains unpaid for more than 90 days;
- ii) The fixed dividend is not paid in case of preference shares;
- iii) In case of equity shares, in the event investment in shares of any company is valued at Re.1 per company on account of non-availability of latest balance sheet in accordance with RBI instructions;
- iv) If any credit facility availed by the issuer is NPA in the books of the bank, investment in any of the securities issued by the same issuer would be treated as NPI and vice versa;
- v) The investments in debentures / bonds which are deemed to be in the nature of advance would also be subjected to NPI norms as applicable to investments.

Quantitative Disclosures

(a) Total gross credit risk exposures*, Fund based and Non-fund** based separately:

(₹ In Millions)

Category	31.12.2021
Fund Based	966,679.19
Gross Advances	599,670.52
Investment in Banking book	159,216.81
All other Assets	207,791.86
Non-Fund Based	165,950.77
Total	1,132,629.96

* Represents book value including bill re-discounted.

** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations, Liability on account of outstanding forward exchange contracts (credit equivalent amount).

(b) Geographic distribution of exposure*, Fund based & Non- fund** based separately

(₹ In Millions)

Category	31.12.2021		
	Domestic	Overseas	Total
Fund Based	922,030.15	44,649.04	966,679.19
Non-Fund Based	161,660.81	4,289.96	165,950.77
Total	1,083,690.96	48,939.00	1,132,629.96

* Represents book value including bills re-discounted;

** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations, Liability on account of outstanding forward exchange contracts (credit equivalent amount).

(a) Industry type distribution of exposures*- Funded & Non-funded**

(₹ In Millions)

Industry Name	31.12.2021	
	Fund Based	Non Fund Based
A. Mining and Quarrying (A.1 + A.2)	2,480.98	2,189.72
A.1 Coal	1,200.65	934.96
A.2 Others	1,280.33	1,254.76
B. Food Processing (Sum of B.1 to B.5)	12,406.04	8,184.24
B.1 Sugar	1,077.26	987.56
B.2 Edible Oils and Vanaspati	355.49	6,025.01
B.3 Tea	3,798.83	1.92
B.4 Coffee	1,261.30	-
B.5 Others	5,913.16	1,169.75
C. Beverages (excluding Tea & Coffee) and Tobacco (Sum of C.1 & C.2)	3,701.67	484.30
C.1 Tobacco and tobacco products	-	-
C.2 Others	3,701.67	484.30
D. Textiles (Sum of D.1 to D.6)	5,207.68	1,279.72
D.1 Cotton	2,324.48	251.54
D.2 Jute	-	-
D.3 Handicraft/ Khadi (Non Priority)	-	-
D.4 Silk	-	-
D.5 Woolen	-	-
D.6 Others	2,883.20	1,028.18
Out of D (i.e. Total Textiles) to Spinning Mills	-	-
E. Leather and Leather Products	769.55	3.06
F. Wood and Wood products	-	-
G. Paper and Paper Products	1,268.64	525.53
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	232.06	840.46
I. Chemicals and Chemical Products (Dyes, Paints etc.) (Sum of I.1 to I.4)	20,301.05	13,700.53
I.1 Fertilizers	2,000.00	5,159.33
I.2 Drugs and Pharmaceuticals	9,041.48	3,493.99
I.3 Petro-chemicals (excluding under Infrastructure)	787.71	1,099.36
I.4 Others	8,471.86	3,947.85
J. Rubber, Plastic and their products	41.94	90.49
K. Glass & Glassware	758.62	3.72
L. Cement and Cement Products	9,848.17	2,396.75
M. Basic Metal and Metal Products (M.1 & M.2)	10,121.36	4,843.28
M.1 Iron and Steel	9,338.87	3,933.22
M.2 Other Metal and Metal Products	782.49	910.06
N. All Engineering (N.1 & N.2)	6,513.91	8,346.02
N.1 Electronics	2,616.05	2,429.72

Industry Name	31.12.2021	
	Fund Based	Non Fund Based
N.2 Others	3,897.86	5,916.30
O. Vehicles, Vehicle Parts and Transport Equipments	11,682.06	2,191.47
P. Gems and Jewellery	5,187.37	1,192.97
Q. Construction	9,640.23	19,016.61
R. Infrastructure (Sum R.1 to R.4)	23,589.62	27,641.08
R.1 Transport(Sum of R.1.1 to R.1.5)	1,835.36	1,613.03
R.1.1 Railways	96.97	379.13
R.1.2 Roadways	1,738.39	1,233.90
R.1.3 Airport	-	-
R.1.4 Waterways	-	-
R.1.5 Ports	-	-
R.2 Energy (Sum of R.2.1 to R.2.4)	17,280.14	23,261.20
R.2.1 Electricity (generation-transportation and distribution)	16,925.97	16,923.96
R.2.1.1 State Electricity Boards	-	-
R.2.1.2 Others	-	-
R.2.1.3 Power Generation	8,005.87	1,052.85
R.2.1.4 Power transmission / Distribution	2,925.35	198.59
R.2.1.5 Power –Non-Conventional Energy	5,994.75	15,672.52
R.2.2 Gas/LNG/Oil (Storage and pipeline)	354.17	6,337.24
R.2.3 Others	-	-
R.3 Telecommunication	3.97	1,306.89
R.4 Others	4,470.15	1,459.96
R.4.1 Water sanitation	32.82	261.70
R.4.2 Social & Commercial Infrastructure	4,437.33	883.26
R.4.3 Others	-	315.00
S. Other Industries	20,725.75	19,243.59
T. Other Services	38,412.93	33,866.14
U. NBFC	28,295.51	472.60
V. Micro-Finance Institutions (MFI)	25,469.34	61.42
W. Housing Finance Companies (HFC)	7,660.24	333.33
X. Asset Finance Companies (AFC/IFC)	-	131.98
Y. Core investment Companies (CIC)	19,233.06	296.05
Z. Traders	15,359.31	9,032.15
All Industries (Sum of A to Z)	278,907.08	156,367.23
Residuary Other Advances [a+b]	336,881.03	9,583.54
a. Aviation	118.46	-
b. Other Residuary Advances	336,762.57	9,583.54
Total	615,788.11	165,950.77

The Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure:

Sr. No.	Industry classification	Percentage of the total gross credit exposure as on 31.12.2021
1.	Infrastructure	6.55%

* Represents book value of gross advances and investments through credit substitutes;

** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations and Liability on account of outstanding forward exchange contracts (credit equivalent amount).

(b) Residual contractual maturity breakdown of assets as on 31.12.2021

(₹ In Millions)

Maturity bucket	Cash, balances with RBI and other Banks	Investments	Advances	Other assets including fixed assets
1 day	27,108.09	65,979.12	17,491.60	263.18
2 to 7 days	47,175.38	12,454.26	16,021.88	950.55
8 to 14 days	41,363.44	10,986.00	20,510.97	386.17
15 to 30 days	4,302.28	7,924.87	29,118.62	1,110.63
31 days to 2 months	1,085.51	13,938.46	28,812.23	4,916.56
2 to 3 months	1,191.65	6,279.14	49,607.79	1,470.13
3 to 6 months	2,146.46	12,073.93	50,888.94	1,046.12
6 to 12 months	2,487.76	14,853.27	93,252.05	16,756.93
1 to 3 years	17,726.04	81,696.81	168,082.99	22,451.42
3 to 5 years	109.11	491.28	43,861.78	5,736.37
5 to 7 years	12.52	56.39	20,605.84	2,599.94
7 to 10 years	1.88	8.45	17,647.37	-
10 to 15 years	-	-	16,034.05	-
Over 15 years	12.40	3,087.96	9,470.73	5,381.34
Total	144,722.52	229,829.94	581,406.84	63,069.34

(Note: Classification of assets and liabilities under the different maturity buckets in the above table is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.)

(c) Asset Quality

▪ NPA Ratios

Particulars	31.12.2021
Gross NPAs to gross advances	4.84%
Net NPAs to net advances	1.85%

▪ Net NPAs

(₹ In Millions)

Particulars	31.12.2021
Gross NPAs	29,019.13
Less: Provisions	18,263.68
Net NPAs	10,755.45

▪ Classification of gross NPAs

(₹ In Millions)

Particulars	31.12.2021
Sub-standard	15,430.64
Doubtful*	10,234.45
▪ Doubtful 1	6,494.86
▪ Doubtful 2	3,736.91
▪ Doubtful 3	2.68
Loss	3,354.04
Total Gross NPAs	29,019.13

* Doubtful 1, 2 and 3 categories correspond to the period for which asset has been doubtful viz., up to one year ('Doubtful 1'), one to three years ('Doubtful 2') and more than three years ('Doubtful 3')

Note: NPAs include all assets that are classified as non-performing.

▪ Movement of Gross NPAs

(₹ In Millions)

Particulars	01.04.2021 to 31.12.2021
Opening balance	26,015.27
Additions during the year	33,242.02
Reductions	30,238.16
Closing balance	29,019.13

▪ **Movement of Provisions for NPAs**

(₹ In Millions)

Particulars	01.04.2021 to 31.12.2021
Opening balance	13,601.77
Provisions made during the year	26,623.60
Write-off	18,287.34
Any other adjustment, including transfer between provisions	-
Write-back of excess provisions	3,674.35
Closing balance	18,263.68

Recoveries from written off accounts aggregating of ₹ 2,121.16 Million and write-offs aggregating ₹ 18,287.34 Million have been recognized in the statement of profit and loss.

(d) **Non-performing Investment**

(₹ In Millions)

Particulars	31.12.2021
Gross non-performing investments	238.37
Less: Provisions	(160.13)
Less: Write-back of excess provisions	(78.24)
Net non-performing investments	-

▪ **Provision for depreciation on Investment**

(₹ In Millions)

Particulars	01.04.2021 to 31.12.2021
Opening balance	932.29
Provisions made during the year	698.69
Write-off	(100.80)
Any other adjustment, including transfer between provisions	-
Write-back of excess provisions	(283.36)
Closing balance	1,246.82

Movement in provisions held towards depreciation on investments have been reckoned on a yearly basis

▪ **Provision for Standard Asset**

(₹ In Millions)

Particulars	31.12.2021
Opening balance	3,715.66
Provisions made/reversed during the year*	3,274.28
Closing balance	6,989.94

**Includes foreign currency translation adjustment relating to provision for standard assets*

■ **Geographic Distribution**

(₹ In Millions)

Particulars	31.12.2021		
	Domestic	Overseas	Total
Gross NPA	29,019.13	-	29,019.13
Provisions for NPA	18,263.68	-	18,263.68
Provision for standard assets	6,897.30	92.64	6,989.94

(e) **Industry-Wise Distribution**

(₹ In Millions)

Industry Name	As on 31.12.2021		For Quarter ended 31.12.2021	
	Gross NPA	Provision For NPA	Write offs	Additional Provision
A. Mining and Quarrying (A.1 + A.2)	-	-	-	-
A.1 Coal	-	-	-	-
A.2 Others	-	-	-	-
B. Food Processing (Sum of B.1 to B.5)	4,679.59	2,684.82	38.66	790.90
B.1 Sugar	-	-	-	-
B.2 Edible Oils and Vanaspati	-	-	-	-
B.3 Tea	3,226.28	2,295.67	-	503.54
B.4 Coffee	1,261.30	234.06	-	208.23
B.5 Others	192.01	155.08	38.66	79.12
C. Beverages (excluding Tea & Coffee) and Tobacco (Sum of C.1 & C.2)	-	-	-	-
C.1 Tobacco and tobacco products	-	-	-	-
C.2 Others	-	-	-	-
D. Textiles (Sum of D.1 to D.6)	-	-	-	0.90
D.1 Cotton	-	-	-	0.90
D.2 Jute	-	-	-	-
D.3 Handicraft/ Khadi (Non Priority)	-	-	-	-
D.4 Silk	-	-	-	-
D.5 Woolen	-	-	-	-
D.6 Others	-	-	-	-
Out of D (i.e. Total Textiles) to Spinning Mills	-	-	-	-
E. Leather and Leather Products	456.35	351.54	-	190.16
F. Wood and Wood products	-	-	-	-
G. Paper and Paper Products	3.03	0.45	-	-
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	-	40.76	9.58
I. Chemicals and Chemical Products (Dyes, Paints etc.) (Sum of I.1 to I.4)	-	-	-	-
I.1 Fertilizers	-	-	-	-
I.2 Drugs and Pharmaceuticals	-	-	-	-

Industry Name	As on 31.12.2021		For Quarter ended 31.12.2021	
	Gross NPA	Provision For NPA	Write offs	Additional Provision
I.3 Petro-chemicals (excluding under Infrastructure)	-	-	-	-
I.4 Others	-	-	-	-
J. Rubber, Plastic and their products	-	-	-	-
K. Glass & Glassware	-	-	-	-
L. Cement and Cement Products	-	-	-	-
M. Basic Metal and Metal Products (M.1 & M.2)	161.84	40.46	-	-
M.1 Iron and Steel	-	-	-	-
M.2 Other Metal and Metal Products	161.84	40.46	-	-
N. All Engineering (N.1 & N.2)	37.46	9.37	-	0.20
N.1 Electronics	-	-	-	-
N.2 Others	37.46	9.37	-	0.20
O. Vehicles, Vehicle Parts and Transport Equipments	27.42	27.42	-	23.92
P. Gems and Jewellery	51.73	26.86	-	23.72
Q. Construction	1,554.40	1,504.01	-	22.41
R. Infrastructure (Sum R.1 to R.4)	115.84	28.96	-	16.16
R.1 Transport(Sum of R.1.1 to R.1.5)	-	-	-	-
R.1.1 Railways	-	-	-	-
R.1.2 Roadways	-	-	-	-
R.1.3 Airport	-	-	-	-
R.1.4 Waterways	-	-	-	-
R.1.5 Ports	-	-	-	-
R.2 Energy (Sum of R.2.1 to R.2.4)	115.84	28.96	-	16.16
R.2.1 Electricity (generation-transportation and distribution)	115.84	28.96	-	16.16
R.2.1.1 State Electricity Boards	-	-	-	-
R.2.1.2 Others	-	-	-	-
R.2.1.3 Power Generation	-	-	-	-
R.2.1.4 Power transmission / Distribution	-	-	-	-
R.2.1.5 Power -Non-Conventional Energy	115.84	28.96	-	16.16
R.2.2 Gas/LNG/Oil (Storage and pipeline)	-	-	-	-
R.2.3 Others	-	-	-	-
R.3 Telecommunication	-	-	-	-
R.4 Others	-	-	-	-
R.4.1 Water sanitation	-	-	-	-
R.4.2 Social & Commercial Infrastructure	-	-	-	-
R.4.3 Others	-	-	-	-
S. Other Industries	667.51	177.78	1.35	74.31
T. Other Services	1,214.55	1,093.51	-	158.50
U. NBFC	-	-	-	-

Industry Name	As on 31.12.2021		For Quarter ended 31.12.2021	
	Gross NPA	Provision For NPA	Write offs	Additional Provision
V. Housing Finance Companies (HFC)	-	-	-	-
W. Micro-Finance Institutions (MFI)	-	-	-	-
X. Core Investment Companies (CIC)	-	-	-	-
Y. Traders	1,255.42	520.57	27.93	137.67
All Industries (Sum of A to Y)	10,225.12	6,465.74	108.71	1,448.43
Residuary Other Advances [a+b]	18,794.01	11,797.94	18,178.64	25,175.18
a. Aviation	-	-	-	-
b. Other Residuary Advances	18,794.01	11,797.94	18,178.64	25,175.18
Total	29,019.13	18,263.68	18,287.35	26,623.60

IV. Credit Risk: Disclosures for Portfolios Subject to the Standardized Approach

Ratings used under Standardized Approach:

As stipulated by RBI, the Bank applies ratings assigned to domestic counterparties by following Eligible Credit Assessment Institutions (ECAI's) namely:

- CRISIL Limited;
- CARE Limited;
- India Ratings & Research Private Limited (earlier known as Fitch India);
- ICRA Limited;
- Brickwork Ratings India Pvt. Ltd (Brickwork);
- SMERA;
- Infomerics Valuation and Rating Pvt Ltd.

The Bank applies the ratings assigned by the following international credit rating agencies, approved by the RBI, for risk weighting claims on overseas entities:

- Fitch Ratings
- Moody's
- Standard & Poor's

The Bank reckons external ratings for risk weighting purposes, if the external rating assessment complies with the guidelines stipulated by RBI.

Types of exposures for which each agency is used:

The Bank has used the solicited ratings assigned by the above approved credit rating agencies for all eligible exposures, both on balance sheet and off balance sheet, whether short term or long term, as prescribed in the RBI guidelines.

Process used for application of issue ratings to comparable assets in banking book:

Key aspects of the Bank's external ratings application framework are as follows:

1. The Bank uses only those ratings that have been solicited by the counterparty;
2. Where the facility provided by the Bank possesses rating assigned by approved ECAI, the risk weight of the claim is based on this rating;
3. The Bank also reckons external rating at the borrower (issuer) level as follows:
 - a. In case the Bank does not have exposure in a rated issue, the Bank would use the long term issue rating (inferred rating) for its comparable unrated exposures to the same borrower, provided that the Bank's exposures is pari-passu or senior and of similar or shorter maturity as compared to the rated issue, then this rating is applied on all unrated facilities of the borrower;
 - b. Where a short term rating is used as an inferred rating for a short term un-rated claim, the risk weight applied shall be one notch higher than corresponding to the risk weight of the inferred rating.

Quantitative Disclosures

For exposure amounts after risk mitigation subject to the standardized approach, amount of Bank's exposure (rated and unrated) in the following three major risk buckets as well as those that are deducted:

(₹ In Millions)	
Particulars	31.12.2021
- Below 100% risk weight	711,263.27
- 100% risk weight	204,771.20
- More than 100% risk weight	216,595.49
- Deducted	1,825.91

Treatment of undrawn exposures

As required by regulatory norms, the Bank holds capital even for the undrawn portion of credit facilities which are not unconditionally cancellable without prior notice by the Bank, by converting such exposures into a credit exposure equivalent based on the applicable Credit Conversion Factor ("CCF"). For credit facilities which are unconditionally cancellable without prior notice, the Bank applies a CCF of zero percent on the undrawn exposure, except as required under RBI guidelines for un-drawn CC limits (even if the facilities are unconditionally cancellable without prior notice) for borrowers having aggregate fund based working capital limit of Rs.1,500 mn and above from the Banking system.

Leverage Ratio Disclosure

The leverage ratio act as a credible supplementary measure to the risk based capital requirement. The Bank is required to maintain a minimum leverage ratio of 3.5%. The Bank's leverage ratio calculated in accordance with RBI guidelines under consolidated framework is as follows:

1. Leverage ratio common disclosure as of December, 2021

(₹ In Millions)

S. No.	Leverage ratio framework	Amount
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	935,575.04
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	1,825.91
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	933,749.13
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	5,023.94
5	Add-on amounts for PFE associated with all derivatives transactions	14,176.26
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	Total derivative exposures (sum of lines 4 to 10)	19,200.20
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	78,429.67
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	78,429.67
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	338,613.56
18	(Adjustments for conversion to credit equivalent amounts)	(212,423.04)

19	Off-balance sheet items (sum of lines 17 and 18)	126,190.52
Capital and total exposures		
20	Tier 1 capital	120,604.65
21	Total exposures (sum of lines 3, 11, 16 and 19)	1,157,569.52
22	Basel III leverage ratio	10.42%

2. Comparison of accounting assets and leverage ratio exposure

(₹ In Millions)

S. No.	Particulars	Amount
1	Total consolidated assets as per published financial statements	1,019,028.65
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 recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	14,176.26
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)	126,190.52
7	Other adjustments	(1,825.91)
8	Leverage ratio exposure	1,157,569.52

3. Reconciliation of total published balance sheet size and on balance sheet exposure under common disclosure

(₹ In Millions)

S. No.	Particulars	Amount
1	Total consolidated assets as per published financial statements	1,019,028.65
2	Replacement cost associated with all derivatives transactions, i.e. net of eligible cash variation margin	(5,023.94)
3	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	(78,429.67)
4	Adjustment for entities outside the scope of regulatory consolidation	-
5	On-balance sheet exposure under leverage ratio (excluding derivatives & SFTs)	935,575.04