CTBC BANK CO., LTD.

INDIAN BRANCHES
(INCORPORATED IN TAIWAN ROC WITH LIMITED LIABILITY)

DISCLOSURES UNDER PILLAR-3 MARKET DISCIPLINE OF BASEL-III-CAPITAL REGULATIONS FOR THE QUARTER ENDED JUNE 30, 2022

TABLE DF - 2 - CAPITAL ADEQUACY

Index	Parameter	Response
	Qualitative Disclosures	
a	A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	Bank is maintaining a healthy CRAR during quarter ended 30th June 2022 which is commensurate with the size of its operations. As on 30th June 2022, Bank CRAR is 34.22%. The bank is well capitalized, given the risk exposure arising from its portfolio of assets. The bank assesses the long term requirement of capital through the Internal Capital Adequacy Assessment Process (ICAAP). The assessment of future capital duly considers the anticipated growth in the business as reflected in the budget document of the bank, stressed scenarios, regulatory/internal guidelines etc. As per the commitment of the management, the capital adequacy to support the current and future activities is monitored and assessed on regular basis. The CRAR is calculated on weekly rests and reported in Management Committee at monthly intervals.
	Quantitative disclosures	**(Rs. in Crore)**
b	Capital requirements for credit risk: ♦ Portfolios subject to standardized approach ♦ Securitization exposures.	 113.44 Nil
c	Capital requirements for market risk: Standardized duration approach; ♦ Interest rate risk ♦ Foreign exchange risk (including gold) ♦ Equity risk	 5.75 11.25 Nil
d	Capital requirements for operational risk: ♦ Basic indicator approach	 10.99
e	Total and Tier-I capital ratio: ♦ For the top consolidated group; and ♦ For significant bank subsidiaries (stand alone or sub-consolidated depending on how the Framework is applied).	The bank is a single entity operating with two branches in India. Tier-I Capital Ratio 32.86% Total CRAR = 34.22%

TABLE DF -3 - CREDIT RISK- GENERAL DISCLOSURES

A. QUALITATIVE DISCLOSURES

The general qualitative disclosure requirement with respect to credit risk, including;

a. Definitions of past due and impaired (for accounting purposes);

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

A "Non Performing Asset" (NPA) is a loan or an advance where;

i) Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a Term Loan,

ii) The account remains 'out of order' for a period of more than 90 days as indicated hereunder, in respect of an Overdraft/Cash Credit (OD/CC),

iii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,

iv) The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,

v) The installment of principal or interest thereon remains overdue for one crop season for long duration crops,

vi) The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization dated February 1, 2006.

vii) In respect of derivative transactions, the overdue receivables representing positive mark-to market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

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

Overdue: - Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

b. Discussion of the bank's credit risk management policy;

Credit Risk is defined as a possibility that a bank's borrower or counterparty will fail to meet its obligations in accordance with agreed terms. This may happen due to inability or unwillingness of a customer or counter-party to meet commitments in relation to lending, trading, settlement and other financial transactions.

The process with regard to management of Credit Risk is summarized here below;

Identification of Credit Risk: - Credit Risk may arise in the course of lending or even in the case of investments done by bank. However with regard to the Bank, the potential of credit risk happening in investments is quite ignorable as the bank's investments fall in gilt securities with the sole purpose of maintaining Statutory Requirements.

As a part of credit risk management process, the bank identifies the credit risk at the time to its origination and through the process of continuous monitoring on an ongoing basis.

Measures for Risk Mitigation: - The bank has formulated the internal guidelines with due consideration to regulatory requirements and also the global guidelines issued by Head Office of the Bank. The guidelines prepared by the bank are reviewed and revised as and when warranted by circumstances. The guidelines prepared by the bank are independently vetted/reviewed by the Head Office and finally documented.

The guidelines, among others, stipulate the requirements to be fulfilled by the borrowers, required documentation process, the assessment of creditworthiness of the borrower, doing Credit Risk Assessment (CRA) etc. Apart from that, the Credit Risk Mitigation and Collateral Management aspects cover the verification and valuation of financial and non financial collaterals. Further, the aspects relating to tenure, valuation and title are examined wherever immovable properties are taken as collateral. Detailed guidelines / instructions regarding valuation of fixed assets and insurance of stocks and other assets financed by the Bank as laid down in Credit Policy are in place.

Further, as a part of an ongoing process, the borrower accounts are monitored on periodic basis. Besides, the ALCO and Management Committee of the bank, on monthly rests, discuss the various aspects of credit risk and any deviations/observations, (in line with bank internal policy) are duly updated by credit department for review and member's approval. The process also involves taking approvals of Management Committee once the exposure limits exceed the internally fixed limits. Further, the results of stress testing are also presented and discussed in ALCO Further, Bank also review credit risk, Industry concentration and major industry portfolio analysis part in Risk Management Committee (RMC) on quarterly basis.

With regard to deteriorated credit assets, the credit department of the bank conducts monthly review meeting to take stock of status of legal actions, recovery efforts etc.

However the bank assumes the possibility of credit risk always being there due to the factors which may arise in the future being beyond the control of the counterparty. Such factors may primarily be the external factors specific to industry or economic shocks etc. and these are duly covered in the ICAAP document of the bank in order to have a prudent assessment of the capital adequacy.

B. QUANTITATIVE DISCLOSURES

	Particulars	(Rs. in Crore)	
A	Total gross credit risk exposures, Fund based and Non-fund based separately. • Fund Based (FB) • Non Fund Based (NFB)	2,571.29 553.86	
B	Geographic distribution of exposures, Fund based and Non-fund based separately ♦ Overseas 1. FB 2. NFB ♦ Domestic 1. FB (Credit Exposure) 2. NFB (Credit Exposure) (Excl SBLC)	Nil 2,571.29 553.86	
c	**Industry Name**	**Fund Based**	**Non Fund based**
	A. Mining and Quarrying	--	--
	A.1 Coal	--	--
	A.2 Others	--	--
	B. Food Processing	**71.70**	**1.10**
	B.1 Sugar	21.70	--

B.2 Edible Oils and Vanaspati	--	--
B.3 Tea	--	--
B.4 Coffee	--	--
B.5 Others	50.00	1.10
C. Beverages (excluding Tea & Coffee) and Tobacco	--	--
C.1 Tobacco and tobacco products	--	--
C.2 Others	--	--
D. Textiles	**55.00**	--
D.1 Cotton	--	--
D.2 Jute	--	--
D.3 Man-made	--	--
D.4 Others	55.00	--
Out of D (i.e., Total Textiles) to Spinning Mills	--	--
E. Leather and Leather products	--	--
F. Wood and Wood Products	--	--
G. Paper and Paper Products	--	--
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	--	--
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	**153.97**	**114.04**
I.1 Fertilizers	--	0.82
I.2 Drugs and Pharmaceuticals	78.97	--
I.3 Petro-chemicals (excluding under Infrastructure)	--	--
I.4 Others	75.00	113.22
J. Rubber, Plastic and their Products	**65.92**	**0.85**
K. Glass & Glassware	**71.57**	--
L. Cement and Cement Products	--	--
M. Basic Metal and Metal Products	**240.64**	**0.14**
M.1 Iron and Steel	75.79	0.09
M.2 Other Metal and Metal Products	164.85	0.05
N. All Engineering	**184.13**	**141.36**
N.1 Electronics	184.13	141.36
N.2 Others	--	--
O. Vehicles, Vehicle Parts and Transport Equipment's	**299.85**	--
P. Gems and Jewellery	--	--
Q. Construction	**82.82**	**1.30**
R. Infrastructure	--	--
R.a Transport (a.1 to a.6)	--	--
R.a.1 Roads and Bridges	--	--
R.a.2 Ports	--	--
R.a.3 Inland Waterways	--	--
R.a.4 Airport	--	--
R.a.5 Railway Track, tunnels, viaducts, bridges	--	--
R.a.6 Urban Public Transport (except rolling stock in case of urban road transport)	--	--
R.b. Energy (b.1 to b.6)	--	--
R.b.1 Electricity Generation	--	--
R.b.1.1 Central Govt PSUs	--	--
R.b.1.2 State Govt PSUs (incl. SEBs)	--	--

R.b.1.3 Private Sector	--	--
R.b.2 Electricity Transmission	--	--
R.b.2.1 Central Govt PSUs	--	--
R.b.2.2 State Govt PSUs (incl. SEBs)	--	--
R.b.2.3 Private Sector	--	--
R.b.3 Electricity Distribution	--	--
R.b.3.1 Central Govt PSUs	--	--
R.b.3.2 State Govt PSUs (incl. SEBs)	--	--
R.b.3.3 Private Sector	--	--
R.b.4 Oil Pipelines	--	--
R.b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility	--	--
R.b.6 Gas Pipelines	--	--
R.c. Water and Sanitation (c.1 to c.7)	--	--
R.c.1 Solid Waste Management	--	--
R.c.2 Water supply pipelines	--	--
R.c.3 Water treatment plants	--	--
R.c.4 Sewage collection, treatment and disposal system	--	--
R.c.5 Irrigation (dams, channels, embankments etc)	--	--
R.c.6 Storm Water Drainage System	--	--
R.c.7 Slurry Pipelines	--	--
R.d. Communication (d.1 to d.3)	--	--
R.d.1 Telecommunication (Fixed network)	--	--
R.d.2 Telecommunication towers	--	--
R.d.3 Telecommunication and Telecom Services	--	--
R.e. Social and Commercial Infrastructure (e.1 to e.9)	--	--
R.e.1 Education Institutions (capital stock)	--	--
R.e.2 Hospitals (capital stock)	--	--
R.e.3 Three-star or higher category classified hotels	--	--
R.e.4 Common infrastructure for industrial parks, SEZ, tourism	--	--
R.e.5 Fertilizer (Capital investment)	--	--
R.e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage	--	**--**
R.e.7 Terminal markets	--	--
R.e.8 Soil-testing laboratories	--	--
R.e.9 Cold Chain	--	--
R.f. Others, if any, please specify	--	--
S. Other Industries - Manufacturing	**33.00**	**0.02**
Other Industries – Service	**450.47**	**141.85**
Exposure to QCCP	**3.61**	**153.20**
Residuary Exposures	**858.61**	**--**
of which claims on RBI and Sovereign	**770.93**	**--**
of which claims on Banks (Domestic and Overseas)	**11.07**	**--**
Other (Fixed Assets, accrued interest etc.)	**76.61**	**--**
Total	**2,571.29**	**553.86**

Notes:-

- The above funded and non-funded exposure is on outstanding basis. The non-fund based exposure includes derivative exposure as per current exposure method.

	• Exposure under Other Industries - Services includes exposures to Corporate Borrowers, FX/derivative exposure to Banks • Non Fund Based Exposure to QCCP includes exposure on account of securities that are posted as collateral under various business segment • Residual Exposure on Reserve Bank of India/Sovereign includes exposure on account of R-Repo and SLR Investment in Govt. Securities etc. • Residual Exposure under "claims on banks" includes the current account balances in local and Nostro accounts, money market placements in or outside India etc.	
D	Residual contractual maturity breakdown of assets (Maturity bands as used for reporting in ALM returns of third Wednesday of the month)	**(Rs. in Crore)**
E	Amount of NPAs (Gross) 1. Substandard 2. **Doubtful** **i.** Doubtful 1 **ii.** Doubtful 2 **iii.** Doubtful 3 3. Loss	**(Rs. in Crore)** 1.48 Nil Nil Nil Nil Nil 1.48
F	Net NPAs	**(Rs. in Crore)** (0.00)
G	NPA Ratios ♦ Gross NPAs to gross advances ♦ Net NPAs to net advances	 0.09% 0.00%
H	Movement of NPAs (Gross) ♦ Opening balance ♦ Additions (Net) ♦ Reductions ♦ Closing balance	**(Rs. in Crore)** 1.48 -- -- 1.48
I	Movement of provisions for NPAs ♦ Opening balance ♦ Provisions made during the period ♦ Write-off ♦ Write-back of excess provisions Closing balance	**(Rs. in Crore)** 1.48 -- -- -- 1.48

Residual contractual maturity breakdown (Item D) **(Rs. in Crore)**

Bucket	**Advances**	**Investments**
1 Day	58.21	0.00
2-7D	45.92	9.86
8-14D	135.11	9.85
15-28D	221.34	19.66
29D-3M	818.82	99.08
3M-6M	180.21	136.88
6M-12M	50.02	101.29
1Y-3Y	152.63	111.14
3Y-5Y	45.33	69.75
Over 5Y	0.00	68.47
Total	**1,707.59**	**625.98**

*Advances reported are net of provisions

J	Amount of Non-Performing Investments	Nil
K	Amount of provision held for non-performing investments	Nil
L	Movement of provisions for depreciation on investments	**(Rs. in Crore)**
	♦ Opening balance	7.98
	♦ Provisions made during the period	3.69
	♦ Write-off	--
	♦ Write-back of excess provisions	--
	♦ Closing balance	**11.67**
M	Non-Performing Assets by major industry or counterparty type	

(Rs. in Crore)

Industry Type	Gross NPA	Specific Provision	`Write-Offs
Other Metal and Metal Products	1.48	1.48	--

TABLE DF – 4 - CREDIT RISK - DISCLOSURES FOR PORTFOLIOS SUBJECT TO STANDARDIZED APPROACH

Index	Parameter	Response
	Qualitative Disclosures	
A	For portfolios under the standardized approach: ♦ Names of credit rating agencies used, plus reasons for any changes; ♦ Types of exposure for which each agency is used; and ♦ A description of the process used to transfer public issue ratings onto comparable assets in the banking book;	The bank has its internal credit rating mechanism. However due consideration is given to the external credit ratings obtained by the counterparty from the credit rating agencies recognized by the Reserve Bank of India.
	Quantitative Disclosures	**(Rs. in Crore)**
B	For exposure amounts after risk mitigation subject to the standardized approach, amount of a bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted;	
	♦ Below 100 % risk weight	2401.92
	♦ 100 % risk weight	629.95
	♦ More than 100 % risk weight	93.28
	♦ Deducted	78.76
	♦ Total	**3,046.39**

Table DF-18: Leverage ratio common disclosure template		
	Item	**Leverage ratio framework (Rs. in million)**
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	25,545.27
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	76.17
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	25,469.11
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation	787.48

	margin)	
5	Add-on amounts for PFE associated with all derivatives transactions	1,163.48
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	--
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	--
8	(Exempted CCP leg of client-cleared trade exposures)	--
9	Adjusted effective notional amount of written credit derivatives	--
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	--
11	**Total derivative exposures (sum of lines 4 to 10)**	1,951.06
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	--
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	--
14	CCR exposure for SFT assets	--
15	Agent transaction exposures	--
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	--
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	19,360.93
18	(Adjustments for conversion to credit equivalent amounts)	15,929.71
19	**Off-balance sheet items (sum of lines 17 and 18)**	3,431.22
	Capital and total exposures	
20	Tier 1 capital	5,291.64
21	Total exposures (sum of lines 3, 11, 16 and 19)	30,851.39
	Leverage ratio	
22	Basel III leverage ratio	17.15%