Risk review and disclosures under Basel III Framework for the period ended 31 Mar 2020

1. Background

The Standard Chartered Group (SCB Group or the Group) is an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. Standard Chartered Bank is regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom (UK).

SCB India (SCBI or the Bank) is a branch of Standard Chartered Bank UK, which is part of the SCB Group. The ultimate parent company of the Bank is Standard Chartered PLC, which is listed on the London Stock Exchange and the Stock Exchanges of Hong Kong and India. Indian branch operations are conducted in accordance with the banking license granted by the Reserve Bank of India (RBI) under the Banking Regulation Act 1949.

2. Overview

The Basel Committee on Banking Supervision published a framework for International Convergence of Capital Measurement and Capital Standards (commonly referred to as Basel II), which replaced the original 1988 Basel I Accord. The RBI adopted the same in Mar 2008. Subsequently, post introduction of Basel III, RBI adopted implementation of the same from 1 April 2013 and is phased in through to 31 Mar 2020. Accordingly, for 31 Mar 2019 reporting purposes, the Bank has calculated its Pillar 1 capital requirement based on Basel III norms.

Basel III is structured around three "pillars" which are outlined below:

- Pillar 1 sets out minimum regulatory capital requirements – the minimum amount of regulatory capital banks must hold against the risks they assume;
- Pillar 2 sets out the key principles for supervisory review of a bank's risk management framework and its capital adequacy. It sets out specific oversight responsibilities for the Board and senior management, thus reinforcing principles of internal control and other corporate governance practices; and
- Pillar 3 aims to bolster market discipline through enhanced disclosure by banks.

Basel III provides three approaches of increasing sophistication to the calculation of credit risk capital; the Standardised Approach (SA), the Foundation Internal Ratings Based Approach and the Advanced Internal Ratings Based Approach (IRB). Basel II also introduced capital requirements for operational risk (OR) for the first time.

3. DF 1 - Scope of Application

Name of the head of the banking group to which the framework applies: Standard Chartered Bank, India Branches

DF 1 - Qualitative Disclosures

3.1. Pillar 1

The SCB Group and local management of the Indian operations recognise that Basel III is a driver for continuous improvement of risk management practices and believe that adoption of leading risk management practices are essential for achieving its strategic intent. Accordingly, the Group has adopted the IRB model for the measurement of credit risk covering substantial majority of the portfolio. The Group applies Internal Models Approach for market risk capital and the Standardised Approach for determining its OR capital requirements.

SCBI has adopted RBI's prevailing Basel III regulations related to SA for credit and market risk and Basic Indicator Approach (BIA) for OR for computing local regulatory Pillar 1 capital.

3.2. Pillar 2

Pillar 2 requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available. This risk and capital assessment is commonly referred to as an Internal Capital Adequacy Assessment Process (ICAAP). The range of risks that need to be covered by the ICAAP is much broader than Pillar 1, which covers only credit risk, market risk and OR.

The Group has developed an ICAAP framework which closely integrates the risk management and capital assessment processes and ensures that adequate levels of capital are maintained to support the current and projected demand for capital under expected and stressed conditions. The ICAAP framework has been designed to be applied consistently across the organisation to meet the Pillar 2 requirements of local regulators. As a branch of a foreign bank in India, the India ICAAP is largely based on the Group ICAAP framework, so as to maintain consistency in reporting of the risk and capital management aspects. However, wherever necessary, local customisation has been incorporated to align with the RBI requirements.

3.3. Pillar 3

Pillar 3 aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk management practices. The Bank has implemented the requirements laid down by RBI for Pillar 3 disclosure, covering both the qualitative and quantitative items. These are also published in the Bank's annual report and hosted on the Bank's website.

The risk related disclosures and analysis provided herein below, are primarily in the context of the disclosures required under the RBI's Pillar 3 – Market Discipline of the Basel III Capital Regulations and are in respect of SCBI, except where required and specifically elaborated, to include other Group entities operating in India. The information provided has been reviewed by senior management and is in accordance with the guidelines prescribed by the RBI.

3.4. Accounting and Prudential Treatment / Consolidation Framework

The consolidation norms for accounting are determined by the prevailing Indian Generally Accepted Accounting Principles (GAAP). The regulatory requirements are governed by RBI guidelines. The differences between consolidation for accounting purposes and regulatory purposes are mainly on account of following reasons:

1) Control over other entities to govern the financial and operating policies of the subsidiaries or joint ventures

   As per Indian GAAP, existence of control/joint control to govern the financial and operating policies of the subsidiary or joint venture is necessary for accounting consolidation. However, certain entities such as Non Banking Finance Companies (NBFC) have to be consolidated for regulatory capital adequacy purposes even where the above requirement is not fulfilled. Such cases are where the ability to control financial and operating policies of the entities legally vests with the Parent or Group entities and not with the India branch operations.

2) Nature of business of the entities to be consolidated

As per Indian GAAP, subsidiaries are not excluded from consolidation because of dissimilar nature of business activities between subsidiary and other entities within the Group. However, RBI regulations do not require consolidation of entities engaged in insurance business and businesses not pertaining to financial services.

3) Method of consolidation

The accounting consolidation methodology requires 'line by line' consolidation and elimination of all inter-group balances. However, for the purpose of regulatory consolidation under the capital adequacy framework, the risk weighted assets (RWA) and capital requirements for each entity can be computed separately by applying the Basel III norms as applicable for a bank and simply added together with that of the lead bank in the consolidated group. The Bank has adopted the latter approach for consolidation of entities for limited purpose of capital adequacy framework, as the accounting consolidation method is not appropriate considering the legal ownership pattern of the consolidated entities.

List of group entities considered for consolidation for regulatory purposes is summarised below:

<table>
<tr><th>Name Of The Entity / Country Of Incorporation</th><th>Whether The Entity Is Included Under Accounting Scope Of Consolidation (Yes / No)</th><th>Explain The Method Of Consolidation</th><th>Whether The Entity Is Included Under Regulatory Scope Of Consolidation (Yes / No)</th><th>Explain The Method Of Consolidation</th><th>Explain The Reasons For Difference In The Method Of Consolidation</th><th>Explain the reasons if consolidated under only one of the scopes of consolidation</th></tr>
<tr><td>Standard Chartered Bank, India Branches</td><td>Yes</td><td>Full</td><td>Yes</td><td colspan="3" rowspan="2">For the purpose of regulatory consolidation under the capital adequacy framework, the RWA and capital requirements for each entity can be computed separately by applying the Basel III norms as applicable for a bank and simply added together with that of the lead bank in the consolidated group. The Bank has adopted this approach for consolidation of entities for limited purpose of capital adequacy framework, as the accounting consolidation method is not appropriate considering the legal ownership pattern of the consolidated entities.</td></tr>
<tr><td>Standard Chartered Investments and Loans (India) Limited</td><td>No</td><td>Not Applicable</td><td>Yes</td></tr>
</table>

List of group entities in India not considered for consolidation both under the accounting and regulatory scope of consolidation:

(₹ in 000s)

Name Of The Entity /Country Of Incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets(as stated in the accounting balance sheet of the legal entity)
Standard Chartered Securities (India) Limited **	Category I merchant banker, rendering brokering services to retail clients and depository services	2,818,557	0%	Not Applicable	2,815,553
St. Helen's Nominees India Private Limited *	Nominee business - holding shares / debentures in limited companies on behalf of SCBI and its clients. Security trusteeship business for SCBI.	100	0%	Not Applicable	35,174
Standard Chartered Global Business Services Private Limited*	The company renders the following services to related parties: a) Software development, maintenance & support b) Back office transaction processing and data processing of various banking transactions c) IT support d) Voice call centre services	83,116	100%	Not Applicable	22,133,400
Standard Chartered Finance Private Limited **	Marketing services of financial products of Standard Chartered Bank and its Home Assist division provides search and other property related services.	71,907	0%	Not Applicable	881,179
Standard Chartered (India) Modeling And Analytics Centre Private Limited*	The company is a captive knowledge process outsourcing company which provides robust and contemporary analytical solutions to the Bank's businesses across the globe for the purpose of risk management and capital management.	500,000	100%	Not Applicable	779,135
Standard Chartered Private Equity Advisory (India) Private Limited **	The company is a research unit for Merlion India Fund carrying on activities of industry research and advice by furnishing industry and market feedback.	24,000	0%	Not Applicable	199,781

Note:
*Basis audited results as at 31 Mar 2020
**Basis unaudited results as at 31 Mar 2020

DF 1 - Quantitative Disclosures

List of group entities considered for regulatory consolidation:

(₹ in 000s)

Name Of The Entity /Country Of Incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	Total balance sheet assets(as stated in the accounting balance sheet of the legal entity)
Standard Chartered Bank, India Branches	Banking and Financial services	74,400,742	1,844,995,234
Standard Chartered Investments and Loans (India) Limited	Financial services acceptable for NBFC, other than accepting public deposits eg. lending, investments, etc.	4,543,900	25,056,528

Note: The above data is as per audited results as at 31 Mar 2020.

The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation, i.e., that are deducted and the name(s) of such subsidiaries.	NIL
The aggregate amounts (e.g., current book value) of the bank's total interests in insurance entities, which are risk-weighted, as well as, their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction.	NIL
Any restrictions or impediments on transfer of funds or regulatory capital within the banking group.	As per extant RBI guidelines

4. DF 2 - Capital Adequacy

DF 2 - Qualitative Disclosures

4.1. Objectives

The Bank's capital management approach is driven by its desire to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

4.2. Approach

Strategic, business and capital plans are drawn up annually covering a one to five year horizon. The plans ensure that adequate levels of capital and an optimum mix are maintained by the Bank to support its strategy. This is integrated with the Bank's annual planning process which takes into consideration business growth assumptions across products and the related impact on capital resources.

The capital plan takes the following into account:

- Regulatory capital requirements and assessment of future standards;
- Demand for capital due to business growth, market stresses and potential risks; and
- Available supply of capital and capital raising options.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment at an overall Group level. The Bank also considers additional risk types other than those considered under Pillar 1 as part of its ICAAP. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined.

Stress testing and scenario/sensitivity analysis are used to assess the Bank's ability to sustain operations during periods of extreme but plausible events. They provide an insight into the potential impact of significant adverse events on the Bank's earnings, risk profile and capital position and how these could be mitigated.

The capital that the Bank is required to hold by the RBI is mainly determined by its balance sheet, off-balance sheet and market risk positions, after applying collateral and other risk mitigants.

4.3. Governance

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. At a country level, capital is maintained on the basis of the local regulator's requirements. It is overseen by the country Asset and Liability Committee (ALCO), which is responsible for managing the country balance sheet, capital and liquidity, with the active support and guidance from Group ALCO (GALCO), Operational Balance Sheet Committee (OBSC) and Group Treasury (GT). The responsibility of capital management has been assigned to a dedicated sub-group of ALCO, the Capital Management Forum (CMF). The capital management process is governed by the Capital Planning Framework.

Suitable processes and controls are in place to monitor and manage capital adequacy and ensure compliance with local regulatory ratios in all legal entities. These processes are designed to ensure that each entity and the consolidated Bank have sufficient capital available to meet local regulatory capital requirements at all times.

4.4. Mobility of Capital Resources

The Bank operates as a branch in India, hence under current RBI regulations it cannot raise capital externally. The Group's policy in respect of profit repatriation requires that each local entity should remit its profits that are considered surplus to local regulatory minimum requirements. The amount to be remitted/injected and the mix/mode of capital (CET 1 v/s Tier 2) is determined in conjunction with GT, after taking into account local capital adequacy regulations (inclusive of any regulatory buffers), anticipated changes to those regulations, forecast organic growth and Head Office (HO) return expectations.

4.5. Capital Structure

CET 1/Tier 1 capital mainly comprises of:

i) Capital funds injected by HO.
ii) Net profits of each year retained as per statutory norms (currently 25%).
iii) Remittable net profits retained in India for meeting regulatory capital requirements.
iv) Capital reserves created out of profits on account of sale of immovable properties and held to maturity investments, as per RBI regulations.

The above are not repatriable/distributable to HO as long as the Bank operates in India.

Tier 2 capital mainly comprises of:

i) 45% of reserve created on revaluation of immovable properties in accordance with the Indian GAAP.
ii) General provisions on standard (performing) assets created as per RBI regulations.
iii) Reserve created out of unrealised gain on revaluation of investments as per RBI regulations.
iv) Investment fluctuation reserve created as per RBI regulations.

DF 2 - Quantitative Disclosures

Capital and RWA

As at 31 Mar 2020 **(₹ in 000s)**

	Solo bank*	Consolidated bank*
Tier 1 Capital :	**256,283,122**	**265,320,691**
Common Equity Tier I	**256,283,122**	**265,320,691**
Head Office Capital	74,400,742	74,400,742
Paid up capital	-	4,543,900
Eligible reserves	183,521,677	188,090,048
Benefit of DTA	-	-
Illiquid securities reserves	(860,289)	(860,289)
Intangible assets (excluding DTA)	(53,376)	(128,078)
Other regulatory adjustments	(725,631)	(725,631)
DTA deduction (Net of Benefit)	-	-
DTA Benefit	-	-
Total Tier 1 Capital	256,283,122	265,320,691
Additional Tier I	-	-
Tier 2 Capital :	**17,975,439**	**18,063,460**
Eligible revaluation reserves	2,590,903	2,590,903
General provision and other eligible reserves/provisions	15,384,536	15,472,557
Debt capital instruments eligible to be reckoned as capital funds and included in Lower Tier 2 (of which amount raised during the year Rs. Nil)		-
Less: Amortisation of qualifying subordinated debts	-	-
Other regulatory adjustments	-	-
Total capital base	**274,258,561**	**283,384,151**
Minimum regulatory capital requirements		
Credit risk	134,421,393	136,718,625
Standardised approach portfolios	112,826,964	115,105,364
Securitisation exposures	1,827,604	1,827,604
Counterparty/settlement risks	18,067,557	18,067,557
Benefit of DTA	1,699,268	1,718,100
Market risk - Standardised duration approach	18,493,593	18,493,593
Interest rate risk	17,447,368	17,447,368
Foreign exchange risk (including gold)	1,012,500	1,012,500
Equity risk	33,725	33,725
Counterparty/settlement risks	-	-
Operational risk - Basic indicator approach	12,890,512	13,095,506
Total minimum regulatory capital requirements	165,805,498	168,307,724

Risk weighted assets and contingents

Credit risk	1,493,571,031	1,519,095,838
Market risk *(including counterparty/settlement risks)*	205,484,367	205,484,367
Operational risk - Basic indicator approach	143,227,911	145,505,626
Total Risk weighted assets and contingents	**1,842,283,309**	**1,870,085,831**
Capital ratios		
Common Equity Tier 1 capital	13.91%	14.19%
Tier 1 capital	13.91%	14.19%
Tier 2 capital	0.98%	0.97%
Total capital	14.89%	15.15%

As at 31 Mar 2019		**(₹ in 000s)**
	Solo bank*	**Consolidated bank***
Tier 1 Capital :	**246,216,480**	**254,628,124**
Common Equity Tier I	**246,216,480**	**254,628,124**
Head Office Capital	74,400,742	74,400,742
Paid up capital	-	4,543,900
Eligible reserves	176,426,524	179,603,623
Benefit of Deferred Tax Assets (DTA)	-	-
Illiquid securities reserves	(690,414)	(690,414)
Intangible assets (excluding DTA)	-	(36,779)
Other regulatory adjustments	(2,601,816)	(2,601,816)
DTA deduction (Net of Benefit)	(1,318,555)	(591,133)
DTA Benefit	-	-
Total Tier 1 Capital	246,216,480	254,628,124
Additional Tier I	-	-
Tier 2 Capital :	**13,224,019**	**13,302,319**
Eligible revaluation reserves	2,291,754	2,291,754
General provision and other eligible reserves/provisions	10,932,265	11,010,565
Debt capital instruments eligible to be reckoned as capital funds and included in Lower Tier 2 (of which amount raised during the year Rs. Nil)	-	-
Less: Amortisation of qualifying subordinated debts	-	-
Other regulatory adjustments	-	-
Total capital base	**259,440,499**	**267,930,443**
Minimum regulatory capital requirements		
Credit risk	122,432,138	124,702,943
Standardised approach portfolios	100,999,673	103,097,583
Securitisation exposures	1,835,342	1,835,342
Counterparty/settlement risks	13,953,510	13,953,510
Benefit of DTA	5,643,613	5,816,508
Market risk - Standardised duration approach	15,545,816	15,545,816
Interest rate risk	14,892,916	14,892,916
Foreign exchange risk (including gold)	607,500	607,500
Equity risk	45,400	45,400
Counterparty/settlement risks	-	-

Operational risk - Basic indicator approach	13,063,485	13,228,765
Total minimum regulatory capital requirements	**151,041,439**	**153,477,524**
Risk weighted assets and contingents		
Credit risk	1,360,357,089	1,385,588,257
Market risk *(including counterparty/settlement risks)*	172,731,287	172,731,292
Operational risk - Basic indicator approach	145,149,836	146,986,280
Total Risk weighted assets and contingents	**1,678,238,212**	**1,705,305,829**
Capital ratios		
Common Equity Tier 1 capital	14.67%	14.93%
Tier 1 capital	14.67%	14.93%
Tier 2 capital	0.79%	0.78%
Total capital	15.46%	15.71%

* Solo Bank represents the main licensed bank of the Group in India and consolidated bank includes Group controlled entities operating in India and consolidated for the limited purpose of capital adequacy framework.

5. Risk Management

The Bank has a strong governance culture and framework for risk management. The Bank's risk management principles align with those established at a Group level and are customized to meet the local regulatory requirements. One of the main risks incurred arises from extending credit to clients through trading and lending operations. Beyond credit risk, the Bank is also exposed to a range of other risk types such as market, operational, liquidity, pension, country cross border, reputational, strategic and other risks that are inherent to its strategy, product range and geographical coverage.

5.1. Risk Management Framework

The Bank adds value to clients and generates returns for shareholders by taking and managing risk in line with strategy and risk appetite. Risk management is the set of end-to-end activities through which the Bank makes risk-taking decisions and controls and optimises its risk-return profile. It is a Bank-wide activity and starts right at the front-line.

The management of risk lies at the heart of the Bank's business, as a central role of the Bank is to "warehouse" risk by extending credit to selected clients and to provide products which enable clients to lay off their price and liquidity risks to the Bank. Effective risk management is a central part of the financial and operational management of the Bank and fundamental to its ability to generate profits consistently and maximise the interest of its shareholders and other stakeholders.

The foundation of all risk assessment is aligned to the Group's Enterprise Risk Management Framework ("ERMF") and governance structure which has been adopted locally. The Group's ERMF establishes common principles and standards for the management of and control of all risks, and to inform behaviour across the organisation. The core components of the ERMF include risk culture, principle risk types, source of authorities, enterprise risk identification, assessment, mitigation & monitoring.

Under this framework, there are three lines of defence.

- The First Line of Defence is business and functions engaged in or supporting revenue generating activities that own and manage the risks.

- The Second Line of Defence comprises the Risk Framework Owners (“RFOs”) supported by their respective control functions. The control functions independent of the First Line that provide oversight and challenge of risk management to provide confidence to the GCRO, the Senior Management and the Board.
- The Third Line of Defence is the Internal Audit function that provides independent assurance of the effectiveness of controls that support First Line’s risk management of business activities, and the processes maintained by the Second Line.

5.2. Risk Governance

The Group’s committee governance structure ensures that risk-taking authority and risk management policies are cascaded down from the GALCO and Group Chief Risk Officer to the appropriate functional and divisional committees. Information regarding material risk issues and compliance with policies and standards is communicated through the business and functional committees up to the Group-level committees, as appropriate.

The Country Management Team (CMT) drives and executes the business and governance agenda bringing alignment across the business and the functions so as to maximise and protect the value of the Group’s operations in India. It is responsible for the overall strategic direction of the Bank. It is chaired by Country Chief Executive Officer (CEO) and comprises senior executive members of the Bank.

The following committees are the primary committees with oversight of risk and capital for the Bank:

1. ALCO – responsible for the management of capital and liquidity and the establishment of and compliance with policies relating to balance sheet management, including management of the Bank’s liquidity and capital adequacy. It includes the CEO, Chief Financial Officer (CFO), Country Chief Risk Officer (CCRO) and members from the businesses and economist.

2. Country Risk Committee (CRC) – responsible for the effective management of risks in support of business strategy within the boundaries set by the CMT and business level risk committees. It is responsible for implementing the ERMF, including assignment of the roles and responsibilities of RFOs locally. It is also responsible for ensuring that the risk exposures for all types of risks, including liquidity risk, remain within the overall risk appetite and within any specific boundaries advised by CMT and business risk committees. It includes the CEO, CCRO, CFO and members from the businesses and compliance.

Key sub-committees / forums include:

A. The Liquidity Management Forum (LMF) is a sub-group of the ALCO which manages liquidity. It includes members from Finance, Asset Liability Management (ALM) (also referred to as Treasury Markets) and the businesses.

B. The CMF is a sub-group of the ALCO which manages capital. It includes members from Finance, Risk and the businesses.

C. The Stress Test Forum (STF) is a sub-committee of the CRC which is responsible for reviewing the results of ongoing stress testing including for ICAAP. It includes members from the Finance and Risk functions and the

Country Economist.

D. The Country Non-Financial Risk Committee (CNFRC) is a sub-committee of the CRC which exercises oversight of the Bank's OR exposures to ensure that it is aligned with the Bank's ERMF. The CNFRC reviews the Bank's significant risk exposures and ensures appropriateness and adequacy of mitigating action plans.

E. The Credit Issues Committee (CIC) is a sub-committee of the CRC which is responsible for identifying and monitoring corporate clients which show potential signs of weakness and/or may be exposed to higher risks. The CIC reviews the existing Early Alert, Retail and Group Special Assets Management (GSAM) portfolio and new accounts presented to the committee.

5.3. The Risk function

The CCRO manages the Risk function which is independent of the businesses. The role of the Risk function is:

- To maintain the ERMF, ensuring it remains appropriate to the Bank's activities and is effectively communicated and implemented across the Bank and for administering related governance and reporting processes.
- To uphold the integrity of the Bank's risk/return decisions, and in particular for ensuring that risks are properly assessed, that risk/return decisions are made transparently on the basis of this proper assessment, and are controlled in accordance with its standards and risk appetite.
- To exercise direct risk control ownership for credit, market, country cross-border, liquidity and operational risk types.

The Risk function is independent of the origination, trading and sales functions to ensure that the necessary balance in risk/return decisions is not compromised by short-term pressures to generate revenues. This is particularly important given that most revenues are recognised immediately while losses arising from risk positions only manifest themselves over time.

In addition, the Risk function is a centre of excellence that provides specialist capabilities of relevance to risk management processes in the wider organisation.

5.4. Risk Appetite/Tolerance

The Group/Bank manages its risks to build a sustainable franchise in the interests of all stakeholders. The Group Risk Tolerance Statement is the Standard Chartered PLC's Board of Directors' articulation of the amount of risk that the Group is willing to take in the pursuit of its strategic goals. The Risk Tolerance benchmarks provide a lens to identify risks and concentrations that may cause the Group to exceed its risk appetite. Within the Bank, these risks and concentrations are addressed and governed by various policies and frameworks (eg. ERMF, Local Lending Policy, Liquidity Risk Framework, etc) which contain specific limits and parameters (i.e., risk thresholds) to manage them. A consolidation of the key thresholds is monitored on an on-going basis through SCB India ERMF.

5.5. Stress Testing

Stress testing and scenario analysis are used to assess the Bank's ability to maintain operations during periods of severe but plausible stress conditions and to simulate the set of feasible management mitigating actions and their impact on the Bank's earnings, risk profile and capital position, should such conditions materialise. These conditions may arise from economic, liquidity, legal, political or physical events, or from materialisation of risks that are unique to the Bank.

The stress testing framework is designed to:

- Contribute to the setting and monitoring of the Bank's ability to take risk;
- Identify the key risks to strategy, financial position and reputation;
- Support the development of mitigating actions and contingency plans;
- Ensure effective governance, processes and systems are in place to co-ordinate and integrate stress testing;
- Inform senior management; and
- Ensure adherence to regulatory requirements.

A Group level equivalent of STF, led by the Risk function with participation from the businesses, Group Finance, Global Research and GT, aims to ensure that the earnings and capital implications of specific stress scenarios are fully understood allowing informed mitigation actions and construction of contingency plans. This group forum generates and considers pertinent and plausible scenarios that have the potential to adversely affect the Group/Bank's business.

The India STF leverages on work done by Group and, in addition, reviews scenarios specific to the local context, including for ICAAP. Stress tests/impact analysis done in India during 2018-19 included impact of trade wars, currency depreciation, oil price surge on the SCB India portfolio as well as RBI mandated bottom-up stress test, derivatives portfolio stress test, liquidity and price risk stress tests, etc.

6. DF 3 - Credit Risk: General disclosures

<u>DF 3 - Qualitative Disclosures</u>

Credit risk is the potential for loss due to the failure of counterparty to meet its agreed obligations to pay the group. Credit exposures may arise from both, the banking and trading books.

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators who are in the business units and approvers in the risk function. All credit exposure limits are approved within a defined credit approval authority framework.

6.1. Credit Policies

Group-wide credit policies and standards are considered and approved by the Group Risk Committee (GRC), which also defines the overall risk management framework. Policies and procedures specific to each business are established and provide the outline for how credit risk should be monitored and managed in the Bank. These Group policies/procedures are customised locally to incorporate any local regulatory and governance needs.

6.2. Credit Assessment Process

For Commercial, Corporate and Institutional (C&I) Clients

A pre-sanction appraisal is carried out by the relationship manager team through a Business Credit Application (BCA). BCAs are reviewed and duly approved by the credit officer based on the authority delegation given to him. Every account is graded using an alphanumeric grading system for quantifying the risks associated with the counterparty. The grading is based on a Probability of Default (PD) measure, with clients analysed against a range of quantitative and qualitative measures. The numeric grades run from 1 to 14 and some of the grades are further sub-classified A, B or C. Lower credit grades are indicative of a lower likelihood of default. Credit grades 1A to 12C are assigned to performing clients or accounts, while credit grades 13 and 14 are assigned to non-performing or defaulted clients. The Bank's credit grades are not intended to replicate external credit grades, and ratings assigned by external ratings agencies are not used in determining the Bank's internal credit grades. Nonetheless, as the factors used to grade a borrower may be similar, a borrower's poor external rating is kept in mind while assessing his internal credit grade.

Nominal Limits, Loss Given Default (LGD), Expected Loss, Exposure At Default (EAD) and RWA (as per AIRB) are used in the assessment of individual exposures and portfolio analysis. LGD is the credit loss incurred if an obligor defaults. Nominal Limits are used in the delegation of credit approval authority and must be calculated for every transaction to determine the appropriate level of approval. In accordance with the credit authority delegation, significant exposures are reviewed and approved centrally under dual approval framework or by Group Chief Risk officer or delegate. All the credit facilities are subject to an annual credit review process.

The Bank's Credit Policy, including local/governance/regulatory needs, requires strict adherence to laid down credit procedures and deviations, if any, are approved and captured through the credit appraisal process. Deviation from pre defined policy and procedures/local regulations are flagged off and approved by the relevant authority, if allowed, to ensure that deviations are justified and appropriately approved to avoid any undue loss/risk to the Bank.

For Retail Clients

Standard application forms are used, which are processed in central units using largely automated processes. Where appropriate to the client, product or market, a manual approval process by SCB officers is in place. Origination and approval roles are segregated.

Distribution of credit products through the new business channel is governed by the New Business Management and Risk Policy and Procedures, which among other requirements, lays down policies governing recruitment, verification, training and monitoring of sales staff. Credit decisions are independent of the sales/marketing functions and there are clear and specific delegated authorities. Regular assurance reviews through Control Self Testing/Key Control Indicators and audits ensure compliance to policy and delegated authorities.

Credit scores, where used, are based on PD calculated using IRB score models. These models are based on application and behavioural scorecards which make use of external credit bureau information as well as the Bank's own data. In case of portfolios where such IRB models / credit grades have not yet been developed, the PD is calculated using portfolio delinquency flow rates and expert judgment, where applicable. An alphanumeric grading system identical to that for C&I clients is used as an index of portfolio quality.

6.3. Credit Approval

All credit approval authorities are delegated to individuals based on their judgment and experience the delegation is guided by the matrix set out in the Credit Policy for CIB & CB based on a risk-adjusted scale which takes account of the estimated maximum potential loss from a given client or portfolio. Credit origination and approval roles are segregated in all exposures.

6.4. Credit Monitoring

The Bank monitors its credit exposures and assesses the impact of trends in the macroeconomic environment which may impact its portfolio performance.

For Commercial and C&I clients, clients or portfolios are placed on 'Early Alert' when they display signs of actual or potential weakness. For example, where there is a decline in the client's position within the industry, market perception, management, financial leverage or behavioural patterns. Such accounts are subjected to a dedicated process overseen by the CIC. Client account plans, documentation for existing facilities, and credit grades are re-evaluated. In addition, remedial actions are agreed and monitored. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exiting the account or immediate movement of the account into the control of GSAM, the specialist recovery unit, which is independent of the main businesses.

For Retail clients, portfolio delinquency trends are monitored and reviewed at pre determined frequency. Individual client behaviour is also tracked and is considered for lending decisions. Accounts which are past due are subject to a collections process, managed independently within the Risk function. Charged-off accounts are managed by a specialist recovery team. The micro and small-sized enterprise business is managed in small businesses segment. The credit processes are refined based on exposure at risk and are managed through Programmed Lending, in line with procedures for Retail clients. For BWC, some of the practices for portfolio monitoring are adapted from the CB segment portfolio management processes including accounts being managed by Relationship Managers and periodic Special Alert Reviews (SAR)

The CRC is responsible for the effective management of credit risk, among other risks.

6.5. Concentration Risk

Credit concentration risk is the risk of material losses arising from sub-optimally diversified exposures. This may be due to the portfolio's sizeable single name exposure or high correlation across geographies and sectors. The risk arises that, due to a change in circumstances, having a concentration may give rise to potential losses.

Credit concentration risk is governed by the risk appetite framework and Local Lending Policy (LLP) / Credit Approval Document (CAD); adherence to these policies is monitored by CMT. Credit concentration risk is managed via Country Risk Appetite Mandates and within concentration caps set for counterparties or groups of connected counterparties, and for industry sectors, credit grade bands, business segments and collateralisation for Commercial and C&I clients and by products for Retail clients.

Credit concentration risk is principally managed based on three components: single-name borrower exposure, industry concentrations and product concentration. For managing single-name concentrations, the Bank monitors compliance to the single and group borrower regulatory guidelines. The LLP
For Retail clients, product concentration risk is managed through portfolio management approach in order to limit concentration, reduce volatility and improve profitability. As part of this approach, the Bank monitors product concentration on a bi-monthly basis.

6.6. Risk Reporting and Measurement

Risk measurement plays a central role, along with judgment and experience, in informing risk-taking and portfolio management decisions. It is a primary area for sustained investment and senior management attention.

Various risk measurement systems are available to risk officers to enable them to assess and manage the credit portfolio. As the Group has adopted IRB for credit risk under Basel III, these include systems to calculate nominal exposure, PD, LGD and EAD on a transaction, counterparty and portfolio basis. The Group has implemented a single risk reporting system to aggregate risk data. This is used to generate management information to assist business and Risk users with risk monitoring and management.

A number of internal risk management reports are produced on a regular basis, providing information on; individual counterparty, counterparty group, portfolio exposure, credit grade migration, the status of accounts or portfolios showing signs of weakness or financial deterioration, models performance and updates on credit markets. IRB portfolio metrics are widely used in these reports. Regular portfolio risk reports are made available at-risk committee meetings.

6.7. Problem Credit Management and Provisioning

Credit monitoring is a continuous process. The frequency for each type of monitoring processes is defined. For example, excesses and past dues are reviewed on daily basis by business and credit officers. Covenants and risk triggers are normally linked to an event e.g. quarter on quarter drop in sales, exchange rate, crude prices, etc. For corporate accounts identified in risk-based manner, a Quarterly Performance Review (QPR) is also carried out, if necessary. Account conduct is also tracked on a monthly basis in terms of unauthorized excesses, documentation, compliance with covenants and progress on exit accounts through the Account Subject to Additional Review Process (ASTAR) reporting process. Potential problem credits are identified through the credit monitoring process and reported to the CIC for additional review. In addition, portfolio level review for Commercial, C&I and Retail clients is undertaken to track portfolio performance against local underwriting standards/Group policy. Outcomes of such reviews are placed before the CRC/CMT.

Commercial and C&I Exposures

Loans are classified as impaired and considered non-performing where analysis and review indicates that full payment of either interest or principal becomes questionable, or as soon as payment of interest or principal is 90 days or more overdue. Impaired accounts are managed by GSAM.

Specific provisions are made in accordance with the Bank’s internal policy, subject to minimum provisions required under the RBI guidelines. When all sources of recovery have been exhausted and no further source of recovery is apparent, then the debt is written off by applying the impairment provision held.

Retail Exposures

An account is considered to be delinquent when payment is not received on the due date. For credit cards, an account is required to be considered delinquent on the payment due date upon non-receipt of payment till the payment due date (for NPA calculation) plus 3 grace days (for bureau reporting). For delinquency reporting purposes, the Bank follows industry standards measuring delinquency as of 1, 30, 60 and 90 days past due. Accounts that are overdue are closely monitored. Loans are classified as impaired and considered non-performing where analysis and review indicates that full payment of either interest or principal becomes questionable, or as soon as payment of interest or principal is 90 days or more overdue.

Process used for raising provisions adheres to minimum provisions required under the RBI guidelines. In case of unsecured products, outstanding balances are written off at 150 days past due. In case of secured products like Mortgages, provision is raised after considering the realisable value of the collateral. Charge off for secured products happens at 720 days past due. For all products there are certain accounts such as cases involving fraud and death, where the loss recognition process is accelerated.

The Bank also maintains general provision as a percentage of performing standard advances and on unhedged foreign currency exposures, as prescribed by the RBI, to cover the inherent risk of losses.

The credit portfolio is monitored and reported to appropriate authorities in accordance with extant Group Policies/Procedures including Credit Policy for CIB & CB and Risk Mitigation Policy, as well as extant local regulations/guidelines prescribed from time to time by RBI.

DF 3 - Quantitative Disclosures

a) Analysis of total gross credit risk exposures; fund based and non-fund based separately

(₹ in 000s)

Nature & category of exposures	Credit risk exposures	
	31.03.2020	**31.03.2019**
Inter bank exposures	25,768,972	69,519,571
Investments (HTM)	-	-
Advances	807,560,512	732,690,126
Total gross fund based exposures	**833,329,484**	802,209,697
Specific provisions / Provisions for depreciation in the value of investment[1]	(45,423,232)	(64,309,415)
Total net fund based exposures	**787,906,252**	737,900,282
Fx and derivative contracts	604,043,826	496,845,473
Guarantees, acceptances, endorsements and other obligations	402,414,611	368,099,336
Other commitments and credit lines[2]	52,378,320	35,829,830
Total gross non-fund based exposures[3]	**1,058,836,757**	900,774,639
Specific provisions	-	(2,735,155)
Total net non fund based exposures	**1,058,836,757**	898,039,484

[1] Excluding provision on standard assets

[2] Excluding credit lines which are unconditionally cancellable at the Bank's sole discretion or, effectively provide for automatic cancellation of credit lines due to deterioration of borrower's creditworthiness.

[3] For non-fund-based exposures, credit risk exposures or, equivalents are computed as under:

- In case of exposures other than FX and derivative contracts, credit equivalent is arrived at by multiplying the underlying contract or notional principal amounts with the credit conversion factors prescribed by the RBI under the Basel III capital framework.
- In case of FX and derivative contracts, credit equivalents are computed using the current exposure method which includes, two steps as under:
  - Computation of current credit exposure, which is sum of the positive Mark to Market (MTM) value of the outstanding contracts.
  - Potential future credit exposure (PFE), which is determined by multiplying the notional principal amounts

by the relevant 'add-on' factor based on tenor and type of underlying contracts.

b) Analysis of geographic distribution of exposures; fund based and non-fund based separately

As all the exposures under Para (a) above are domestic, the analysis of geographic distribution of exposures into fund and non-fund based has not been disclosed separately.

c) Analysis of industry wise distribution of exposures; fund based and non-fund based separately

(₹ in 000s)

Sno	Nature and category of industry	31.03.2020 Credit Risk Exposures			31.03.2019 Credit Risk Exposures		
		Fund based	Non fund based	Total	Fund based	Non fund based	Total
1.	Mining and Quarrying	900,976	1,092,371	1,993,347	529,368	451,974	981,342
	Of which:						
	- Coal	*136,994*	*89,436*	*226,430*	*12,945*	*74,908*	*87,853*
	- Others	*763,982*	*1,002,935*	*1,766,917*	*516,423*	*377,066*	*893,489*
2.	Food Processing	3,890,393	4,949,301	8,839,694	14,975,032	4,149,689	19,124,721
	Of which:						
	- Sugar	*25,994*	*(1)*	*25,993*	*367,551*	*15,186*	*382,737*
	- Edible Oils and Vanaspati	*1,590,203*	*4,420,916*	*6,011,119*	*4,472,962*	*3,937,627*	*8,410,589*
	- Tea	-	-	-	-	-	-
	- Coffee		-	-	-	-	-
	- Others	*2,274,196*	*528,385*	*2,802,581*	*10,134,519*	*196,876*	*10,331,395*
3.	Beverages (excluding Tea & Coffee) and Tobacco	933,058	3,434,549	4,367,607	4,277,148	1,573,898	5,851,046
	Of which:						
	- Tobacco and tobacco products	*69,715*	*2,322,734*	*2,392,449*	*218,729*	*1,573,898*	*1,792,627*
	- Others	*863,343*	*1,111,814*	*1,975,157*	*4,058,418*	-	*4,058,418*
4.	Textiles	20,825,875	3,849,993	24,675,868	19,003,042	2,141,168	21,144,210
	Of which:						
	- Cotton	-	-	-	-	-	-
	- Others	*20,825,875*	*3,849,993*	*24,675,868*	*19,003,043*	*2,141,168*	*21,144,211*
	Out of Total Textiles to Spinning Mills	-	-	-	-	-	-
5.	Leather and Leather products	2,383,968	149,958	2,533,926	2,190,506	109,394	2,299,900
6.	Wood and Wood Products	947,455	247,901	1,195,356	824,538	85,163	909,701
7.	Paper and Paper Products	5,180,128	938,575	6,118,703	6,940,860	1,075,888	8,016,748
8.	Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	846,422	11,774,310	12,620,732	376,342	8,619,884	8,996,226
9.	Chemicals and Chemical Products (Dyes, Paints, etc.)	17,807,181	10,058,989	27,866,170	19,076,867	12,117,656	31,194,523
	Of which:						
	- Fertilisers	*326,835*	*996,337*	*1,323,172*	*1,822,857*	*1,732,602*	*3,555,459*
	- Drugs and Pharmaceuticals	*7,362,695*	*3,049,594*	*10,412,289*	*7,334,475*	*2,698,988*	*10,033,463*
	- Petro-chemicals (excluding under Infrastructure)	*3,859,013*	*2,926,425*	*6,785,438*	*5,141,536*	*3,553,177*	*8,694,713*
	- Others	*6,258,638*	*3,086,632*	*9,345,270*	*4,777,999*	*4,132,886*	*8,910,885*
10.	Rubber, Plastic and their	11,451,113	3,519,237	14,970,350	10,616,976	3,663,648	14,280,624

	Products						
11.	Glass & Glassware	1,010,841	1,476,933	2,487,774	1,846,540	3,440,600	5,287,140
12.	Cement and Cement Products	13,118,867	5,990,224	19,109,091	9,245,322	5,670,957	14,916,279
13.	Basic Metal and Metal Products	29,282,816	9,931,694	39,214,510	27,202,876	7,914,330	35,117,206
	Of which:						
	- Iron and Steel	*18,438,606*	*4,618,267*	*23,056,873*	*16,650,166*	*3,091,027*	*19,741,193*
	- Other Metal and Metal Products	*10,844,209*	*5,313,427*	*16,157,636*	*10,552,709*	*4,823,303*	*15,376,012*
14.	All Engineering	26,172,697	52,679,352	78,852,049	28,566,360	50,093,875	78,660,235
	Of which:						
	- Electronics	*12,167,539*	*31,958,533*	*44,126,072*	*9,594,147*	*16,097,038*	*25,691,185*
	- Others	*14,005,158*	*20,720,819*	*34,725,977*	*18,972,213*	*33,996,837*	*52,969,050*
15.	Vehicles, Vehicle Parts and Transport Equipments	15,533,696	11,223,969	26,757,665	15,924,522	9,473,304	25,397,826
16.	Gems & Jewellery	1,885,090	3,296,181	5,181,271	3,491,298	2,544,293	6,035,591
17.	Construction	29,408,301	19,233,221	48,641,522	7,169,399	23,252,837	30,422,236
18.	Aviation	392,777	65,386	458,163	1,139,851	211,280	1,351,131
19.	Infrastructure	68,818,664	41,175,824	109,994,488	57,713,223	41,963,202	99,676,425
	Of which:						
	- Roads and Bridges	*9,252,775*	*5,611,926*	*14,864,701*	*12,109,585*	*5,006,519*	*17,116,104*
	- Ports	-	-	-	-	-	-
	- Inland Waterways	*446,352*	*12,010*	*458,362*	*321,441*	*6,118,508*	*6,439,949*
	- Airport	-	-	-	-	-	-
	- Railway Track, tunnels, viaducts, bridges	-	-	-	-	-	-
	- Electricity (Generation)	*4,481,892*	*12,394,798*	*16,876,690*	*9,053,142*	*6,707,447*	*15,760,589*
	- Oil/Gas/Liquefied Natural Gas (LNG) storage facility	*1,505*	*380,178*	*381,683*	-	-	-
	- Communication	*51,033,029*	*22,776,914*	*73,809,943*	*33,701,444*	*21,788,911*	*55,490,355*
	- Other Infrastructure	*3,603,110*	-	*3,603,110*	*2,527,612*	*2,341,820*	*4,869,432*
20.	Trading & NBFC	95,712,075	5,533,893	101,245,968	84,434,068	9,916,366	94,350,434
21.	Mortgage	66,191,017	-	66,191,017	85,833,349	-	85,833,349
22.	Retail Others	49,710,151	1,328,508	51,038,659	52,496,777	1,328,508	53,825,285
23.	Real Estate	96,291,036	4,096,141	100,387,177	101,223,996	27,714	101,251,707
24.	Others	248,865,916	206,368,099	455,234,015	177,591,870	178,273,705	355,865,575
	Total Gross Advances	**807,560,512**	**402,414,611**	**1,209,975,125**	**732,690,127**	**368,099,336**	**1,100,789,463**
	Specific provisions	**(45,423,232)**	**-**	**(45,423,232)**	(64,309,415)	(2,735,155)	(67,044,570)
	Total Net Advances	**762,137,280**	**402,414,611**	**1,164,551,893**	668,380,712	365,364,181	1,033,744,893
	Total Inter-bank exposures	**25,768,972**	**-**	**25,768,972**	69,519,571	-	69,519,571
	Total Investments (HTM)	**-**	-	**-**	-	-	-

Fund based exposure comprises loans and advances, inter-bank exposures and HTM Investments. Non-fund based exposure comprises guarantees, acceptances, endorsements and letters of credit.

d) Analysis of residual contractual maturity of assets

As at 31 Mar 2020 **(₹ in 000s)**

Maturity Bucket	Cash and Bank balances with RBI	Balances with Banks and money at call and short notice	Investments	Advances	Fixed Assets	Other Assets
1day (d)	10,956,607	106,891,341	219,066,599	10,218,416	-	59,377,193
2 - 7 days	3,412,393	-	20,796,223	32,453,281	-	10,121,008
8 - 14 days	3,703,899	52,500	22,532,050	54,758,656	-	1,478,519
15 - 30 days	1,497,065	15,633,000	9,107,146	31,268,664	-	36,758,566
31 days - 2 months	2,642,439	-	16,074,840	31,919,263	-	32,428,167
2 months - 3 months	2,387,144	-	21,233,510	68,160,907	-	39,765,284
Over 3 months - 6 months	2,841,738	-	37,449,972	60,831,726	-	28,289,350
Over 6 month - 1 year	1,118,334	-	19,016,400	72,853,431	-	43,028,770
Over 1 year - 3 years	11,572,077	2,487	89,318,651	197,636,962	-	99,565,090
Over 3 year - 5 years	2,608	-	20,207,278	70,369,047	-	57,982,402
Over 5 years	187,528	-	1,213,957	131,666,927	13,796,538	12,332,520
Total	**40,321,832**	**122,579,328**	**476,016,626**	**762,137,280**	**13,796,538**	**421,126,869**

As at 31 Mar 2019 **(₹ in 000s)**

Maturity Bucket	Cash and Bank balances with RBI	Balances with Banks and money at call and short notice	Investments	Advances	Fixed Assets	Other Assets
1day (d)	2,021,139	74,646,795	189,138,623	11,497,300	-	52,123,993
2 - 7 days	4,483,167	57,994,601	23,158,846	38,936,164	-	6,553,971
8 - 14 days	4,082,361	-	46,845,016	43,626,425	-	4,789,633
15 - 30 days	2,057,539	40,000	10,611,487	28,106,277	-	18,256,443
31 days - 2 months	4,274,499	115,000	34,934,011	28,262,884	-	16,859,092
2 months - 3 months	4,488,738	65,000	43,035,035	30,712,627	-	22,605,629
Over 3 months - 6 months	5,311,472	-	42,496,170	50,562,895	-	43,181,830
Over 6 month - 1 year	3,111,317	-	38,699,111	45,413,549	-	34,636,756
Over 1 year - 3 years	11,297,667	4,700	62,451,929	176,011,800	-	52,169,883
Over 3 year - 5 years	17,577	-	38,823,242	59,573,492	-	35,699,063
Over 5 years	209,727	-	1,206,044	155,677,298	13,074,626	30,758,470
Total	**41,355,203**	**132,866,096**	**531,399,514**	**668,380,711**	**13,074,626**	**317,634,763**

The above has been prepared on similar guidelines as used for the statement of structural liquidity.

e) Details of Non-Performing Advances (NPAs) - Gross and Net

(₹ in 000s)

Particulars	31.03.2020	31.03.2019
Sub Standard	15,658,826	7,560,207
Doubtful	28,144,723	54,019,695
- Doubtful 1	*4,364,468*	*20,781,549*
- Doubtful 2	*10,680,711*	*20,822,899*
- Doubtful 3	*13,099,544*	*12,415,247*
Loss	7,708,813	5,327,874
Gross NPAs	51,512,362	66,907,776
Provisions	(45,423,232)	(64,309,415)
Net NPAs	6,089,131	2,598,361
Cover ratio	92.73%	**96.78%**

f) NPA Ratios

Particulars	31.03.2020	31.03.2019
Gross NPAs to gross advances	6.38%	9.13%
Net NPAs to net advances	0.80%	0.39%

g) Movement of NPAs

(₹ in 000s)

Particulars	31.03.2020 Gross	31.03.2020 Net	31.03.2019 Gross	31.03.2019 Net
Balance, 1st April	66,907,776	2,598,361	84,411,009	3,738,457
Additions during the period	24,852,072	7,191,260	14,196,060	735,096
Reductions during the period	(40,247,486)	(3,700,490)	(31,699,293)	(1,875,192)
Balance, end of the period	51,512,362	6,089,131	66,907,776	2,598,361

h) Movement of Provisions for NPAs

Specific Provisions (₹ in 000s)

Particulars	31.03.2020	31.03.2019
Balance, 1st April	64,309,415	80,672,553
Provisions made during the period	17,660,813	13,460,964
Write-off	(30,131,636)	(23,086,978)
Write-back of excess provisions	(6,415,360)	(6,737,123)
Any other adjustments, including transfer between provisions	-	-
Balance, end of the period	45,423,232	64,309,415

General Provisions (₹ in 000s)

Particulars	31.03.2020	31.03.2019
Balance, 1st April	10,123,710	11,283,108
Provisions made during the period	9,527,341	2,618,716
Write-off	(904,967)	-
Write-back of excess provisions	-	(3,778,113)
Any other adjustments, including transfer between provisions	-	-
Balance, end of the period	18,746,084	10,123,711

(₹ in 000s)

Particulars	31.03.2020	31.03.2019
Write-off that have been booked directly to the income statement	1,376,081	5,173
Recoveries that have been booked directly to the income statement	(1,049,781)	(665,973)

i) Movement of Non-Performing Investments and amount of Provisions held for Non-Performing Investments

(₹ in 000s)

Particulars	31.03.2020	31.03.2019
Balance, 1st April	6,909,816	6,990,714
Additions during the period	-	772,511
Reductions during the period	(1,031,368)	(853,409)
Balance, end of the period	5,878,448	6,909,816
Total provisions held at the end of the period	5,875,262	6,855,382

j) Movement of Provision for Depreciation on Investments

(₹ in 000s)

Particulars	31.03.2020	31.03.2019
Balance, 1st April	11,200,293	9,786,863
Provisions made during the period	-	2,243,411
Write-off	-	(273,005)
Write-back of excess provisions	(2,790,862)	-
Any other adjustments, including transfer between provisions	(642,747)	(556,976)
Balance, end of the period	7,766,684	11,200,293

k) NPA by Major Industries (Top 5 Industries)

(₹ in 000s)

As on	Gross NPA	Specific provisions	General Provisions	Specific provision during the current period	Write-off during the current period
31-Mar-20	21,695,891	20,722,822	0	(16,240,048)	21,558,352
31-Mar-19	39,628,830	39,353,559	0	(3,505,022)	8,170,781

7. DF 4 - Credit Risk: Disclosures for portfolios subject to the standardised approach

DF 4 - Qualitative Disclosures

As per the provisions of the Basel framework in India, SCBI has adopted the SA for measurement of credit risk. The risk weights applied under the SA are prescribed by the RBI and are based on the asset class to which the exposure is assigned. This approach permits use of external ratings for credit exposures to counterparties in the category of sovereigns, international banks, corporate and securitisation exposures. The specified credit rating agencies used for these types of exposures are as under:

Domestic Credit Rating Agencies	International Credit Rating Agencies
Credit Rating Information Services of India Limited	Standard and Poor's
ICRA Limited	Moody's
India Ratings and Research Private Limited (India Ratings)	
Credit Analysis and Research Limited	
Acuite Ratings and Research Limited	
Brickworks Ratings India Pvt. Limited	
Infomerics Valuation and Rating Pvt. Limited	

Rated facilities have generally been considered as those facilities where the Bank's exposure has been explicitly considered; else, the exposure has been treated by the Bank as unrated. The process used to transfer public issue ratings onto comparable assets in the banking book is in accordance with the requirements laid down by RBI.

DF 4 - Quantitative Disclosures

Analysis of outstanding credit exposures (after considering credit risk mitigation) and credit risk by regulatory risk weight

As at 31 Mar 2020 **(₹ in 000s)**

Nature & category of exposures	Total gross credit exposure	Credit risk mitigation	Net exposure (before provision)	Credit risk weight buckets summary			
				< 100%	100%	> 100%	Deduction from capital
Inter bank exposures	25,768,972	-	25,768,972	25,725,841	25,751	17,380	-
Investments (HTM)	-	-	-	-	-	-	-
Advances	807,560,512	(12,509,179)	795,051,333	227,722,932	420,382,361	146,946,040	-
Total fund based exposures	**833,329,484**	**(12,509,179)**	**820,820,305**	**253,448,773**	**420,408,112**	**146,963,420**	**-**
Fx and derivative contracts	604,043,826	-	604,043,826	561,780,976	27,964,312	14,298,538	-
Guarantees, Acceptances, endorsements and other obligations	402,414,611	(104,993)	402,309,618	205,343,351	44,647,455	152,318,812	-
Undrawn Commitments and others	52,378,320	-	52,378,320	-	45,829,588	6,548,732	-
Total non fund based exposures	**1,058,836,757**	**(104,993)**	**1,058,731,764**	**767,124,327**	**118,441,355**	**173,166,082**	**-**

As at 31 Mar 2019

Nature & category of exposures	Total gross credit exposure	Credit risk mitigation	Net exposure (before provision)	Credit risk weight buckets summary			
				< 100%	100%	> 100%	Deduction from capital
Inter bank exposures	69,519,571	-	69,519,571	69,483,122	8,170	28,279	-
Investments (HTM)	-	-	-	-	-	-	-
Advances	732,690,126	(14,332,296)	718,357,830	192,186,899	358,584,929	167,540,058	-
Total fund based exposures	**802,209,697**	**(14,332,296)**	**787,877,401**	**261,670,021**	**358,593,099**	**167,568,337**	**-**
Fx and derivative contracts	496,845,473	-	496,845,473	454,433,278	42,061,256	350,939	-
Guarantees, Acceptances, endorsements and other obligations	368,099,336	(39,695)	368,059,641	129,034,370	154,334,758	84,690,510	-
Undrawn Commitments and others	35,829,830	-	35,829,830	-	32,454,055	3,375,775	-
Total non fund based exposures	**900,774,639**	**(39,695)**	**900,734,944**	**583,467,648**	**228,850,069**	**88,417,224**	**-**

8. DF 5 - Credit risk mitigation: Disclosures for standardised approaches

DF 5 - Qualitative Disclosures

Potential credit losses from any given account, client or portfolio are mitigated using a range of tools such as collateral, netting agreements, guarantees and restructuring. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

Risk mitigation policies determine the eligibility of collateral types. Collateral types for credit risk mitigation include cash; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees and letters of credit.

The above collateral types are applicable to all client segments, including, corporates and financial institutions, though exposures to banks are generally non-collateralised. There are well laid down policies and processes for valuation/revaluation of collaterals, covering source of valuation, independent professional valuations, hair-cuts/margins on collateral market values, re-margining requirements and re-assessment of credit limits. However, from a local regulatory perspective, the main “eligible” collaterals under the SA are restricted to cash (including fixed deposits) and units of mutual funds.

Collateral is valued in accordance with the Bank’s lending policies, which prescribe the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Collateral held against impaired loans is recorded at fair value, which is revalued at least annually as prescribed in risk mitigation policy and procedures. In case of stock and book debts, monthly statements are obtained from the clients. In case of marketable securities listed on recognised exchanges, the valuation frequency is daily.

Guarantees taken can be categorised as follows:

- Guarantee from a bank (including central banks), or surety bond which is repayable on demand.
- Guarantee from a related corporate (including government owned commercial enterprises).
- Guarantee from an unconnected corporate.
- Guarantee from a government department, or an entity classified as government risk (excluding those classified as banks or commercial enterprises).
- Guarantee or indemnity from a SCB Group entity (subsidiary/associate or branch).
- Guarantee from one or more individuals.

DF 5 - Quantitative Disclosures

(₹ in 000s)

Nature and category of exposures	31.03.2020	31.03.2019
Exposure covered by eligible financial collateral after application of haircuts	848,846	2,095,996
Exposure covered by guarantees	117,338	444,706

9. DF 6 – Securitisation exposures: Disclosure for standardised approach

DF 6 - Qualitative Disclosures

Securitisation transactions are generally undertaken with the objective of credit risk transfer, liquidity management, meeting regulatory requirements such as priority sector lending and asset portfolio management. The Bank participates in securitisations in the role of originator, as well as, investor. In general, it provides credit enhancement services (as originator or as a third party), liquidity facilities, interest rate derivative products and acts as a collection and service agent.

The key risks inherent in securitisation transactions include:

- Credit risk: risk arising on account of payment delinquencies from underlying obligors/borrowers in the assigned pool.
- Liquidity risk: risk arising on account of lack of secondary market to provide ready exit options to the investors/participants.
- Interest rate/currency risk: mark to market risks arising on account of interest rate/currency fluctuations.
- Prepayment risk: prepayments in the securitised pool results in early amortisation and loss of future interest to the investor on the prepaid amount.
- Co-mingling risk: risk arising on account of co-mingling of funds belonging to investor(s) with that of the originator and/or collection and service agent, when there exists a time lag between collecting amounts due from the obligors and payment made to the investors.

Monitoring credit risk

The risk assessment of the pools is done continuously by the rating agencies based on amortisation level, collection efficiency, credit enhancement utilisation levels and credit cover available for balance deal tenor. If bank is acting as an investor, appropriate risk triggers are agreed at the time of investment and the same is monitored at regular intervals.

Where the bank is acting as an originator and is required to have retained risks as per RBI guidelines, the Bank has not used any credit risk mitigants to mitigate such retained risks.

The Bank may provide credit enhancement in the form of cash deposits or guarantees in its securitisation transactions and also provides credit enhancement as a third party on behalf of our clients. The Bank makes appropriate provisions for any delinquency losses assessed at the time of sale as well as over the life of the securitisation transactions in accordance with the RBI guidelines.

Regulatory capital approach

As per the provisions of the Basel III framework, all banks have to mandatorily adopt SA for capital treatment of securitisation transactions. This approach requires use of external rating agencies for risk weighting securitisation exposures. The credit rating agencies used by the Bank for these types of exposures are those recognised by the RBI (refer section 7 – DF- 4 above).

DF 6 - Quantitative Disclosures

1. **Banking Book**

a) The outstanding exposures securitised by the Bank (in ₹ 000's) as on 31 Mar 2020: ₹ 706,268 (Previous Year: ₹ 1,602,027).

b) Securitisation losses recognised by the Bank during period ending 31 Mar 2020: NIL (Previous Year: NIL)

c) Assets intended to be securitised within a year – NIL (Previous Year: NIL).

The securitisation transactions are undertaken on a need basis to meet the objectives as disclosed above.

d) The total amount of exposures securitised with unrecognised gain / (loss)

(₹ in 000s)

Exposure Type	31-Mar-20		31-Mar-19	
	Outstanding	Unrecognised gain /(loss)	Outstanding	Unrecognised gain /(loss)
Housing Loans	706,268	-	803,195	-
Corporate Loans	-	-	798,832	-

e) Securitisation exposures retained or purchased

(₹ in 000s)

Exposure Type	31-Mar-20		31-Mar-19	
	On Balance Sheet	Off Balance Sheet	On Balance Sheet	Off Balance Sheet
Housing Loans	296,028	1,328,508	328,434	1,328,508

f) Aggregate amount of securitisation exposures retained or purchased and the associated capital charge

As at 31 Mar 2020 (₹ in 000s)

Exposure Type	<100% risk weight	100% risk weight	>100% risk weight	Total
Housing Loans	-	-	1,624,536	1,624,536
Capital Charge	-	-	1,827,604	1,827,604

As at 31 Mar 2019 (₹ in 000s)

Exposure Type	<100% risk weight	100% risk weight	>100% risk weight	Total
Housing Loans	-	-	1,656,942	1,656,942
Capital Charge	-	-	1,864,060	1,864,060

g) Securitisation exposures deducted from capital : NIL (Previous Year: NIL)

2. Trading Book

a) There are no outstanding exposures securitised for which the Bank has retained any exposure which is subject to Market Risk.

b) Securitisation exposures retained or purchased – On Balance Sheet and Off Balance Sheet.

As at 31 Mar 2020 (₹ in 000s)

Exposure Type	On Balance Sheet	Off Balance Sheet
Vehicle Loans	-	-
SME Loans	25,294,865	-
Direct & Indirect Agriculture Lending	3,451,527	-
Total	28,746,392	-

As at 31 Mar 2019 (₹ in 000s)

Exposure Type	On Balance Sheet	Off Balance Sheet
Vehicle Loans	-	-
SME Loans	32,630,396	
Direct & Indirect Agriculture Lending	4,957,529	-
Total	37,587,925	-

c) Securitisation exposures retained or purchased

(₹ in 000s)

Risk Weight Bands	31-Mar-20	31-Mar-19
Exposures subject to Comprehensive Risk Measure for specific risk	28,746,392	37,587,925
Exposures subject to the securitisation framework for specific risk		
<100% risk weight	28,746,392	37,587,925
100% risk weight	-	-
>100% risk weight	-	-
Total	28,746,392	37,587,925

d) Aggregate amount of the capital requirements for the securitisation exposures

(₹ in 000s)

Risk Weight Bands	31-Mar-20	31-Mar-19
<100% risk weight	517,435	676,583
100% risk weight	-	-
>100% risk weight	-	-
Total	**517,435**	676,583

e) Securitisation exposures deducted from capital: NIL (Previous Year: NIL)

10. DF 7 - Market Risk in Trading Book

DF 7 - Qualitative Disclosures

The Bank recognises market risk as the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. The Bank is exposed to market risk arising principally from client-driven transactions. The objective of the Bank's market risk policies and processes is to obtain a balance of risk and return while meeting clients' requirements.

The primary categories of market risk for the Bank are interest rate risk and currency exchange rate risk.

10.1. Market Risk Governance

The Board Risk Committee (BRC) approves the Group's market risk appetite taking account of market volatility, the range of products and asset classes, business volumes and transaction sizes. The Traded Risk Management (TRM) operating under the current approved Traded Risk Framework in force, is responsible for setting the Value at Risk (VaR) and Stress Loss Trigger as the primary market risk measure within the Group's risk appetite.

The TRM is also responsible for policies and other standards for the control of market risk and overseeing their effective implementation. These policies cover both trading and non-trading books. At a country level, there is an independent market risk function to implement Group market risk policies/limits and to monitor the market risk exposures in accordance with Group and local governance/regulatory norms.

Traded Risk Management approves the limits within delegated authorities and monitors exposures against these limits. Additional limits are placed on specific instruments and position concentrations, where appropriate. Sensitivity measures are used in addition to VaR as risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas, foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved. Option risks are controlled through revaluation limits on underlying price and volatility shifts and limits on volatility risk and other variables that determine the options' value.

The CRC, in conjunction with TRM, provides market risk oversight, reporting and management of the market risk profile.

Value at Risk

The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 per cent. This confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced six times per year.

Back Testing

To assess their predictive power, Trading VaR models are back tested against actual results and presented to the local risk committee.

Stress Testing

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. TRM complements the VaR measurement by regularly stress testing market risk exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both, historical market events and forward looking scenarios. A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

Regular stress test scenarios are applied to interest rates, credit spreads, exchange rates and equity prices thereby covering asset classes in the Financial Markets (FM) non-trading and trading books. Ad hoc scenarios are also prepared, reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

10.2. Foreign Exchange Exposure

The foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange trading exposures are principally derived from client driven transactions.

10.3. Interest Rate Exposure

The interest rate exposures arise from trading and non-trading activities. Structural interest rate risk arises from the differing re-pricing characteristics of commercial banking assets and liabilities.

10.4. Derivatives

Structure and organisation of management of risk in derivatives trading

The derivatives business is managed by the front office with independent back office for confirmation and settlement of trades. A separate middle office team validates all the derivative transactions and the processing and settlement is done by the back office team. The TRM team is responsible for monitoring market risk limits for derivative instruments. VaR is the primary risk measure and supplemented by other limits like PV01 as required and appropriate. There is clear segregation of duties and different reporting lines to ensure independent monitoring and reporting.

R*isk monitoring team*

The Bank is exposed to market risk, liquidity risk, operational risk and credit risk on the derivatives portfolio. The Bank's risk management group, compliance group and internal audit group assist in identifying, assessing and monitoring of these principal risks in accordance with policies and procedures.

For further details please refer to para 12 (DF 9) below.

DF 7 - Quantitative Disclosures

For details please refer to market risk section under para 4 (DF 2 - Quantitative Disclosures)

11. DF 8 - Operational Risk

DF 8 - Qualitative Disclosures

Operational Risk (OR) is the potential for loss arising from the failure of people, processes, technology or the impact of external events including legal risks. The Bank's Risk Appetite statement on OR reads as "The Group aims to control operational risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Group's franchise."

OR is managed by the CNFRC in the country, which exercises oversight of the Bank's OR exposures to ensure that it is aligned with the Bank's ERMF (Enterprise Risk Management Framework). Operational Risk is defined as a "Principle Risk Type" (PRT) and represents one of the ten PRTs defined within the Bank's ERMF. The framework to manage Operational Risk is captured under ORTF (Operational Risk Type Framework). The ORTF has defined a Group Risk Assessment Matrix (GRAM) that is used consistently across the Bank to measure the "Impact" and "Likelihood" of risk exposures across all the businesses and functions.

The responsibility for daily management of OR exposures rests with businesses and functions as an integral component of their first line risk management responsibilities. In addition, the ORTF has identified specialist operational RFOs to take responsibility for the management of OR for 16 NPRT (Non Principle Risk Types); these are "Transaction Processing", "Product Management", "Change Management", "Internal Fraud" and "External Fraud" (managed by Operational Risk directly), "People Management" (Human Resources), "Client Service Resilience" (Head Resilience), "System Availability" (CIO), "Data Quality" (Chief Data Officer), "Vendor" (Business Efficiency), "Corporate Governance & Authorities" and "Exchange Listing Rules" (Corporate Secretariat), "Financial Books and Records" (CFO), "Tax obligations" (Tax), "Safety & Security" (Property) and "Legal Enforceability" (Legal). In addition, even local regulations are categorized into various sub-types and Risk Ownership assigned to specified specialist owners in addition to Compliance. Each RFO is responsible for identifying risks that are material to the Group and for maintaining an effective control environment, which includes defining appropriate policies and procedures for approval by authorised risk committees.

The Bank uses the BIA consistent with the RBI's capital adequacy requirements to assess its regulatory capital requirements for OR. Under the BIA, a pre-determined beta co-efficient is applied to the average income for the previous three years, to determine the OR capital requirement.

12. DF 9 - Interest Rate Risk in the Banking Book (IRRBB)

DF 9 - Qualitative Disclosures

Interest rate risk from the non-trading book portfolios is transferred to and managed by Treasury Markets (TM) under the supervision of ALCO. This risk arises principally from the re-pricing mismatch between commercial assets and liabilities. TM also deals in approved financial instruments in the market to manage the net interest rate risk, subject to approved VaR, Stress Loss Trigger on fair value instruments and risk limits. VaR and stress tests are applied to non-trading book exposures in the same way as for the trading book and thus the primary risk measurement tool is VaR for the non-trading book. TM also manages a portfolio of marketable securities primarily for the purpose of meeting the reserve requirements Prepayment assumptions are applied to the retail fixed rate loan book . For non maturing products like current accounts, savings accounts, cards and overdrafts, behavioral calculation is done to segregate the portfolio according to the balances expected to remain with the bank under non stress conditions for a year or more (core) or less than a year (non-core).

DF 9 - Quantitative Disclosures

The impact on market value of equity for a 200 basis upward move (in ₹ 000's) as at 31 Mar 2020 is ₹17,349,025 (previous year: ₹20,448,985).

13. DF 10 – Exposure related to Counterparty Credit Risk

DF 10 - Qualitative Disclosures

13.1. Credit Limits and Collaterals

Counterparty credit risk (CCR) is the risk that a Bank's counterparty defaults in a FX, interest rate, commodity or credit derivative contract prior to or at the maturity date of the contract and that the Bank at the time has a claim on the counterparty. The Credit Initiation and Approval Policy governs CCR and is approved by CRC. The credit risk arising from all financial derivatives is managed as part of the overall credit limits to both financial institutions and corporate clients.

Exposure values for regulatory capital purposes on over the counter traded products are calculated according to the CCR Current Exposure Method (CEM). This is calculated as the sum of the current replacement cost and the PFE. The current replacement cost is the amount owed by the counterparty to the Bank for various financial derivative transactions. The PFE is an add-on based on a percentage of the notional principal of each transaction. These percentages are prescribed by the RBI in the guidelines and vary according to the underlying asset class and tenor of each trade.

The Group has a credit risk economic capital model which is managed centrally. The model uses obligor-level Monte Carlo simulation parameterized with internal data to capture various elements of credit risk including CCR.

The Bank seeks to negotiate Credit Support Annexes (CSA) to International Swaps and Derivatives Association master agreements with counterparties on a case-by-case basis, where collateral is deemed a necessary or desirable mitigant to the exposure. The credit terms of the CSA are specific to each legal document and determined by the credit risk approval unit responsible for the counterparty. The nature of the collateral will be specified in the legal document and will typically be cash or highly liquid securities.

A daily operational process takes place to calculate the MTM on all trades captured under the CSA. Additional collateral will be called from the counterparty at agreed frequency if total uncollateralised MTM exposure exceeds the threshold and minimum transfer amount specified in the CSA. Additional collateral may be required from the counterparty to provide an extra buffer to the daily variation margin process.

The Bank further reduces its credit exposures to counterparties by entering into contractual netting agreements which result in a single amount owed by or to the counterparty through netting the sum of the positive (amounts owed by the counterparty) and negative (amounts owed by the Bank) MTM values of these transactions.

In India, the Bank follows SA for credit risk and hence no credit reserve is set aside. However, provisioning for the exposures on derivative contracts is made as prescribed by RBI Circular No.DBR.No.BP.BC.2/21.04.048/2015-16 dated 01 July 2015.

13.2. Wrong Way Risk

Wrong-way risk ("WWR") occurs when exposure to counterparty is positively correlated to deterioration in its creditworthiness. WWR falls into two categories: Specific Wrong Way Risk, which occurs when future exposure to a specific counterparty is adversely correlated with the counterparty's probability of default due to the nature of the transactions with the counterparty. General Wrong Way Risk, which occurs when the likelihood of default of counterparty is adversely correlated with general market risk factors. The Counterparty Credit Risk (CCR) Standards manages WWR through ‘CCR Guidance-Stress Testing and WWR Management’.

13.3. Impact of Credit Rating Downgrade

In line with market convention, the Bank negotiates CSA terms for certain counterparties where the thresholds related to each party are dependent on their External Credit Assessment Institution (ECAI) long term rating. Such clauses are typically mutual in nature. In the event of downgrade of counterparty’s credit rating, margin call may be initiated to ask for additional collateral to cover negative MTM portfolios where thresholds are lowered. It is recognised that a downgrade in the Group’s rating could result in counterparties seeking additional collateral calls to cover negative MTM portfolios where thresholds are lowered.

DF 10 - Quantitative Disclosures

(₹ in 000s)

Particulars	31.03.2020	31.03.2019
Gross positive fair value of contracts	280,347,261	190,165,114
Less: Netting benefits	-	-
Netted current credit exposure	**280,347,261**	**190,165,114**
Less: Collateral held (including type, e.g. cash, government securities, etc.)	-	-
Net derivatives credit exposure	280,347,261	190,165,114
Potential future exposure	323,696,565	306,680,359
Measures for exposure at default or exposure amount under CEM	604,043,826	496,845,473
Notional value of credit derivative hedges	-	-
Distribution of current credit exposure by types of credit exposure		
- Interest Rates	195,296,490	174,523,561
- Fx	408,747,336	322,321,912

Credit Derivative Transactions that create exposures to CCR (Notional Value)	NIL	NIL

For capital requirement details, refer "Minimum Regulatory Capital Requirements" under para 4 (DF 2 – quantitative disclosure) of this disclosure.

14. Other Key Risks

14.1. Liquidity Risk

Liquidity risk is the potential that the Bank either does not have sufficient stable or diverse sources of funding or financial resources to meet our obligations as they fall due.

The Liquidity Risk Framework governs liquidity risk and is managed by ALCO. In accordance with that framework, the Bank maintains a liquid portfolio of marketable securities as reserve assets. The level of the Bank's aggregate liquid reserves is in accordance with local regulatory minimum liquidity requirements, including the Liquidity Coverage Ratio norms.

14.2. Reputational Risk

Reputational risk is the potential for damage to the Group's franchise, resulting in loss of earnings or adverse impact on market capitalisation as a result of stakeholders taking a negative view of the organisation or its actions.

Reputational risk is managed by the CMT/CRC, which is responsible for protecting the Group's reputation locally and has the responsibility to ensure that the Bank does not undertake any activities that may cause material damage to the Group's franchise.

Reputational risk is registered, recorded and reviewed by the CEO through the CRC. Whilst the CRC covers all forms of reputational risk in country, any significant business- related reputational risks identified is escalated to Business Responsibility and Reputational Risk Committee.

15. Monitoring

Monitoring of risk management is achieved through independent reviews by RFOs, GIA, Compliance, concurrent audits and spot checks by external specialists as required under regulations.

To ensure the effectiveness of risk management processes in maintaining the risk profile of the Bank within risk appetite, the Bank maintains a three 'lines of defence' framework - refer para 5.1 above for further details.

16. DF11 – Composition of Capital as at 31 Mar 2020

Basel III common disclosure template		Solo		Consolidated		
Common Equity Tier 1 capital: instruments and reserves		Basel III Amounts	Amounts Subject to Pre-Basel III Treatment	Basel III Amounts	Amounts Subject to Pre-Basel III Treatment	Ref No.(Section 17/DF 12)
1	Directly issued qualifying common share	74,401	-	74,401	-	A1

	capital plus related stock surplus (share premium)					
2	Retained earnings	80,377	-	80,377	-	B6
3	Accumulated other comprehensive income (and other reserves)	103,145	-	107,713	-	B1+B3+B4+B5+B7+B8+C1+C3
4	*Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)*	-	-	-	-	
5	Common share capital (plus share premium) issued by other regulated entities and held by third parties (amount allowed in group CET1)	-	-	4,544	-	A2
6	**Common Equity Tier 1 capital before regulatory adjustments**	257,922	-	267,035	-	
Common Equity Tier 1 capital: regulatory adjustments						
7	Prudential valuation adjustments	-	-	-	-	
8	Goodwill (net of related tax liability)	(0)	-	(0)	-	E1
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	53	-	128	-	E2
10	Deferred tax assets	-	-	84	-	
11	Cash-flow hedge reserve	-	-	-	-	
12	Shortfall of provisions to expected losses	-	-	-	-	
13	Securitisation gain on sale	-	-	-	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-	
15	Defined-benefit pension fund net assets	-	-	-	-	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	-	-	-	
17	Reciprocal cross-holdings in common equity	-	-	-	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	-	-	-	

20	Mortgage servicing rights (amount above 10% threshold)	-	-	-	-	
21	Deferred tax assets arising from temporary differences(amount above 10% threshold, net of related tax liability)	-	-	-	-	
22	Amount exceeding the 15% threshold	-	-	-	-	
23	of which: significant investments in the common stock of financial entities	-	-	-	-	
24	of which: mortgage servicing rights	-	-	-	-	
25	of which: deferred tax assets arising from temporary differences	-	-	-	-	
26	National specific regulatory adjustments(26a+26b+26c+26d)	-	-	-	-	
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-	-	-	-	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-	-	-	-	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	-	-	-	
26d	of which: Unamortised pension funds expenditures	-	-	-	-	
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	1,586	-	1,586	-	
	of which: HO Debit Balance(20%)	726	-	726	-	F
	of which: Valuation adjustments	860	-	860	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	-	-	-	
28	**Total regulatory adjustments to Common equity Tier 1**	1,639	-	1,798	-	
29	**Common Equity Tier 1 capital (CET1)**	256,283	-	265,237	-	
Additional Tier 1 capital: instruments						
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-	-	-	-	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	-	-	-	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	-	-	-	

33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	-	-	-	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	-	-	-
35	*of which: instruments issued by subsidiaries subject tophase out*	-	-	-	-
36	**Additional Tier 1 capital before regulatory adjustments**	-	-	-	-
Additional Tier 1 capital: regulatory adjustments					
37	Investments in own Additional Tier 1 instruments	-	-	-	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	-	-	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	-	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)10	-	-	-	-
41	National specific regulatory adjustments (41a+41b)	-	-	-	-
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	-	-	-
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	-	-	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
43	**Total regulatory adjustments to Additional Tier 1 capital**	-	-	-	-
44	**Additional Tier 1 capital (AT1)**	-	-	-	-
44a	**Additional Tier 1 capital reckoned for capital adequacy**	-	-	-	-
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	256,283	-	265,237	-
Tier 2 capital: instruments and provisions					

46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	-	-	
47	Directly issued capital instruments subject to phase out from Tier 2	-	-	-	-	D (Discounted Value)
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	-	-	-	
49	*of which: instruments issued by subsidiaries subject to phase out*	-	-	-	-	
50	Provisions	17,975	-	18,063	-	B2*45%+C2+D1+D2+D3+D4
51	**Tier 2 capital before regulatory adjustments**	17,975	-	18,063	-	
Tier 2 capital: regulatory adjustments						
52	Investments in own Tier 2 instruments	-	-	-	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	-	-	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	-	-	-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	-	-	
56	National specific regulatory adjustments (56a+56b)	-	-	-	-	
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-	-	-	-	
56b	of which: Shortfall in the Tier 2 capital of majority owned	-	-	-	-	
	financial entities which have not been consolidated with the bank	-	-	-	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	-	-	-	
58	**Tier 2 capital (T2)**	17,975	-	18,063	-	
58a	**Tier 2 capital reckoned for capital adequacy**	17,975	-	18,063	-	
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-	-	-	-	
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	17,975	-	18,063	-	
59	**Total capital (TC = T1 + T2) (45 + 58c)**	274,259	-	283,300	-	

	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment of which:				
60	Total risk weighted assets (60a + 60b + 60c)	1,842,283	-	1,870,086	-
60a	of which: total credit risk weighted assets	1,493,571	-	1,519,096	-
60b	of which: total market risk weighted assets	205,484	-	205,484	-
60c	of which: total operational risk weighted assets	143,228	-	145,506	-
	Capital Ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.91%		14.18%	
62	Tier 1 (as a percentage of risk weighted assets)	13.01%		14.18%	
63	Total capital (as a percentage of risk weighted assets)	14.89%		15.15%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	8.13%	-	8.13%	-
65	of which: capital conservation buffer requirement	1.88%	-	1.88%	-
66	*of which: bank specific countercyclical buffer requirement*	-	-	-	-
67	*of which: G-SIB buffer requirement*	0.75%	-	0.75%	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	13.91%	-	14.18%	-
	National minima (if different from Basel III)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	-	-	-	-
70	National Tier 1 minimum ratio (if different from Basel III minimum)	-	-	-	-
71	National total capital minimum ratio (if different from Basel III minimum)	-	-	-	-
	Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	-	-	-	-
73	Significant investments in the common stock of financial entities	-	-	-	-
74	Mortgage servicing rights (net of related tax liability)	-	-	-	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-

Applicable caps on the inclusion of provisions in Tier 2					
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-	-	-	-
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-	-	-	-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-	-
Capital instruments subject to phase-out arrangements					
80	*Current cap on CET1 instruments subject to phase out arrangements*	-	-	-	-
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	-	-	-	-
82	*Current cap on AT1 instruments subject to phase out arrangements*	-	-	-	-
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	-	-	-	-
84	*Current cap on T2 instruments subject to phase out arrangements*	-	-	-	-
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	-	-	-	-

Notes to the Template

(₹'M)

Row	Particular	Solo	Consolidate
10	*Deferred tax assets associated with accumulated losses*	-	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-	84
	Total as indicated in row 10	**-**	**84**
19	*If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank*	-	-
	of which: Increase in Common Equity Tier 1 capital	-	-
	of which: Increase in Additional Tier 1 capital	-	-
	of which: Increase in Tier 2 capital	-	-
26b	*If investments in the equity capital of unconsolidated non- financial subsidiaries are not deducted and hence, risk weighted then:*		
	(i) Increase in Common Equity Tier 1 capital	-	-

	(ii) Increase in risk weighted assets	-	-
44a	*Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)*	-	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	-	-
50	*Eligible Provisions included in Tier 2 capital*	15,385	15,473
	Eligible Revaluation Reserves included in Tier 2 capital	2,591	2,591
	Total of row 50	**17,975**	**18,063**

17. DF 12 - Composition of Capital Reconciliation

(₹'M)

		Balance sheet as in financial statements As on 31 Mar 20	Balance sheet under regulatory scope of consolidation As on 31 Mar 20	Ref. No. (Section 16/DF 11)
	Capital & Liabilities			
i	**Paid-up Capital**	**74,401**	**78,945**	
	H.O. assigned Capital	74,401	74,401	A1
	Common share capital (plus share premium) issued by other regulated entities and held by third parties (amount allowed in group CET1)	-	4,544	A2
	of which: Amount eligible for CET1	74,401	78,945	
			-	
	of which: Amount eligible for AT1	-	-	
ii	**Reserves & Surplus**	**214,125**	**218,694**	
a	Statutory Reserves	91,190	92,409	B1
b	Property Revaluation Reserve	5,758	5,758	B2
c	Capital Reserves-Surplus on sale of immovable properties	10,460	10,460	B3
d	Capital Reserves-Surplus on sale of Held To Maturity investments	985	985	B4
e	Capital Reserve	302	302	B5
f	Remittable Surplus retained in India for CRAR	80,377	80,377	B6
g	Profit and Loss Account	17,200	20,549	
	a) Considered for Regulatory Consolidation	-	-	B7
	b) Not Considered for Regulatory Consolidation	17,200	20,549	
h	Exchange Reserve	1	1	B8
i	Property Investment Reserve	207	207	C1
j	Investment Reserve	7,646	7,646	C2
k	General Reserve	-	-	C3

	Total Capital	288,526	297,638	
iii	**Deposits**	**1,003,946**	**1,004,436**	
	of which: Deposits from banks	27,250	27,250	
	of which: Customer deposits	976,696	976,696	
	of which: Other deposits (pl.specify)	-	490	
iv	**Borrowings**	**167,256**	**170,350**	
	of which: From RBI	-	-	
	of which: From banks	-	3,076	
	of which: From other institutions	94,897	94,897	
	of which: subordinated debt		-	D
	of which: outside India	72,359	72,377	
v	**Other liabilities & provisions**	**385,267**	**397,628**	
	of which: Provision for Countercyclical Buffer	2	2	D1
	of which: Provision Held for Sold NPA's	733	733	D2
	of which: Provision for Country Risk	64	64	D3
	of which: Provision for Standard assets	18,746	18,747	D4
	Total Capital & Liabilities	1,844,995	1,870,052	
	Assets			
vi	**Cash and balances with Reserve Bank of India**	**40,322**	**40,322**	
vii	**Balance with banks and money at call and short notice**	**122,579**	**124,445**	
viii	**Investments**	**485,033**	**486,180**	
	of which: Government securities	406,684	406,684	
	of which: Other approved securities	-	-	
	of which: Shares	148	148	
	of which: Debentures & Bonds	46,953	48,099	
	of which: Subsidiaries / Joint Ventures / Associates	-	-	
	of which: Others (Pass-through certificates, Commercial Paper & Certificate of Deposits etc.)	31,249	31,249	
ix	**Loans and advances**	**762,137**	**782,713**	
	of which: Loans and advances to banks	-	-	
	of which: Loans and advances to customers	762,137	782,713	
x	***Fixed assets***	**13,797**	**13,877**	
	of which: Goodwill	(0)	(0)	E1
	of which: Intangible	53	53	E2
xi	**Other assets**	**421,127**	**422,515**	
	of which: Deferred tax assets	-	84	
	of which: Ho Debit Balance	726	726	F
	Total Assets	1,844,995	1,870,052	

18. DF 13 - Main Features of Regulatory Capital Instruments

There were no regulatory capital instruments issued by SCBI as of 31 Mar 2020.

19. DF 14 - Full Terms and Conditions of Regulatory Capital Instruments

There were no regulatory capital instruments issued by SCBI as of 31 Mar 2020.

20. DF 15 - Disclosure Requirements for Remuneration

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

21. DF 16 Equities – Disclosure for Banking Book Positions

Gross value of Investments in equities (in ₹ 000's) as at 31 Mar 2020 amounts to ₹ 4,212,814 and mainly include shares obtained from restructuring of debt in case of certain clients. As per the banks accounting policy they are classified as 'Available for Sale' (AFS). Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available, or at Re. 1, as per RBI guidelines. The break-up of equities into quoted and unquoted is as under:

(₹ in 000s)

Particulars	31.03.2020	31.03.2019
Quoted	3,087,618	3,758,260
Unquoted	1,125,196	1,125,196
Total	**4,212,814**	**4,883,456**

22. Leverage Ratio

The bank is required to maintain a minimum leverage ratio of 4%. The bank's leverage ratio, calculated in accordance with the RBI guidelines under consolidated framework is 8.49% as of 31 Mar 2020 (Previous Year: 8.83%).

DF 17 Quantitative disclosures

Summary comparison of accounting assets vs. leverage ratio exposure measure **(₹ in M)**

		31 Mar 2020		31 Mar 2019	
Sr. No.	Item	Solo	Consol	Solo	Consol
1	Total consolidated assets as per published financial statements	1,844,995	1,865,798	1,712,493	1,738,150
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	140,568	140,568	169,979	169,979
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	96,810	96,810	37,403	(25,943)
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	540,279	540,667	468,165	468,190
7	Other adjustments	(98,450)	(98,524)	(67,957)	(67,994)
8	Leverage ratio exposure	2,524,204	2,545,319	2,320,084	2,345,728

DF 18 Quantitative disclosures

Leverage ratio common disclosure **(₹ in M)**

Sr. No.	Item	31 Mar 2020 Solo	31 Mar 2020 Consol	31 Mar 2019 Solo	31 Mar 2019 Consol
	On-balance sheet exposures				
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,467,123	1,487,925	1,458,451	1,484,108
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(1,639)	(1,714)	(4,611)	(4,648)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**1,465,484**	**1,486,211**	**1,453,841**	**1,479,460**
	On-balance sheet exposures				
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	281,062	281,062	190,695	190,695
5	Add-on amounts for PFE associated with all derivatives transactions	323,697	323,697	306,680	306,680
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)	(183,128)	(183,128)	(136,702)	(136,702)
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)**	**421,630**	**421,630**	**360,674**	**360,674**

	Securities financing transaction exposures				
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	96,810	96,810	63,347	63,347
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-	(26,310)	(26,310)
14	CCR exposure for SFT assets	-	-	367	367
15	Agent transaction exposures	-	-	-	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	**96,810**	**96,810**	**37,403**	**37,403**
	Other off-balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	1,677,471	1,677,858	1,408,893	1,408,918
18	(Adjustments for conversion to credit equivalent amounts)	(1,137,191)	(1,137,191)	(940,727)	(940,727)
19	**Off-balance sheet items (sum of lines 17 and 18)**	**540,279**	**540,667**	**468,165**	**468,190**
	Capital and total exposures				
20	**Tier 1 capital**	207,854	216,191	200,149	207,074
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	2,524,204	2,545,319	2,320,084	2,345,728
	Leverage ratio				
22	**Basel III leverage ratio**	8.23%	8.49%	8.63%	8.83%

Reconciliation of total published balance sheet size and on balance sheet exposure (₹ in M)

		31 Mar 2020		31 Mar 2019	
Sr. No.	**Item**	**Solo**	**Consol**	**Solo**	**Consol**
1	Total consolidated assets as per published financial statements	1,844,995	1,865,798	1,712,493	1,738,150
2	Replacement cost associated with all derivatives transactions i.e. net of eligible cash variation margin	(281,062)	(281,062)	(190,695)	(190,695)
3	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	(96,810)	(96,810)	(63,347)	(63,347)
4	Adjustments for entities outside the scope of regulatory consolidation	-	-	-	
	On-balance sheet exposures under leverage ratio (excluding derivatives and SFTs)	**1,467,123**	**1,487,925**	**1,458,451**	**1,484,108**