1. Background and Scope of Application

a. Background

The information contained in the document is for the India Branches of The Hongkong and Shanghai Banking Corporation Limited ('the Bank'), which is incorporated and registered in Hong Kong Special Administrative Region ('SAR'). The Bank's ultimate holding company is HSBC Holdings plc, which is incorporated in the United Kingdom. References to 'the Group' within this document mean HSBC Holdings plc together with its subsidiaries.

b. Scope of Application

The capital adequacy framework applies to the Bank as per Reserve Bank of India ('RBI') Basel III Capital Regulations vide RBI Circular DBR. No. BP. BC. 1/21.06.201/2015-16 dated July 1, 2015 as amended from time to time. The Bank has a subsidiary, HSBC Agency (India) Private Limited ('HAPL'), which is consolidated in line with Accounting Standard ('AS') – 21 (consolidated financial statements). Full capital deduction is taken in regulatory capital for investment in HAPL. The Bank holds minority interests (2.07% shareholding) in a Group entity HSBC Professional Services (India) Private Limited which is neither consolidated nor is capital deducted. The investment in this company is appropriately risk weighted. The Bank does not have any other Group company where a pro-rata consolidation is done or any deduction is taken. The disclosure and analysis provided herein are in respect of the Bank, except where required and specifically elaborated, to include other Group entities operating in India.

(i) Accounting and prudential treatment / consolidation framework

a. Subsidiaries not included in the consolidation

The aggregate amount of capital held by the Bank in HAPL of Rs. 500,000 is not included in the regulatory scope of consolidation and is deducted from capital.

b. List of Group entities in India considered for consolidation under regulatory scope of consolidation:

The RBI guidelines on Financial Regulation of Systemically Important NBFCs and Banks' Relationship vide circular ref. DBOD. No. FSD. BC.46 / 24.01.028/ 2006-07 dated 12 December 2006 read with 'Guidelines for consolidated accounting and other quantitative methods to facilitate consolidated supervision' vide circular ref. DBOD.No.BP.BC.72/ 21.04.018/2001-02 dated 25 February 2003 mandate coverage of the 'Consolidated Bank'. This includes, in addition to the Bank the following Non-Banking Finance Company ('NBFC'), which is a subsidiary of HSBC Holdings plc, held through intermediary holding companies:

(Rs '000)

Name of Entity /Country of Incorporation	Principal activity of the entity	Total balance sheet equity*	Total balance sheet assets*
HSBC InvestDirect Financial Services (India) Limited (HIFSL) (Note1)	Non-banking Finance company	1,462,847	8,413,816

* As stated in the audited balance sheet of the legal entity as at 31 March 2020

Note 1. HIFSL is 'Systemically important non-deposit taking non-banking financial company' ('NBFC-ND-SI') governed by Reserve Bank of India ('RBI').

1. Background and Scope of Application *(Continued)*

b. List of Group entities in India considered for consolidation under regulatory scope of consolidation: (Continued)

As prescribed in the above guidelines, the Bank is not required to prepare consolidated financial statements as it has no shareholding in this entity. However, HIFSL has been considered under regulatory scope of consolidation for the quantitative disclosures including that of capital adequacy computation under Basel III guidelines.

(ii) Bank's total interest in insurance entities

The Bank has no interest in any of the insurance entities of the Group.

(iii) List of Group entities in India not considered for consolidation both for accounting and regulatory scope of consolidation:

(Rs '000)

Name of Entity /Country of Incorporation	Principle activity of the entity	Total balance sheet equity*	Total balance sheet assets*
HSBC Asset Management (India) Private Limited	Asset management/portfolio management	615,909	1,839,815
HSBC Electronic Data Processing India Private Limited	Back office / data processing / call centre activities	3,554,678	32,064,079
HSBC Global Shared Services (India) Private Limited	Non-operating company	0	23,558
HSBC InvestDirect (India) Limited	Holding company for HSBC InvestDirect Group	709,544	5,206,525
HSBC InvestDirect Employees' Welfare Trust	Non-operating company	15	18,569
HSBC InvestDirect Sales & Marketing (India) Limited	Non-operating company	1,000	38,549
HSBC InvestDirect Securities (India) Private Limited.	Retail securities broking and related activities (Discontinued)	1,745,112	152,391
HSBC Professional Services (India) Private Limited	Providing internal audit services to Group companies	4,838	338,689
HSBC Securities and Capital Markets (India) Private Limited	Stock broking and corporate finance & advisory	Equity - 4,701,139 Preference – 250,000	7,561,303
HSBC Software Development (India) Private Limited	Software design, development and maintenance	327,264	34,748,000
Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited	Life insurance	9,500,000	155,415,252

** As stated in the audited balance sheet of the legal entity as at 31 March 2020*
Note 1: The Bank does not hold any stake in the total equity of the entities mentioned above with the exception of HSBC Professional Services (India) Private Limited.
Note 2: Since the Bank does not hold any stake in the total equity of the entities, the same have not been considered for any regulatory treatment.

2. Capital Adequacy & Structure

a. Capital Adequacy

The Bank's capital management framework is shaped by its structure, business model and strategic direction. The Bank carefully assesses its growth opportunities relative to the capital available to support them, particularly in light of the economic environment and tightening of regulations around capital requirements. The Bank's Executive Committee ('EXCO'), Risk Management Meeting ('RMM') and Asset-Liability Committee ('ALCO') maintains an active oversight over the Capital and Risk Management framework.

Under Pillar 1 of the RBI guidelines on Basel III, the Bank currently follows Standardised Approach for Credit Risk, Standardised Duration Approach for Market Risk and Basic Indicator Approach for Operational risk capital charge for computation and reporting capital adequacy to RBI. Further, the Bank has a comprehensive Internal Capital Adequacy Assessment Process ('ICAAP'), which covers the capital management policy of the Bank, sets the process for assessment of the adequacy of capital to meet regulatory requirements, support current and future activities and meet the Pillar I and material Pillar II risks to which the bank is exposed to. The ICAAP also involves stress testing of extreme but plausible scenarios to assess the Bank's resilience to adverse economic or political developments and resultant impact on the Bank's risk profile and capital position for current and future periods. This ensures that the bank has robust, forward looking capital planning processes that account for unique and systemic risks. Further, the bank has put in place stringent risk appetite measures as per revised RBI guidelines on Prompt Corrective Action. In addition to the above, the Bank is also subject to Capital Buffers as prescribed by RBI from time to time.

As per the transitional arrangement, at 31 December 2020, the Bank is required to maintain minimum capital requirement including capital buffers as per the table below:

Regulatory Minimum in % as per RBI guidelines	**As at 31 Dec 2020**
(i) Common Equity Tier I (CET1)	**5.50%**
(ii) Capital Conservation Buffer (CCB) - (Refer note I)	1.88%
(iii) Counter-cyclical Buffer (CCCB) - (Refer note II)	-
(iv) Global Systemically Important Bank (G-SIB) - (Refer note III)	1.85%
Minimum Common Equity Tier I (i+ii+iii+iv)	**9.22%**
Minimum Tier I Capital	**10.72%**
Total Minimum Capital Adequacy Ratio	**12.72%**

2. Capital Adequacy & Structure *(Continued)*

a. Capital Adequacy *(Continued)*

Notes:

I. *The CCB is designed to ensure that banks build up capital buffers during normal times, which can be drawn down during a stressed period. Banks in India are required to maintain a capital conservation buffer of 2.5% in a phased manner. Current CCB stands at 1.88%. As stated by RBI in Notification issued on 5th Feb 2021, it has been decided to defer the implementation of the last tranche of 0.625 per cent of the Capital Conservation Buffer (CCB) from April 1, 2021 to October 1, 2021.*

II. *RBI issued guidelines on CCCB framework for banks in India in February 2015. The CCCB may vary from 0 to 2.5% of total RWA and the decision would normally be pre-announced with a lead time of 4 quarters. The activation of CCCB will depend upon Credit to GDP gap in India along with supplementary indicators such as Credit-Deposit ratio for a moving period of 3 years, industry outlook assessment index and interest coverage ratio. As stated by RBI in First Bi-monthly Monetary Policy Statement, 2019-20 issued on 4th April 2019, a review of CCCB indicators was carried out by the RBI and it has been decided that it is not necessary to activate CCCB in India at this point in time.*

III. *The Reserve Bank of India (RBI) released the framework on D-SIB requirements for banks operating in India in July 2014. Banks may become systemically important due to their size, cross-jurisdictional activity, complexity, interconnectedness and lack of substitutability. As per the RBI guidelines, a foreign bank having branch presence in India (such as the Bank) which is classified as Globally Systemically Important Bank (G-SIB) by Financial Stability Board (FSB), has to maintain additional CET1 capital surcharge in India as applicable to it as a G-SIB, proportionate to its Risk Weighted Assets (RWAs) in India. Accordingly, 1.85% had been added to minimum requirement towards G-SIB as of 31 December 2020.*

The Bank continues to monitor developments and believes that current robust capital adequacy position means the bank is well placed for continuing compliance with the Basel III framework.

2. Capital Adequacy & Structure *(Continued)*

b. Capital Structure

(i) Composition of Tier 1 capital for the bank

(Rs. '000)

	Standalone		Consolidated	
	As at 31 Dec 2020	As at 31 March 2020	**As at 31 Dec 2020**	As at 31 March 2020
Capital	**44,991,660**	44,991,660	**46,454,507**	46,454,507
Eligible Reserves	**162,095,387**	162,220,504	**165,273,551**	165,265,559
- Capital reserves (excl. revaluation reserve)	**90,855,494**	90,855,494	**90,855,494**	90,855,494
- Statutory Reserves	**67,194,431**	67,194,433	**67,194,431**	67,194,431
- Specific Reserves	**3,244,721**	3,244,721	**3,244,721**	3,244,721
- Free Reserves	**0**	0	**3,178,164**	3,045,057
- Revaluation Reserves at a discount of 55 per cent	**800,741**	925,856	**800,741**	925,856
Less: Deductions from Tier I Capital	**(344,056)**	(647,369)	**(350,800)**	(653,749)
- Intangible asset	**(169,964)**	(145,651)	**(173,388)**	(149,051)
- Deferred Tax Asset ('DTA') (Note 1)	**0**	0	**(3,320)**	(2,980)
- Investment in subsidiaries in India	**(35)**	(35)	**(35)**	(35)
- Debit Value Adjustments (DVA)	**(174,057)**	(501,683)	**(174,057)**	(501,683)
- Defined Benefit Pension Fund Asset	**0**	0	**-**	0
Common Equity Tier I Capital	**206,742,991**	206,564,795	**211,377,258**	211,066,317
Additional Tier I Capital	**0**	0	**-**	0
Total Tier I Capital	**206,742,991**	206,564,795	**211,377,258**	211,066,317

Note 1: For Standalone, as per RBI guidelines as on 01 March 2016, DTA which was deducted from CET1 capital, can be recognised in the CET1 up to a limit of 10% of Bank's CET1 capital (after application of regulatory adjustments mentioned in RBI Master Circular on Basel-III Capital Regulations dated 01 July 2015.). Accordingly, DTA of Rs. 4,771,822 ('000) (previous year: Rs. 4,771,822 ('000)) is not deducted.

(ii) Tier 2 capital for the bank

(Rs. '000)

	Standalone		Consolidated	
	As at 31 Dec 2020	As at 31 March 2020	**As at 31 Dec 2020**	As at 31 March 2020
General Loss Provisions	**12,053,690**	8,571,724	**12,054,275**	8,572,326
Other Eligible Reserves	**2,670,172**	4,112,839	**2,670,172**	4,112,839
Investment Fluctuation Reserves	**12,176,040**	12,176,040	**12,176,040**	12,176,040
Total Tier II Capital (Note 1)	**26,899,902**	24,860,603	**26,900,487**	24,861,205

Note 1: There is no debt capital instrument and subordinated debt outstanding as at 31 Dec 2020 (previous year: Nil) included in Tier II Capital.

2. Capital Adequacy & Structure *(Continued)*

b. Capital Structure *(Continued)*

(iii) Capital requirements for Credit Risk, Market Risk and Operational Risk

- *Standalone and Consolidated*

(Rs '000)

	Standalone		**Consolidated**	
	As at 31 Dec 2020	As at 31 March 2020	**As at 31 Dec 2020**	As at 31 March 2020
I. Capital required for Credit Risk	**135,173,353**	132,049,945	**136,098,612**	133,198,147
- For portfolios subject to Standardised approach	**135,173,353**	132,049,945	**136,098,612**	133,198,147
II. Capital required for Market Risk	**34,660,648**	33,095,430	**34,660,648**	33,095,430
(Standard Duration Approach)				
- Interest rate risk	**27,863,378**	26,661,228	**27,863,378**	26,661,228
- Foreign exchange risk	**3,148,757**	1,569,150	**3,148,757**	1,569,150
- Equity risk	**474,035**	472,461	**474,035**	472,461
- Securitisation exposure	**3,174,479**	4,392,591	**3,174,479**	4,392,591
III. Capital required for Operational Risk	**18,782,234**	17,006,188	**18,782,234**	17,006,188
(Basic Indicator Approach)				
Total capital requirement (I + II + III)	**188,616,235**	182,151,563	**189,541,494**	183,299,764
Total capital funds of the Bank	**233,642,892**	231,425,396	**238,277,745**	235,927,522
Total risk weighted assets	**1,482,569,792**	1,436,526,519	**1,488,738,186**	1,444,181,198
Total capital ratio	**15.76%**	16.11%	**16.01%**	16.34%
Common Equity Tier I Capital Ratio	**13.94%**	14.38%	**14.20%**	14.61%
Tier I capital ratio	**13.94%**	14.38%	**14.20%**	14.61%

3. Credit risk

a. General

Credit Risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from direct lending, trade finance, marked-to-market exposure from derivative contracts and certain off-balance sheet products such as guarantees and from the Bank's holdings of assets in the form of debt securities.

The principal objectives of our credit risk management function are:

- to maintain a strong culture of responsible lending, and a robust credit risk policy and control framework;

- to both partner and challenge our businesses in defining, implementing and continually re-evaluating our credit risk appetite under actual and stress scenario conditions; and

- to ensure there is independent, expert scrutiny of credit risks, their costs and their mitigation.

Strategy and Processes

HSBC Holdings plc formulates high-level risk management policies for the HSBC Group entities worldwide. The Bank has also formulated local credit guidelines consistent with HSBC policy and RBI guidelines. The Bank's risk management policies and procedures are subject to a high degree of oversight and guidance to ensure that all types of risk are systematically identified, measured, analyzed and actively managed. The Bank remains a full service bank, servicing all major business groups- Global Banking and Markets (GBM), Commercial Banking (CMB) and Wealth and Personal Banking (WPB).

The Bank has standards, policies and procedures dedicated to the sanctioning, monitoring and management of various risks, which include the following:

- The Board of The Hongkong and Shanghai Banking Corporation Limited in Hong Kong SAR (HBAP) has established the India Executive Committee (EXCO) to assist the Board in the running of the Bank. The EXCO is authorized to exercise all the powers, authorities and discretions of the HBAP on the management and day to day running of the Bank, in accordance with the policies and directions set by the Board from time to time. EXCO approves all the policies including credit policies. A Risk Management Meeting (RMM) consisting of senior executives, reviews overall portfolio risks and key risks faced by the bank in India on a monthly basis.

- A Wholesale Credit and Market Risk Management (WMR) unit independent of business with a matrix of delegated approval authorities, undertaking independent reviews and objective assessment of the credit risk for all wholesale customers. All large value proposals will be tabled and approved by the Credit Committee (CC). The WMR function has the responsibility of setting and managing strategy, policy, appetite, expectations and standards for wholesale credit and market risk.

3. Credit risk *(Continued)*

a. General *(Continued)*

Strategy and Processes ***(Continued)***

- The WPB Risk function is responsible for monitoring the quality of the Wealth and Personal Banking (WPB) lending portfolio. For retail lending, INM has developed credit application scorecards (which make use of statistical models & historical data) and defined policy parameters to assess the borrowers. The Bank also deploys other tools like external verifications, negative customer database search & most importantly credit bureau checks through the Credit Information Bureau (India) Limited (CIBIL). Policy rules are built into the system to enable online checks. This may also be supplemented with judgmental lending as appropriate. The judgmental aspect tries to identify the financial strength, ability and intentions of borrowers for repayment.
- WPB Credit Control Services (CCS) manages the First Line of Defense (FLOD) activities i.e. Underwriting and Collections. CCS at an entity level reports into the WPB Chief Operating Office and functionally into the Regional CCS structure. FLOD underwriting team decisions cases within the approved policy parameters whereas exceptions / deviation proposals are approved by the WPB Risk Second Line of Defense (SLOD) underwriting team. Cases beyond the limit of Head-WPB Risk are approved by the Retail Credit Committee (RCC).
- For retail risk, the INM WPB Risk and Acquisition and Account Risk Management Team reviews and communicates the various internal risk policies. The RRPs (Risk reward program) defines the product parameters for WPB.
- All material risks are covered under robust framework for Risk Appetite Statements (RAS) and Risk Tolerance triggers. The Risk Management committee reviews and regularly monitors the compliance with RAS. The Bank has stipulated Credit Risk Appetite and tolerance triggers for asset quality, impairments, risk weighted assets, risk adjusted returns and concentration risks.
- Designing of comprehensive credit risk policies for management of Exposure norms and Country Risk Plan. These policies delineate the Bank’s risk appetite and maximum permissible exposures to individual customers, customer groups, industries, sensitive sectors and other forms of credit risk concentrations.
- The bank also has comprehensive policies for valuation, end use monitoring, real estate exposures, management of intra-group exposures, provisioning, distressed assets and recovery and sale of NPA.
- Sustainability risk policies to ensure sustainable financing in accordance with the group guidelines.
- Stress Testing Policy & Framework for rigorous risk specific and Enterprise-wide stress testing and reporting.
- Managing exposures to debt securities by establishing controls in respect of the liquidity of securities held for trading and setting issuer limits for financial investments. Separate portfolio limits are established for asset-backed securities and similar instruments.

3. Credit risk *(Continued)*

a. General *(Continued)*

Strategy and Processes ***(Continued)***

- Controlling of cross-border exposures to manage country and cross-border risk through the imposition of country limits with sub-limits by maturity and type of business.
- Maintaining and developing HSBC’s risk rating framework and systems to classify exposures meaningfully and facilitate focused management of the risks involved. Rating methodologies are based upon a wide range of financial analytics together with market data-based tools, which are core inputs to the assessment of customer risk. For larger facilities, while full use is made of automated risk rating processes, the ultimate responsibility for setting risk ratings rests with the final approving executive. Risk grades are reviewed frequently and amendments, where necessary, are implemented promptly.

Structure and Organisation

The Risk function is responsible for the quality and performance of its credit portfolios and for monitoring and controlling all credit risks in its portfolios.

Credit underwriting is processed at different levels (country, region, Group) depending on size and complexity of proposals and by different teams (FIs / Corporate / Trade / Cross-Border Approvals). Credit approval authorities are delegated from the Chief Risk Officer at the Regional Head Office in Hong Kong to the CEO, India and the CRO, India. The CRO in India maintains a functional reporting line to the CRO in Hong Kong. The delegation of limits to Head WMR, WMR executives including LMU will be approved by EXCO, and the CRO will only communicate the delegated limits to the respective staff. For Retail, the ASP Head of WPB Risk delegates lending authority to the India WPB Risk Head who, in turn, delegates the lending authority to underwriters in WPB Risk and CCS. For certain customer types, the approval is granted either ASP Risk/ Group Risk basis the recommendation of India WMR. Relationship management of problem accounts or downgrades in certain internal ratings are transferred to LMU (Loan Management Unit) within Risk.

Scope and nature of risk reporting, measurement, monitoring and mitigation

The Bank manages and directs credit risk management systems initiatives. HSBC has constructed a centralized database covering substantially all of the Group’s direct lending exposures, to deliver an increasingly granular level of management reporting.

The Bank performs regular reporting on its credit risk portfolio (wholesale & retail), to include information on large credit exposures, concentrations, industry exposures, levels of impairment provisioning, delinquencies, LTVs and country exposures to various internal governance forums. The analysis of the portfolio is also presented to the RMM monthly.

3. Credit risk *(Continued)*

a. General *(Continued)*

Non-performing advances

Non-performing advances are identified by periodic appraisals of the portfolio by management or in accordance with RBI guidelines, whichever is earlier.

Specific provisions are made on a case by case basis based on management's assessment of the degree of impairment of the advances (including mortgage loans but excluding other homogeneous retail loans), subject to the minimum provisioning levels prescribed by the RBI. Where there is no longer any realistic prospect of recovery, the outstanding advance is written off.

Special attention is paid to high risk exposures, which are subject to more frequent and intensive review and reporting, in order to accelerate remedial action. The bank engages with customers closely to work out of distress situations.

Subject to the minimum provisioning levels prescribed by the RBI, the provision on homogeneous unsecured loans relating to retail business is assessed on a portfolio basis using the historical loss and/or net flow rate method.

b. Quantitative disclosures for portfolios under the Standardised approach

(i) Total gross credit risk exposures by geography for the Bank

(Rs '000)

	Fund based [Note 1]	Non fund based [Note 2]	As at 31 Dec 2020 Total
Overseas	-	-	-
Domestic	**971,141,974**	**680,612,982**	**1,651,754,956**
Total	**971,141,974**	**680,612,982**	**1,651,754,956**

(Rs '000)

	Fund based [Note 1]	Non fund based [Note 2]	As at 31 March 2020 Total
Overseas	-	-	-
Domestic	1,131,425,842	769,916,559	1,901,342,401
Total	1,131,425,842	769,916,559	1,901,342,401

Note 1: Amount represents funded exposure before credit risk mitigants.

Note 2: Amount represents non-funded exposure after applying credit conversion factor and before credit risk mitigants.

3. Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the standardized approach *(Continued)*

(ii) Industry type distribution of exposures for the Bank as at 31 December 2020

(Rs '000)

Industry	Funded	Non Funded	Total
Mining and Quarrying	-	4,019	4,018.92
Food Processing	9,537,081	2,547,303	12,084,384
Beverages (excluding Tea & Coffee) and Tobacco	3,389,056	1,644,080	5,033,136
Textiles	7,182,166	4,062,878	11,245,044
Leather and Leather products	123,286	39,427	162,713
Wood and Wood Products	1,401,386	205,591	1,606,977
Paper and Paper Products	2,163,436	866,732	3,030,168
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	2,776,895	2,776,895
Chemicals and Chemical Products (Dyes, Paints, etc.)	35,060,129	39,988,638	75,048,767
Rubber, Plastic and their Products	10,746,243	4,035,173	14,781,416
Glass & Glassware	1,183,829	1,413,997	2,597,826
Cement and Cement Products	3,964,296	1,769,113	5,733,409
Basic Metal and Metal Products	19,835,386	17,512,276	37,347,662
All Engineering	30,356,813	59,862,562	90,219,375
Vehicles, Vehicle Parts and Transport Equipments	22,031,153	20,291,169	42,322,322
Gems and Jewellery	39	428	467
Construction	2,735,704	17,713,231	20,448,935
Infrastructure	37,232,853	24,263,115	61,495,968
NBFCs and trading	134,065,105	40,729,006	174,794,111
Banking and finance	126,251,701	183,263,935	309,515,636
Computer Software	642,378	17,096,371	17,738,749
Professional Services	61,577,674	172,088,630	233,666,304
Commercial Real Estate	143,493,761	1,124,520	144,618,281
Other Industries	80,821,079	53,724,929	134,546,008
Retail	100,753,163	13,588,963	114,342,126
Others*	136,594,257	-	136,594,257
Total	971,141,974	680,612,982	1,651,754,956

Note: Exposure is comprised of Loans & Advances, Credit equivalent of guarantees, acceptances, letters of credit, other Non-Market Related off balance sheet obligations, credit equivalent of derivative exposures, Balance with Banks and Money at call and short notice.

** Others include Cash and balances with RBI, Fixed Assets and Other Assets*

3. Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the Standardized approach *(Continued)*

Industry type distribution of exposures as at 31 March 2020

(Rs '000)

Industry	Funded	Non Funded	Total
Mining and Quarrying	-	39,019	39,019
Food Processing	5,678,884	2,266,304	7,945,188
Beverages (excluding Tea & Coffee) and Tobacco	1,500,010	966,308	2,466,318
Textiles	12,618,139	2,939,341	15,557,480
Leather and Leather products	145,530	36,015	181,545
Wood and Wood Products	1,464,728	177,329	1,642,057
Paper and Paper Products	2,749,596	1,520,837	4,270,433
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	-	4,083,397	4,083,397
Chemicals and Chemical Products (Dyes, Paints, etc.)	45,336,440	37,300,538	82,636,978
Rubber, Plastic and their Products	19,260,650	6,039,482	25,300,132
Glass & Glassware	1,113,198	1,507,248	2,620,446
Cement and Cement Products	6,739,295	2,040,642	8,779,937
Basic Metal and Metal Products	15,386,489	11,575,418	26,961,907
All Engineering	51,063,870	66,506,811	117,570,681
Vehicles, Vehicle Parts and Transport Equipments	26,688,625	21,774,760	48,463,385
Gems and Jewellery	-	428	428
Construction	350,000	2,767,332	3,117,332
Infrastructure	40,270,534	39,231,290	79,501,824
NBFCs and trading	117,447,828	28,357,292	145,805,120
Banking and finance	276,517,042	193,268,523	469,785,565
Computer Software	2,840,101	25,978,949	28,819,050
Professional Services	60,075,194	229,163,675	289,238,869
Commercial Real Estate	119,210,094	1,849,847	121,059,941
Other Industries	97,287,682	77,166,325	174,454,007
Retail	109,003,655	13,359,450	122,363,105
Others*	118,678,257	-	118,678,257
Total	1,131,425,842	769,916,559	1,901,342,401

** Others include Cash and balances with RBI, Fixed Assets and Other Assets*

3. Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the Standardised approach *(Continued)*

(iii) Residual contractual maturity breakdown of total assets for the bank

As at 31 December 2020 (Rs'000)

	Cash & balances with RBI	Balance with Banks & Money at call & Short Notice	Investments	Advances	Fixed Assets	Other Assets
1 day	**2,478,894**	**272,218,464**	**396,225,263**	**7,046,631**	**-**	**6,339,225**
2 to 7 days	**-**	**19,058,246**	**3,679,783**	**34,110,915**	**-**	**12,810,505**
8 to 14 days	**-**	**-**	**3,314,471**	**21,509,590**	**-**	**1,477,805**
15 to 30 days	**13,751,737**	**730,700**	**77,678,263**	**49,299,725**	**-**	**14,985,310**
31 days & upto 3 months	**7,422,128**	**1,096,050**	**45,235,543**	**108,520,973**	**-**	**24,028,490**
Over 3 months and upto 6 months	**2,027,337**	**-**	**19,459,267**	**72,906,452**	**-**	**18,658,567**
Over 6 months and upto 1 year	**2,394,496**	**-**	**30,792,828**	**63,773,321**	**-**	**40,428,764**
Over 1 year and upto 3 years	**4,497,525**	**6,210,950**	**69,606,573**	**116,093,525**	**-**	**62,592,080**
Over 3 years and upto 5 years	**2,120,021**	**-**	**12,529,093**	**121,538,692**	**-**	**28,259,812**
Over 5 years	**14,681,377**	**-**	**82,848,280**	**108,890,563**	**7,843,974**	**36,840,842**
TOTAL	**49,373,515**	**299,314,410**	**741,369,364**	**703,690,387**	**7,843,974**	**246,421,399**

As at 31 March 2020 (Rs'000)

	Cash & balances with RBI	Balance with Banks & Money at call & Short Notice	Investments	Advances	Fixed Assets	Other Assets
1 day	7,238,165	34,689,594	248,971,206	9,639,604	-	6,988,437
2 to 7 days	-	160,548,115	49,676,878	60,320,410	-	25,267,930
8 to 14 days	-	3,783,250	91,343,796	21,099,449	-	4,716,960
15 to 30 days	9,847,543	-	62,475,202	70,912,948	-	40,263,306
31 days & upto 3 months	5,877,993	-	36,305,171	106,075,432	-	57,786,256
Over 3 months and upto 6 months	1,662,228	-	20,324,652	77,865,715	-	36,163,388
Over 6 months and upto 1 year	1,463,146	1,891,625	28,548,388	74,129,817	-	54,406,734
Over 1 year and upto 3 years	2,791,166	6,431,525	87,894,169	118,143,421	-	86,301,295
Over 3 years and upto 5 years	1,875,170	-	18,916,120	111,846,185	-	41,412,457
Over 5 years	12,120,754	-	71,764,548	115,773,675	7,641,322	18,543,117
TOTAL	42,876,165	207,344,109	716,220,130	765,806,656	7,641,322	371,849,880

3. Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the Standardised approach *(Continued)*

(iv) Amount of Non-Performing Assets (NPAs) (Gross) for the bank

(Rs'000)

	As at 31 Dec 2020	As at 31 Mar 2020
Substandard	**1,912,410**	2,529,194
Doubtful 1	**523,424**	416,818
Doubtful 2	**638,014**	860,223
Doubtful 3	**1,943,602**	2,136,738
Loss	**490,690**	750,293
Total	**5,508,140**	6,693,266

(v) Net NPAs

The net NPAs are Rs. 903 million (previous year: Rs. 1,262 million). Please see table (vi) below.

(vi) Movement of NPAs for the bank

(Rs'000)

		As at 31 Dec 2020	
	Gross NPA's	**Provision**	**Net NPA**
Opening balance as at 1 April 2020	**6,693,266**	**5,431,346**	**1,261,920**
Additions during the period	**1,794,963**	**1,206,892**	**588,072**
Reductions during the period	**(2,980,089)**	**(2,032,754)**	**(947,335)**
Closing balance as at 31 Dec 2020	**5,508,140**	**4,605,484**	**902,657**

(Rs'000)

		As at 31 March 2020	
	Gross NPA's	Provision	Net NPA
Opening balance as at 1 April 2019	5,977,082	4,685,912	1,291,170
Additions during the period	4,694,120	2,292,990	2,401,130
Reductions during the period	(3,977,936)	(1,547,556)	(2,430,380)
Closing balance as at 31 March 2020	6,693,266	5,431,346	1,261,920

(vii) NPA ratios for the bank

	As at 31 Dec 2020	As at 31 March 2020
Gross NPAs to gross advances	**0.78%**	0.87%
Net NPAs to net advances	**0.13%**	0.16%

3. Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the Standardised approach *(Continued)*

(viii) General Provisions

General provisions comprise of provision towards standard assets including additional provision for stressed sector, Covid-19 provision, country risk and Unhedged Foreign Currency Exposure (UFCE).

(ix) Non-performing investments

Non-performing investments as at 31 Dec 2020 are Rs. 2 (previous year: Rs. 2). This represents preference/equity share investments which have been written down to Rs.2.

(x) Movement of provisions for depreciation on investments for the bank

(Rs'000)

	As at 31 Dec 2020	As at 31 March 2020
Opening balance	**71,960**	485,348
Provisions during the year	-	-
Write offs during the year	-	-
Write back of excess provisions during the year	**(71,495)**	(413,388)
Closing balance	**465**	71,960

(xi) Classification (by major industry) of NPA, Provision, past due loans and Specific Provision and Write off during the year for the bank

As at 31 Dec 2020

(Rs '000)

	NPA	**Past Due Loans**	**Provision**	**Specific Provision during the year**	**Write off during the year**
1.Agriculture	**871,655**	-	**806,935**	**164,755**	-
2. Advances to Industries sector of which:	**790,899**	**224,328**	**790,649**	-	**410,548**
2.1 Chemicals and Chemical Products	139,374	35,897	139,129	-	-
2.2 All Engineering	0	2,127	-	-	34,887
2.3 Infrastructure	134,734	166	134,734	-	302,021
2.4 Paper and Paper Products	281,421	31,833	281,421	-	-
2.5 Textile	235,365	5,500	235,365	-	73,640
3. Services of which:	**1,125,256**	**229,592**	**1,102,245**	**28,482**	**353,465**
3.1 Trade	996,522	35,834	973,670	2	84,206
3.2 Commercial Real Estate	53,562	-	53,562	-	-
3.3 NBFC	75,014	-	75,014	2,794	-
4. Retail	**2,720,330**	**4,142,565**	**1,905,655**	**1,013,655**	**882,100**
Total	**5,508,140**	**4,596,485**	**4,605,484**	**1,206,892**	**1,646,113**

3. Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the Standardised approach *(Continued)*

As at 31 March 2020 (Rs '000)

	NPA	Past Due Loans	Provision	Specific Provision during the year	Write off during the year
1.Agriculture	**871,655**	**1,606**	**643,427**	**587,931**	**-**
2. Advances to Industries sector	**1,206,050**	**2,635,499**	**1,209,001**	**23,024**	**178,223**
of which:					
2.1 Chemicals and Chemical Products	141,249	1,457,358	141,397	8,346	-
2.2 All Engineering	34,887	408,232	34,887	-	61,038
2.3 Infrastructure	433,946	6,555	436,754	-	-
2.4 Paper and Paper Products	281,421	24,745	281,421	-	-
2.5 Textile	314,541	224,705	314,541	14,678	59,272
3. Services	**1,467,933**	**103,129**	**1,653,478**	**265,065**	**62,134**
of which:					
3.1 Trade	1,055,917	97,629	1,213,091	92,245	63,899
3.2 Commercial Real Estate	53,562	-	53,562	75,998	-
3.3 NBFC	89,035	-	117,567	44,099	-
4. Retail	**3,147,627**	**2,451,796**	**1,925,439**	**1,416,970**	**944,620**
Total	**6,693,266**	**5,192,031**	**5,431,346**	**2,292,990**	**1,184,977**

(xii) Write offs and recoveries directly booked to income statement for the bank

(Rs '000)

	For the period ended 31 Dec 2020	For the year ended 31 March 2020
Write offs	**931,837**	1,007,425
Recoveries	**148,248**	301,318

(xiii) Ageing of past due loans for the bank

(Rs '000)

	As at 31 Dec 2020	As at 31 March 2020
Overdue less than 30 days	**1,280,857**	4,468,545
Overdue for 30 to 60 days	**1,075,261**	488,093
Overdue for 60 to 90 days	**2,240,367**	235,393
Total	**4,596,485**	5,192,031

3. Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the Standardised approach *(Continued)*

(xiv) Amount of NPAs and past due loans by significant geographic areas for the bank

As at 31 Dec 2020 (Rs '000)

	NPA	**Past Due Loan**
Overseas	**-**	**-**
Domestic	**5,508,141**	**4,596,485**
Total	**5,508,141**	**4,596,485**

As at 31 March 2020 (Rs '000)

	NPA	Past Due Loan
Overseas	-	-
Domestic	6,693,266	5,192,031
Total	6,693,266	5,192,031

4. Disclosures for portfolios under the Standardised approach

The Bank uses the following External Credit Assessment Institutions (ECAIs) approved by RBI to calculate its capital adequacy requirements under the Standardised approach to credit risk for Corporate, Bank and Sovereign counterparties.

Domestic ECAIs for external ratings of Indian Corporates:

a) Credit Analysis and Research Limited (CARE)

b) CRISIL Limited

c) India Ratings and Research Private Limited (FITCH)

d) ICRA Limited

e) Brickwork Ratings India Pvt Limited

f) ACUITE

g) Infomerics

The Bank used the ratings issued by the ECAIs (for both long term and short term facilities) to risk weight both funded as well as non-funded exposures to corporate customers.

The process used by the Bank to transfer public issue ratings onto comparable assets in the banking book is in line with RBI Master Circular on Basel-III Capital Regulations dated 01 July 2015.

For assets in the Bank's portfolio that have contractual maturity less than or equal to one year, short term ratings accorded by the chosen credit rating agencies are considered relevant. For other assets, which have a contractual maturity of more than one year, long term ratings accorded by the chosen credit rating agencies are considered relevant.

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

4. Disclosures for portfolios under the Standardised approach *(Continued)*

Risk weight mapping of Long term and short term corporate ratings

Long Term Ratings of all ECAIs	**Risk weights**
AAA	20%
AA	30%
A	50%
BBB	100%
BB & Below	150%
Unrated	100%*

Short Term Ratings						Risk weights
CARE	**CRISIL**	**FITCH**	**ICRA**	**BRICKWORK**	**ACUITE**	
CARE A1 +	CRISIL A1 +	FITCH A1 +	ICRA A1 +	BRICKWORK A1+	ACUITE A1+	20%
CARE A1	CRISIL A1	FITCH A1	ICRA A1	BRICKWORK A1	ACUITE A1	30%
CARE A2	CRISIL A2	FITCH A2	ICRA A2	BRICKWORK A2	ACUITE A2	50%
CARE A3	CRISIL A3	FITCH A3	ICRA A3	BRICKWORK A3	ACUITE A3	100%
CARE A4	CRISIL A4	FITCH A4	ICRA A4	BRICKWORK A4	ACUITE A4	150%
CARE D	CRISIL D	FITCH D	ICRA D	BRICKWORK D	ACUITE D	150%
Unrated	Unrated	Unrated	Unrated	Unrated	Unrated	100%*

* As per RBI guidelines dated 25th Aug 2016, Exposures to Corporates, AFCs and NBFC-IFCs having aggregate exposure to banking system > INR 100 crores which are currently rated but becomes unrated subsequently, the risk weights need to be increased to 150% with immediate effect.

In August 2016, RBI issued guidelines for revising the risk weights for unrated exposures to Corporates, AFCs, and NBFC-IFCs having aggregate exposure from banking system > INR 200 crore to 150% from 100%. The implementation of these guidelines was deferred by RBI till 31 March 19, however the same is applicable from April 2019.

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 *(Investments referred to in paragraph 5.6.1 (i) & (ii) of RBI Master circular on Basel-III Capital Regulations dated 01 July 2015)*, are risk weighted as shown below:

Claims on Banks Incorporated in India and Foreign Bank Branches in India	**Risk Weights%**	
Level of Common Equity Tier 1 capital (CET1) including applicable capital conservation buffer (CCB) (%) of the investee bank (where applicable)	**Scheduled Banks**	**Other Banks**
Applicable Minimum CET1 + Applicable CCB and above	20%	100%
Applicable Minimum CET1 + CCB = 75% and <100% of applicable CCB	50%	150%
Applicable Minimum CET1 + CCB = 50% and <75% of applicable CCB	100%	250%
Applicable Minimum CET1 + CCB = 0% and <50% of applicable CCB	150%	350%
Minimum CET1 less than applicable minimum	625%	625%

4. Disclosures for portfolios under the Standardised approach *(Continued)*

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

a) Fitch Ratings;

b) Moodys; and

c) Standard & Poor's Ratings Services (S&P)

The mapping of external credit ratings and risk weights for the above entities are provided in the grids below:

Risk weight mapping of foreign banks

S&P and Fitch ratings	AAA to AA	A	BBB	BB to B	Below B	Unrated
Moody's rating	Aaa to Aa	A	Baa	Ba to B	Below B	Unrated
Risk weight	20%	50%	50%	100%	150%	50%

Risk weight mapping of foreign sovereigns / foreign central banks

S&P and Fitch ratings	AAA to AA	A	BBB	BB to B	Below B	Unrated
Moody's rating	Aaa to Aa	A	Baa	Ba to B	Below B	Unrated
Risk weight	0%	20%	50%	100%	150%	100%

Risk weight mapping of foreign public sector entities

S&P and Fitch ratings	AAA to AA	A	BBB	Below BB	Unrated
Moody's rating	Aaa to Aa	A	Baa to Ba	Below Ba	Unrated
Risk weight	20%	50%	100%	150%	100%

Risk weight mapping of non-resident corporates

S&P and Fitch ratings	AAA to AA	A	BBB	Below BB	Unrated
Moody's rating	Aaa to Aa	A	Baa to Ba	Below Ba	Unrated
Risk weight	20%	50%	100%	150%	100%

Exposure under various risk buckets (post Credit Risk Mitigants)

(Rs'000)

	As at 31 Dec 2020	As at 31 March 2020
Below 100% risk weight	**1,071,198,962**	1,322,831,438
100% risk weight	**311,037,216**	281,907,583
Above 100% risk weight	**244,134,424**	239,276,098
Deductions*	**(344,056)**	(647,369)
Total	**1,626,026,546**	1,843,367,750
*Deduction represents amounts deducted from Tier I Capital		

Note: *Exposure is comprised of Loans & Advances, Credit equivalent of guarantees, acceptances, letter of credit, other Non-Market Related off balance sheet obligations, credit equivalent of derivative exposures post CRM.*

**As per RBI guidelines as on 01 March 2016, DTA which was deducted from CET1 capital, can be recognised in the CET1 up to a limit of 10% of Bank's CET1 capital (after application of regulatory adjustments mentioned in RBI Master Circular on Basel-III Capital Regulations dated 01 July 2015.). Currently DTA is 2.36% of Bank's CET1 capital. Accordingly, there is no deduction on account of DTA for 31 December 2020.*

5. Leverage Ratio

Standalone Leverage ratio as of 31 Dec 2020 (Rs '000)

Particulars	**At 31 Dec 2020**	**At 30 Sep 2020**	**At 30 Jun 2020**	**At 31 Mar 2020**
Tier 1 Capital	206,742,991	206,744,572	206,795,844	206,564,793
Exposure Measure	2,687,696,114	2,724,120,372	2,676,046,464	2,750,353,167
Leverage Ratio*	**7.69%**	**7.59%**	**7.73%**	**7.51%**

*As per RBI Master circular no. DBR.No.BP.BC.1/21.06.201/2015-16 dated 01 July 2015.

Note: The consolidated leverage ratio is 7.84% as on 31 December 20