Basel III-
Pillar III
Disclosures

December 31,2013

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL III REQUIREMENTS AS STIPULATED BY RBI

Table DF – 2: Capital Adequacy

Qualitative Disclosures:

(a) Bank maintains CRAR of more than 9% and Common Equity Tier 1 CRAR of more than 5.5%.

(b) Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes stress testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, interest rate, derivatives and forex on its profitability and capital adequacy.

(c) Bank has Board approved Internal Capital Adequacy Assessment Process (ICAAP) Policy to assess future capital requirements both under Pillar I and Pillar II. Bank projects capital for the next 3 financial year based on business projections and risk profile.

(d) Under Pillar II Bank considers the following as risks while assessing / planning capital:

- Liquidity Risk
- Credit Concentration Risk
- Deposit Concentration Risk
- Interest Rate Risk in Banking Book
- Pension Obligation Risk
- Under estimation of Credit risk under Standardized approach
- Strategic Risk
- Reputation Risk
- Settlement Risk

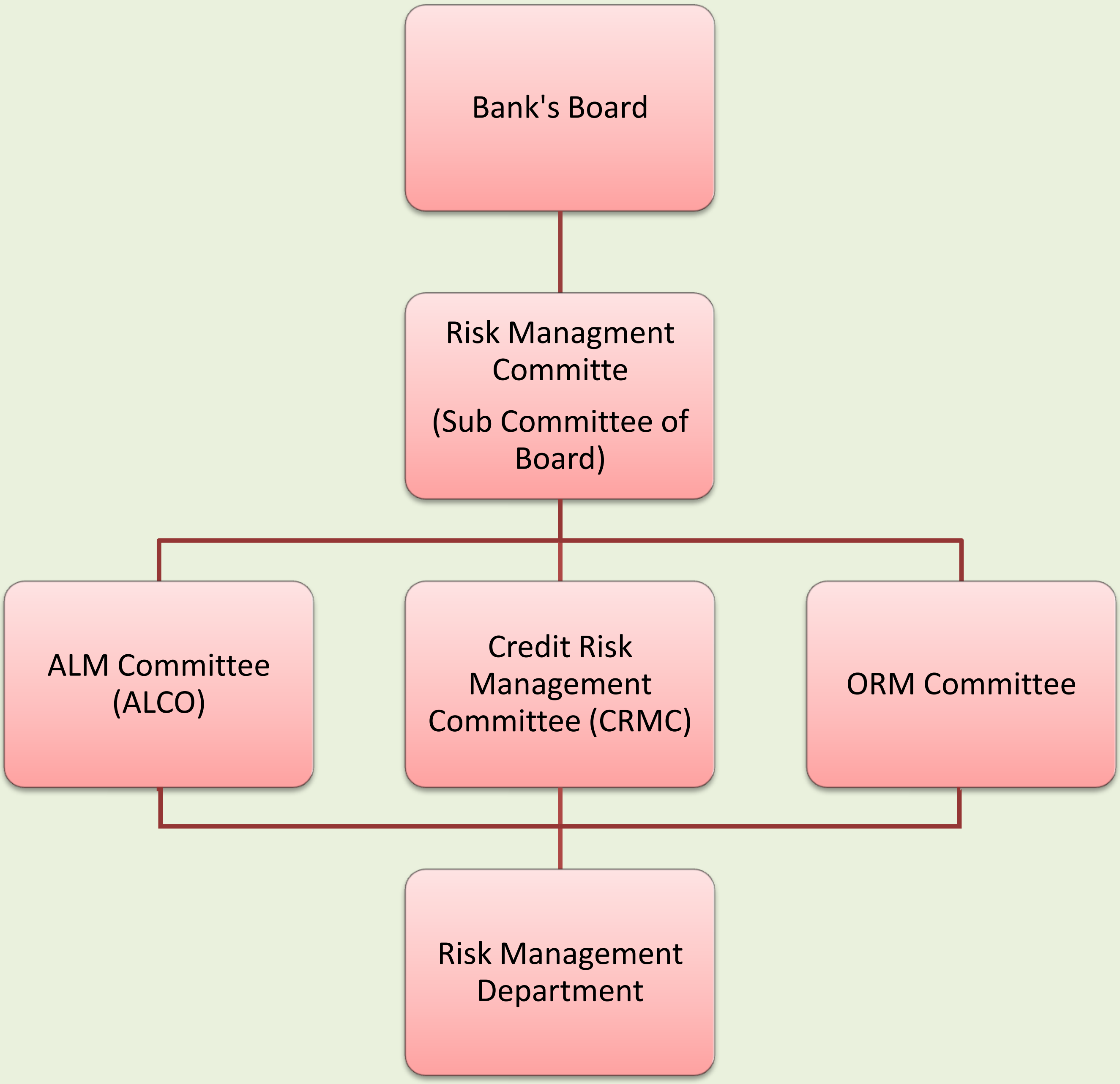
(e) The Bank has implemented a Board approved Stress Testing Framework which forms an integral part of the Bank's ICAAP. Stress Testing involves the use of various techniques to assess the Bank’s potential vulnerability to extreme but plausible stressed business conditions.

The Bank will assess the impact on the following risks, as part of Stress Test:

- Credit Risk
- Market Risk
- Credit Concentration Risk
- Liquidity Risk
- Interest Rate Risk in Banking Book (IRRBB)

Bank is conducting the Stress Test on quarterly basis and the result of the same is placed to Credit Risk Management Committee (CRMC)/Risk Management Committee (RMC) of the Board

Organisation Structure:



The Bank has complied with all the guidelines of the Reserve Bank of India on creation of Risk Management architecture. An independent Risk Management Department is functioning for effective Enterprise Wide Risk Management. All the risks the Bank is exposed to, are managed through the following three Apex level committees viz.,

§ Credit Risk Management Committee (CRMC)
§ Asset-Liability Management Committee (ALCO)
§ Operational Risk Management Committee (ORMC)

These committees work within the overall guidelines and policies approved by the Board and Risk Management Committee of the Board.

The Bank has in place various policies to manage the risks. The important risk policies comprise of Credit Risk Management Policy, Asset-Liability Management Policy, Operational Risk Management Policy, Business Continuity Planning Policy, Internal Capital Adequacy Assessment Process (ICAAP)Policy, Stress Testing Policy, Credit Risk Mitigation, Collateral Management Policy, Disclosure Policy and Integrated Risk Management Policy.

All the policies are reviewed on an annual basis by the Risk Management Committee RMC)/Board. In order to disseminate the risk management concepts and also to sensitise the field level functionaries, all the relevant policies are circulated to the business units, in addition to imparting training at the Bank's training colleges.

Credit Risk:

Risk Management Systems are in place to identify and analyse the risks at the early stage and manage them by setting and monitoring prudential limits, besides taking other corrective measures to face the changing risk environment.

Software driven rating mechanism is in place to assign the rating to ensure credit quality, besides an entry level scoring system.

Market Risk:

The liquidity risk is managed through studying structural liquidity on a daily basis in the Funds and Investments Committee. Liquidity position is reviewed by ALCO/Board on fortnightly basis (first & third Wednesday of every month). The interest rate risk is managed through monthly interest rate sensitivity statements and reviewed by ALCO/Board. The mid office, directly reporting to Risk Management Department, monitors treasury transactions independently. Prudential liquidity ratios are monitored periodically and reported to ALCO.

Operational Risk:

Operational risk is managed by using well established internal control systems in day to day management processes and by adopting various risk mitigating strategies. The risk perceptions in various products /procedures are critically analysed and corrective actions if required, are initiated.

The bank has put in place an Operational Risk software to take forward the risk measurement process through Risk Control and Self Assessment (RCSA), identification of Key Risk Indicators (KRI) and loss data analysis. Bank has built up internal loss data for the last 5 years.

Quantitative disclosures

(a)Capital requirements for credit risk: (₹ in Million)

Particulars	Solo (Global)	Consolidated
Portfolios subject to standardized approach	76479.05	76630.96
Securitization exposures	Nil	Nil

(b)Capital requirements for market risk:
Standardized duration approach (₹ in Million)

Particulars	Solo (Global)	Consolidated
Interest Rate Risk	4245.46	4245.46
Foreign Exchange Risk (including gold)	45.00	45.00
Equity Risk	925.15	925.15

(c)Capital requirements for operational risk: (₹ in Million)

Particulars	Solo (Global)	Consolidated
Basic Indicator Approach	7952.55	7970.98

(d)Common Equity Tier 1 (CET 1), Tier 1 and Total capital ratio: (₹ in Million)

Particulars	Solo (Global)	Consolidated
Common Equity Tier 1 (CET 1),	99578.00	100771.27
Tier 1 Capital Adequacy Ratio	10.35%	10.44%
Total Capital Adequacy Ratio	12.49%	12.58%

Table DF – 3

Credit Risk: General disclosures for all banks

Qualitative Disclosures:

(a)Bank has adopted the definitions of the past due and impaired (for accounting purposes) as defined by the regulator for Income Recognition and Asset Classification norms.

The Bank has put in place the Credit Risk Management Policy and the same has been circulated to all the branches. The main objective of the policy is to ensure that the operations are in line with the expectation of the management and the strategies of the top management are translated into meaningful directions to the operational level. The Policy stipulates prudential limits on large credit exposures, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, provisioning and regulatory / legal compliance.

The Bank identifies the risks to which it is exposed and applies suitable techniques to measure, monitor and control these risks.

While the Board / Risk Management Committee of the Board devises the policy and fixes various credit risk exposures, Credit Risk Management Committee implements these policies and strategies approved by the Board / RMC, monitors credit risks on a bank wide basis and ensures compliance of risk limits.

The Bank studies the concentration risk by (a) fixing exposure limits for single and group borrowers (b) rating grade limits (c) industry wise exposure limits and (d) analyzing the geographical distribution of credit across the Zones. All the Zones are categorized under four segments namely North, South, East and West.

Bank considers rating of a borrowal account as an important tool to measure the credit risk associated with any borrower and accordingly implemented software driven rating/scoring models across all Branches/ Zonal Offices.

Quantitative Disclosures

(b) Total gross credit risk exposures, Fund Based and Non-fund based separately.

(₹ in Million)

Particulars	As on 31.12.2013
Gross Credit Risk Exposures	
Fund Based	
Loans and Advances	1122406.78
Investments	358535.48
Other Assets	180269.76
Total Fund Based	**1661212.02**
Non Fund Based including contingent credit, contracts and derivatives	594339.63
Total Credit Risk Exposure	**2255551.65**

(c) Geographic distribution of exposures Fund based and Non-fund based separately

(₹ in Million)

Geographical Region	Fund Based	Non Fund Based including contingent credit, contracts and derivatives	Total
Overseas	102100.02	13720.89	115820.91
Domestic	1559112.00	580618.74	2139730.74
Total	**1661212.02**	**594339.63**	**2255551.65**

(d) Industry-wise distribution of exposures as on 31.12.2013

(₹ in Million)

S.No.	Name of the industry	Outstanding		Committed Exposure
		Fund Based	Non Fund Based	
1	Gems and Jewellery including Diamond	1957.33	0.00	3368.91
2	Infrastructure			
2.1	Power	138532.28	7913.93	161562.47
2.2	Ports / Roads	37946.35	1274.34	57933.54
2.3	Telecom	16020.20	1144.43	18023.66
2.4	Other infrastructure	12740.43	6009.91	31204.68
2.5	Educational Institution	27471.68	1327.58	35020.56
2.6	Hospital	4526.88	708.45	6591.39
2.7	Hotel	8718.36	330.55	10695.91
3	Petroleum and Petroleum Products	38507.55	22505.06	70005.90
4	Textiles	40089.40	3225.55	57782.36
5	Sugar	6035.31	760.02	9135.17
6	Iron & Steel	38890.59	6704.00	57238.56
7	All Engineering	19602.20	24479.75	59771.66
8	Pharmaceuticals & Chemicals	7905.77	1357.91	11566.28
9	Food Processing (including Cashew, Edible Oils & Vanaspati)	15305.69	2975.26	25884.41
10	Colliery , Mining & quarrying	2893.97	121.83	5148.16
11	Fertilizer	7119.36	1254.14	8853.69
12	Cement & Cement Products	13353.17	1698.53	20935.06
13	Leather & leather products	1265.77	496.50	2586.40
14	Electronics & Computers (Hardware & software)	7583.88	5856.49	14825.58
15	Tea / Coffee	845.05	00.00	1031.54
16	Construction contractors	14534.25	27676.66	55318.18
17	Rubber, Plastics and their products (including tyre)	7189.63	540.55	9239.78
18	Automobiles (Vehicles, Vehicle Parts & Transport Equipments)	8416.69	7967.59	19174.87
19	Beverages and Tobacco	2471.41	6.30	3725.85
20	Wood and Wood Products	1619.28	903.79	3565.46
21	Paper and Paper Products	5095.59	257.00	8307.32
22	Glass and Glassware	3040.38	300.53	4027.44
23	Other metal and metal products	7100.01	690.40	8872.76
24	Printing and Publishing	2333.39	587.47	3748.36
25	Aviation	5698.80	0.00	5698.80
26	Media and Entertainment	5093.91	4803.09	10480.62
27	Logistics	3280.60	3419.55	7932.42
28	Ship Building	922.84	2427.05	5266.31
29	Trade (Other than retail trade)	70742.12	5650.00	133996.32
30	NBFC	105413.58	666.49	121937.23

As on 31st December 2013, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure:

Sl.No	Industry Classification	Percentage of the total gross credit exposure
1	Power	10.33%
2	NBFC	7.80%

(e) Residual contractual maturity break-up of advances and investments

(₹ in Million)

Details	1 Day	2-7 Days	8-14 Days	15-28 Days	29Days-3 M	>3M - 6 M	>6 M - 1 Year	>1 Y – 3Years	>3 Y - 5Years	>5 Years	Total
Advances	10445.45	19288.52	45558.80	40929.76	113761.52	81839.70	143982.56	344077.81	134762.00	170497.77	1105143.90
Investments*	5067.30	10717.39	10255.86	12366.62	75016.52	58653.71	72524.78	143510.50	76019.69	55285.22	519417.59
*Includes Repo(LAF) securities of ₹ 12014.04 Million and excludes 50% of listed equities of ₹. 2317.50 Million											

(₹ in Million)

(f)	Amount of NPAs (Gross)	38347.88
	➢ Substandard	19631.40
	➢ Doubtful 1	12918.23
	➢ Doubtful 2	5574.28
	➢ Doubtful 3	115.04
	➢ Loss	108.93
(g)	Net NPAs	24836.04
(h)	NPA Ratios	
	➢ Gross NPAs to gross advances	3.42%
	➢ Net NPAs to net advances	2.25%
(i)	Movement of NPAs (Gross)	
	➢ Opening Balance 01.04.2013	35654.68
	➢ Additions	16642.48
	➢ Reductions	13949.28
	➢ Closing Balance 31.12.2013	38347.88
(j)	Movement of provisions for NPAs	
	➢ Opening Balance 01.04.2013	10881.50
	➢ Provisions made during the period	6320.70
	➢ Write Off	5047.10
	➢ Write-back of excess provisions	442.20
	➢ Closing balance 31.12.2013	12287.30
(k)	Amount of Non-Performing investments	89.27
(l)	Amount of Provisions held for non-performing investments	89.27
(m)	Movement of provisions for depreciation on investments	
	➢ Opening balance 01.04.2013	2329.04
	➢ Provisions made during the period	2343.20
	➢ Write-off	0.00
	➢ Write-back of excess provisions	2759.19
	➢ Closing balance 31.12.2013	1913.05

Table DF – 4

Credit Risk: disclosures for portfolios subject to the standardized approach

Qualitative Disclosures:

(a)The Bank uses ratings assigned by the six Rating Agencies approved by the Reserve Bank of India namely a) CRISIL, b) ICRA, c) CARE, d)FITCH, e)BRICKWORKS and f) SMERA for the eligible exposures such as Corporate, Public Sector Enterprises, Capital Market Exposures etc. according to the New Capital Adequacy Framework. Over and above the same, the Bank also relies on mapping of issue based external ratings as permitted in the regulatory guidelines. The rest of the claims on corporates are treated as 'unrated'.

Quantitative Disclosures:

(b)The total credit risk exposure bifurcated after the credit risk mitigation under Standardized Approach is as under:

(₹ in Million)

	Book Value	Risk Weighted value
Below 100% Risk weight	1450948.08	266449.16
100% Risk weight	516043.37	357623.40
Above 100% Risk weight	288560.20	225694.65
Total	**2255551.65**	**849767.21**