BASEL III – PILLAR 3 DISCLOSURES AS ON 30TH SEPTEMBER 2015

SCOPE OF APPLICATION AND CAPITAL ADEQUACY

I. Table DF- 1 SCOPE OF APPLICATION

The Basel III capital adequacy norms are applicable to The Federal Bank Limited as the top consolidated entity in the group.

Qualitative Disclosures

a) List of group entities considered for consolidation

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Fedbank Financial Services Ltd India	Yes	AS- 21	Yes	AS- 21	NA	NA
IDBI Federal Life Insurance Company Ltd India	Yes	AS -23	NO	NA	NA	IDBI Federal is an insurance entity and has been risk weighted for capital adequacy purpose

b) **List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation**

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)*
Nil					

Quantitative Disclosures

c) **List of group entities considered for consolidation** (Amount in ₹ Mn)

Name of the entity / country of incorporation *(as indicated in (i)a. above)*	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)*
Fed bank Financial Services Ltd India	Marketing of Bank's own products and lending against gold and property.	2010.68	4941.56

d) **The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:**

Name of the subsidiaries / 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	Capital deficiencies
Nil	-----------	----------	---------	----------

e) **The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:** (Amount in ₹ Mn)

Name of the insurance entities / 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 / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
IDBI Federal Life Insurance Company Ltd India	Insurance	6325.32	26%	CRAR will reduce by 0.25% under deduction method

*(As on 31.03.2015)

f) Restrictions or impediments on transfer of funds or regulatory capital within the banking group:

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

TABLE DF -2: CAPITAL ADEQUACY

1	**Qualitative disclosures**		
1.1	*A summary discussion of the Bank's approach to assess the adequacy of its capital to support current and future activities.* 1. Policy on Internal Capital Adequacy Assessment Process has been put in place and the assessment of capital commensurate to the risk profile is reviewed on a quarterly basis. 2. Capital requirement for current business levels and estimated future business levels are assessed on a periodic basis. 3. CRAR has been worked out based on Basel III guidelines and it is well above the Regulatory Minimum level of 9%.		
2	**Quantitative disclosures** (Solo Bank)	Amount in ₹ Mn.	
2.1	**Capital requirements for credit risk**	40632.99	
	Portfolios subject to Standardized approach	40632.99	
	Securitization exposures	0.00	
2.2	**Capital requirements for market risk** (Standardized duration approach)	2790.69	
	Interest rate risk	1594.59	
	Foreign exchange risk (including gold)	202.50	
	Equity risk	993.60	
2.3	**Capital requirements for operational risk**	4771.57	
	Basic Indicator Approach	4771.57	
	Total Capital Requirements	48195.25	
2.4	**Common Equity Tier I ,Tier I & Total Capital Ratios**	Standalone	Consolidated
	Common Equity Tier I capital Ratio	14.06%	14.28%
	Tier I capital ratio	14.06%	14.28%
	Total capital ratio	14.71%	14.96%

RISK EXPOSURE AND ASSESSMENT

1	**Credit risk**
	Strategies and processes: The Bank is exposed to credit risk in its lending operations. The Bank's strategies to manage the credit risks are given below: a) Defined segment exposures delineated into retail, micro, small and medium enterprises, agriculture and Corporate b) Industry wise segment caps on aggregate lending by Bank across Branches c) Individual borrower wise caps on lending as well as borrower group wise lending caps linked as a percentage to the Bank's capital funds as at the end of the previous year d) Credit rating of borrowers and allowing credit exposures only to defined thresholds of risk levels; the approach also includes diversification of credit rating wise borrowers but within acceptable risk parameters

	e) At present, the Bank's entire business is within India and hence there is no geographic cap on lending in India; there is also no cap on lending within a State in India. However, in respect of cross border trade which would involve exposures to banks and financial institutions located outside India, there is a geographic cap on exposures apart from cap on individual bank/institution f) A well-defined approach to sourcing and preliminary due diligence while sourcing fresh credit limits g) A clear and well defined delegation of authority within the Bank in regard to decision making, linking risk and exposure to level of approval. h) Regular review of all credit structures and caps with due approval of Bank's Board and continuous strengthening of credit processes. i) Credit hub system put in place to enhance quality of credit appraisal and underwriting process. j) Bank has put in place appropriate mechanism for ongoing identification, development and assessment of expertise of officials in the area of credit appraisal, underwriting and credit management functions. k) Dedicated Credit Monitoring Department and credit monitoring cells at various levels to monitor/follow up of performance of loans and advances. l) All credit proposals of ₹5.00 Crores and above are scrutinized and risk assessment is conducted by Integrated Risk Management Department, independent of the business functions.
	Structure and organization of risk management function: Bank has put in place Board approved comprehensive Credit Risk Management Policy. The policy aims to provide basic framework for implementation of sound credit risk management system in the Bank. It spells out various areas of credit risk, goals to be achieved, current practices and future strategies. Bank has also operationalized required organizational structure and framework as prescribed in the policy for efficient credit risk management through proactive identification, precise measurement, fruitful monitoring and effective control of credit risk arising from its credit and investment operations. Risk Management Committee of the Board oversees Bank wide risk management and senior executive level Credit Risk Management Committee monitors adherence to policy prescriptions and regulatory directions. CRMC of the Bank meets at least once in a month to take stock of Bank's credit risk profile based on the reports placed by Credit Risk Management Division of Integrated Risk Management Department. Bank has put in place a detailed Loan Policy spelling out various aspects of credit dispensation and credit administration. Loan policy stipulates measures for avoiding concentration risk by setting prudential limits and caps on sector wise, rating grade wise, and customer-constitution wise exposure. CRM policy gives specific instructions on valuation of collaterals. Bank has also put in place guidelines on fixing and monitoring of exposure ceilings to contain risk in credit and investment exposures.
	Scope and nature of risk reporting / measurement systems: Bank has developed comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a

	consistent manner. Risk rating system is drawn up in a structured manner, incorporating different factors such as borrower specific characteristics, industry specific characteristics etc. Risk rating is made applicable for loan accounts, whether funded or non-funded, with total limits above ₹2.00 lakhs. Bank uses different rating models for different types of exposures. Rating model used for infrastructure exposures and corporate exposures are comprehensive in structure whereas model used for small exposures in the range of ₹2.00 lakhs to ₹50.00 lakhs is relatively simple in structure. Retail advances are rated using different scoring models. Separate scoring models are used for rating Home loans, Auto loans, education loans and loan against property. Bank also uses a separate rating model for rating its investment exposures. Bank is undertaking annual validation of its rating model for exposures of ₹5.00 Crores and above and is also conducting migration and default rate analysis for all loans of ₹50.00 lakhs and above. Rating process and rating output are used by the Bank in sanction and pricing of its exposures. Bank also conducts annual credit rating of its exposures and the findings are used in annual migration study and portfolio evaluation. Credit facilities are sanctioned at various levels in accordance with the delegation approved by the Board. Bank has generally adopted a committee approach for credit sanction. Wherever individuals exercise their powers for credit sanction, the same is subjected to confirmation by a higher authority. Credit rating assigned by an official is also subjected to confirmation by a different official. Credit audit is being conducted at specified intervals. Bank has made reasonably good progress in implementing all available instruments of credit risk mitigation.
	Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants: Bank's Credit Risk Management Policy stipulates various tools for mitigation of credit risk and collateral management. Investment Policy of the Bank covers risk related to investment activities of the Bank and it prescribes prudential limits, methods of risk measurement, and hedges required in mitigation of risk arising in investment portfolio. Risk Management Committee of the Board and executive level Credit Risk Management Committee monitor, discuss, evaluate and review risk mitigation levels and effectiveness of mitigation measures. Risk rating process by itself is an integral part of processes of selection of clients and sanction of credit facilities. Exercise of delegation for sanction of fresh loans or renewal/review of existing exposure by field level functionaries is permitted only for borrowers above a pre-specified rating grade. Entry-level restrictions are further tightened in certain sectors when market signals need for extra caution. Rating of an exposure awarded by an official is confirmed by another official to ensure its integrity.
2	**Market risk**
	Strategies and processes: Independent Mid office, which forms a part of Market Risk Division of IRMD, is operational in the floor of Bank's Treasury for onsite monitoring of Treasury functions.

	Market risk is monitored through various risk limits set vide Board approved Market Risk Management Policy. Detailed policies like Asset Liability Management Policy, Investment Policy, Derivatives Policy, Forex policy, Market Risk Management Policy etc. are put in place for the conduct of business exposed to market risk and also for effective management of all market risk exposures. The policies and practices also take care of monitoring and controlling of liquidity risk arising out of its banking and trading book operations.
	Structure and organization of risk management function: Risk Management Committee of the Board oversees bank-wide risk management. Asset Liability Management Committee (ALCO), also known as Market Risk Management Committee, is primarily responsible for establishing market risk management and asset liability management in the Bank. ALCO is responsible for implementing risk management guidelines issued by the regulator, leading risk management practices followed globally and monitoring adherence to the internal parameters, procedures, practices/policies and risk management prudential limits. Independent Mid Office conducts market risk management functions like onsite monitoring of adherence to set limits, independent valuation and reporting of activities. This separate desk monitors market/operational risks in Bank's Treasury/ Forex operations on a daily basis and reports directly to the Head of IRMD and Chief Risk Officer.
	Scope and nature of risk reporting / measurement systems: Bank has put in place regulatory/ internal limits for various products and business activities relating to trading book. Bank also subjects NSLR investment exposures to credit rating. Limits for exposures to counterparties, industries and countries are monitored and risks are controlled through Stop Loss Limits, Overnight Limit, Daylight Limit, Aggregate Gap Limit, Individual Gap Limit, Inter-Bank dealing and investment limits etc. Parameters like Modified Duration, VaR etc are also used for risk management and reporting.
	Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants are discussed in ALCO and based on the views taken by/ mandates given by ALCO, hedge deals/ mitigation steps are undertaken. Liquidity risk of the Bank is assessed through Statements of Structural Liquidity and Short Term Dynamic Liquidity. The liquidity profile of the Bank is measured on a static and dynamic basis using the Statements of Structural Liquidity and Short Term Dynamic Liquidity, respectively. Structural liquidity position is assessed on a daily basis and dynamic liquidity position is assessed on a fortnightly basis. Additional prudential limits on liquidity risk fixed as per ALM policy of the Bank are also monitored by ALCO on a quarterly basis. Interest rate risk is analyzed from earnings

	perspective using Traditional Gap Analysis and economic value perspective using Duration Gap Analysis on a monthly basis. Based on the analysis, steps are taken to minimize the impact of interest rate changes. Bank is computing LCR (Liquidity Coverage Ratio) on a monthly basis. Advance techniques such as Stress testing, sensitivity analysis etc. are conducted periodically to assess the impact of various contingencies.
3	**Operational risk**
	Strategies and processes: Operational risk is primarily managed by prescribing adequate controls and mitigation measures, which are being reviewed and updated on a regular basis, to suit the changes in business practices, structure and risk profile. Bank has put in place a comprehensive bank-wide Business Continuity Plan to ensure continuity of critical operations of the Bank covering all identified disasters. All new schemes/products of the Bank are risk vetted from the point of view of operational risk, before implementation.
	Structure and organization of risk management function Risk Management Committee of the Board oversees bank-wide risk management. Bank has put in place detailed framework for Operational Risk Management with a well-defined ORM Policy. Operational Risk Management Committee (ORMC) at the executive level oversees bank wide implementation of Board approved policies and processes in this regard. Apex level Business Continuity Plan Committee monitors the business continuity preparedness of the Bank on an ongoing basis.
	Scope and nature of risk reporting / measurement systems: Bank is collecting operational risk loss data directly from the loss originating points, with effect from 01.01.2009. Bank also introduced separate accounting of operational risk events to enhance transparency and to enable effective monitoring of loss events. Well-designed system for reporting identified loss events and data in the most granular form is put in place. Operational Risk Division is the central repository for operational loss data of the Bank. Consolidation and analysis of loss data is placed before the Operational Risk Management Committee on a quarterly basis. Bank is conducting Risk and Control Self Assessment process on a periodic basis. Bank is also monitoring its key operational risk indicators on a periodic basis.
	Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants: Bank is using insurance for mitigating operational risk. Bank is subscribing to the General Banker's Indemnity Policy as mitigation against loss of securities due to various external events. Bank also mitigates loss in other physical assets through property insurance.

4	**Interest rate risk in Banking Book**
	Strategies and processes: Interest Rate Risk is assessed in two perspectives – Earnings perspective using Traditional Gap Analysis to assess the impact of adverse movement in interest rate on the Net Interest Income (Earnings at Risk) and economic value perspective using Duration Gap Analysis to assess the impact of adverse movement in interest rate on the market value of Bank's equity.
	Structure and organization of risk management function: Risk Management Committee at the Board level and ALCO at the executive level are responsible for effective management of Interest Rate Risk in Bank's business. Board approved ALM Policy governs the interest rate risk management framework of the Bank. Market Risk Management Policy takes care of the management of interest rate risk in the Trading Book of the Bank.
	Scope and nature of risk reporting / measurement systems: Interest rate risk in Banking Book is assessed and Modified Duration of Equity is evaluated on a monthly basis. The likely drop in Market Value of Equity for 200 bps change in interest rates is computed and benchmarked under the Internal Capital Adequacy Assessment Process for computation of Pillar II capital charge for Interest Rate Risk. Earnings at Risk based on Traditional Gap Analysis is calculated on a monthly basis. The results of Duration Gap Analysis as well as that of Traditional Gap Analysis including the adherence to tolerance limit set in this regard is monitored and is placed before ALCO / RMC for approval. Stress tests are conducted to assess the impact of interest rate risk under different stress scenarios on earnings of the Bank.
	Policies for hedging / mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants: Bank has put in place mitigating/hedging measures prescribed by Investment Policy, ALM Policy, Market Risk Management Policy and Derivatives Policy. Risk profiles are analyzed and mitigating strategies/ hedging process are suggested and operationalized by Treasury Department with the approval of Senior level Committees.

Structure and organization of Bank's risk management function
Bank has put in place appropriate organizational framework for bank-wide management of risk on integrated basis. The structure ensures coordinated process for measuring and managing all types of risk on an enterprise-wide basis to achieve organizational goals. The structure assures adherence to regulatory stipulations. The structure is designed in tune with the guidelines of Regulator. Bank's Board at the top of the structure has assumed overall responsibility for bank-wide management of risk. The Board decides risk management policies of the Bank and sets risk exposure limits by assessing Bank's risk appetite and risk bearing capacity. Risk Management Committee of the Board assumes responsibility of devising policy and strategy for enterprise-wide risk management. The Committee also sets guidelines for measurement of risks, risk mitigation and control parameters and approves adequate infrastructure for risk management. The Committee meets regularly and reviews reports placed on various risk areas. There are three support committees of senior executives (CRMC, ALCO also known as MRMC, ORMC) responsible for implementation of policies and monitoring of level of risks in their respective domains. The Committees are headed by Managing Director & CEO. Senior executives from respective functional areas and risk management are members of the Committee. The Committees meet regularly to take stock of various facets of risk management function and place their reports to Board level Risk Management Committee. CRMC and ALCO meet at least once in a month and ORMC meets at least once in a quarter. Depending on requirement, ALCO meets very often. Further, an apex level Business Continuity Plan Committee is constituted with the Managing Director & CEO as its head, to ensure continuity of critical operations of the Bank in the event of occurrence of disasters. Integrated Risk Management Department is responsible for overall identification, measurement, monitoring and control of various types of risks faced by the Bank in its operations and compliance of risk management guidelines and policies issued by Regulator/Board. IRMD has three separate divisions; Credit Risk Division, Market Risk Division and Operational Risk Division. Division Heads report to the Head of IRMD who in turn reports the Chief Risk Officer. The Chief Risk Officer reports directly to the Managing Director & CEO.

TABLE DF – 3: CREDIT RISK: GENERAL DISCLOSURES

1.	Qualitative disclosures
	Definitions of past due and impaired (for accounting purposes). 1. Non-Performing Assets 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 a. Interest and/or installment of principal remain overdue for a period of more than 90

	days in respect of a term loan b. The account remains 'out of order' as indicated in paragraph 2 below, in respect of an Overdraft /Cash Credit (OD/CC) c. The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted d. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops e. The installment of principal or interest thereon remains overdue for one crop season for long duration crops. An account is classified as NPA if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter. 2. <u>'Out of Order' status</u> An account is 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 are treated as out of order. 3. <u>'Overdue'</u> 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. 4. <u>Special Mention Accounts</u> As prescribed by the regulator, the Bank is required to identify incipient stress in the account by creating a Sub Asset category named as 'Special Mention Accounts' (SMA). It is considered as a corrective action plan to arrest slippages of standard assets to NPA. Accordingly, Bank is identifying three sub categories under SMA as below. • SMA-0- Principal or interest payment not overdue for more than 30 days, but account showing signs of incipient stress due to various non financial reasons. • SMA-1- Principal or interest overdue between 31-60 days. • SMA-2- Principal or interest overdue between 61-90 days.
	Credit Risk a. Inability or unwillingness of the counterparty to pay interest, repay principal or otherwise to fulfill their contractual obligations under loan agreements or other credit facilities b. Downgrading of counterparties whose credit instruments the Bank may be holding, causing the value of those assets to fall. c. Settlement Risk (possibility that the Bank may pay counterparty and fail to receive the corresponding settlement in return).

	Discussion of the Bank's Credit Risk Management Policy Bank has put in place a detailed Credit Risk Management Policy. Goal of this policy is to create a transparent framework for identification, assessment and effective management of credit risk in all operations of the Bank and to secure organizational strength and stability in the long run. The policy aims at contributing to the Bank's profitability by efficient and profitable utilization of a prudent proportion of the Bank's resources and maintaining a reasonably balanced portfolio of acceptable risk quality through diversification of credit risks. The policy also envisages optimizing returns with satisfactory spread over funding cost and overheads. The policy also deals with structure, framework and processes for effective management of inherent credit risk.

Quantitative disclosures Amount in ₹ Mn

	Fund based exposure*	Non-fund based exposure**	Total
Total gross credit risk exposures (after accounting offsets in accordance with the applicable accounting regime and without taking into account the effects of credit risk mitigation techniques)	621300.25	39107.37	660407.62
Geographic distribution of exposures (same basis as adopted for segment reporting adopted for compliance with AS 17)			
Overseas	0.00	0.00	0.00
Domestic	621300.25	39107.37	660407.62

**Fund based exposures include all type of funded facilities including the unavailed limits and inter-bank exposures. However, exposures to Food Credit, RIDF related exposures, deposits to SIDBI, NABARD and NHB for priority sector lending purposes are excluded.*

***Non fund based exposures include guarantees, Letters of Credit and Co-Acceptances of bills/deferred payment guarantees.*

INDUSTRY TYPE DISTRIBUTION OF EXPOSURES

(With industry break up on same lines as prescribed for DSB returns) (Amount in ₹ Mn)

Industry Name	Total Credit Exposure Funded	Total Credit Exposure Non-Funded	Total Credit Exposure (Funded and Non-Funded)	% to Gross Credit Exposure
A. Mining and Quarrying	2,110.66	115.14	2,225.80	0.34%
A.1 Coal	29.90	0.00	29.90	0.00%
A.2 Others	2,080.76	115.14	2,195.90	0.33%
B. Food Processing	2,073.03	47.69	2,120.72	0.32%
B.1 Sugar	1,763.51	5.53	1,769.04	0.27%
B.2 Edible Oils and Vanaspati	0.02	6.85	6.87	0.00%
B.3 Tea	0.00	4.02	4.02	0.00%
B.4 Coffee	262.35	0.00	262.35	0.04%
B.5 Others	47.15	31.29	78.44	0.01%
C. Beverages (excluding Tea & Coffee) and Tobacco	413.34	0.50	413.84	0.06%
C.1 Tobacco and tobacco products	290.08	0.00	290.08	0.04%
C.2 Others	123.26	0.50	123.76	0.02%
D. Textiles	13,713.58	34.13	13,747.71	2.08%
D.1 Cotton	4,426.16	13.86	4,440.02	0.67%
D.2 Jute	867.25	2.98	870.23	0.13%
D.3 Man-made	0.00	0.00	0.00	0.00%
D.4 Others	8,420.17	17.29	8,437.46	1.28%
Out of D (i.e., Total Textiles) to Spinning Mills	288.55	0.35	288.90	0.04%
E. Leather and Leather products	1,662.51	11.41	1,673.92	0.25%
F. Wood and Wood Products	2,756.00	7.32	2,763.32	0.42%
G. Paper and Paper Products	4,285.09	76.29	4,361.38	0.66%
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	3,923.43	8.27	3,931.70	0.60%
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	12,272.63	25.38	12,298.01	1.86%
I.1 Fertilizers	2,128.29	1.00	2,129.29	0.32%
I.2 Drugs and Pharmaceuticals	2,963.53	3.07	2,966.60	0.45%
I.3 Petro-chemicals (excluding under Infrastructure)	3,738.15	7.07	3,745.22	0.57%
I.4 Others	3,442.66	14.24	3,456.90	0.52%
J. Rubber, Plastic and their Products	6,350.84	16.28	6,367.12	0.96%
K. Glass & Glassware	198.88	18.75	217.63	0.03%
L. Cement and Cement Products	2,573.47	13.27	2,586.74	0.39%
M. Basic Metal and Metal Products	22,890.00	654.91	23,544.91	3.57%
M.1 Iron and Steel	17,458.50	311.31	17,769.81	2.69%
M.2 Other Metal and Metal Products	5,431.50	343.60	5,775.10	0.87%
N. All Engineering	7,916.33	4,691.39	12,607.72	1.91%
N.1 Electronics	122.37	0.11	122.48	0.02%

N.2 Others	7,793.96	4,691.28	12,485.24	1.89%
O. Vehicles, Vehicle Parts and Transport Equipments	2,084.63	17.12	2,101.75	0.32%
P. Gems and Jewellery	662.33	0.00	662.33	0.10%
Q. Construction	1,407.34	23.32	1,430.66	0.22%
R. Infrastructure	55,761.37	3,498.95	59,260.32	8.97%
R.a Transport (a.1 to a.6)	19,821.67	1,397.61	21,219.28	3.21%
R.a.1 Roads and Bridges	13,128.76	1,047.61	14,176.37	2.15%
R.a.2 Ports	0.00	0.00	0.00	0.00%
R.a.3 Inland Waterways	0.00	0.00	0.00	0.00%
R.a.4 Airport	6,692.91	350.00	7,042.91	1.07%
R.a.5 Railway Track, tunnels, viaducts, bridges	0.00	0.00	0.00	0.00%
R.a.6 Urban Public Transport (except rolling stock in case of urban road transport)	0.00	0.00	0.00	0.00%
R.b. Energy (b.1 to b.6)	24,945.71	1,650.00	26,595.71	4.03%
R.b.1 Electricity Generation	7,175.44	1,260.00	8,435.44	1.28%
R.b.1.1 Central Govt PSUs	0.00	0.00	0.00	0.00%
R.b.1.2 State Govt PSUs (incl. SEBs)	299.86	0.00	299.86	0.05%
R.b.1.3 Private Sector	6,875.58	1,260.00	8,135.58	1.23%
R.b.2 Electricity Transmission	305.97	0.00	305.97	0.05%
R.b.2.1 Central Govt PSUs	0.00	0.00	0.00	0.00%
R.b.2.2 State Govt PSUs (incl. SEBs)	305.97	0.00	305.97	0.05%
R.b.2.3 Private Sector	0.00	0.00	0.00	0.00%
R.b.3 Electricity Distribution	17,464.30	390.00	17,854.30	2.70%
R.b.3.1 Central Govt PSUs	0.00	0.00	0.00	0.00%
R.b.3.2 State Govt PSUs (incl. SEBs)	14,863.02	0.00	14,863.02	2.25%
R.b.3.3 Private Sector	2,601.28	390.00	2,991.28	0.45%
R.b.4 Oil Pipelines	0.00	0.00	0.00	0.00%
R.b.5 Oil/Gas/Liquefied Natural Gas (LNG) storage facility	0.00	0.00	0.00	0.00%
R.b.6 Gas Pipelines	0.00	0.00	0.00	0.00%
R.c. Water and Sanitation (c.1 to c.7)	508.21	8.70	516.91	0.08%
R.c.1 Solid Waste Management	0.00	0.00	0.00	0.00%
R.c.2 Water supply pipelines	508.21	8.70	516.91	0.08%
R.c.3 Water treatment plants	0.00	0.00	0.00	0.00%
R.c.4 Sewage collection, treatment and disposal system	0.00	0.00	0.00	0.00%
R.c.5 Irrigation (dams, channels, embankments etc)	0.00	0.00	0.00	0.00%
R.c.6 Storm Water Drainage System	0.00	0.00	0.00	0.00%
R.c.7 Slurry Pipelines	0.00	0.00	0.00	0.00%
R.d. Communication (d.1 to d.3)	62.02	4.23	66.25	0.01%
R.d.1 Telecommunication (Fixed network)	62.02	4.23	66.25	0.01%
R.d.2 Telecommunication towers	0.00	0.00	0.00	0.00%

R.d.3 Telecommunication and Telecom Services	0.00	0.00	0.00	0.00%
R.e. Social and Commercial Infrastructure (e.1 to e.9)	5,999.58	65.20	6,064.78	0.92%
R.e.1 Education Institutions (capital stock)	4,367.06	0.00	4,367.06	0.66%
R.e.2 Hospitals (capital stock)	1,427.15	64.70	1,491.85	0.23%
R.e.3 Three-star or higher category classified hotels located outside cities with population of more than 1 million	0.00	0.00	0.00	0.00%
R.e.4 Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets	0.00	0.00	0.00	0.00%
R.e.5 Fertilizer (Capital investment)	0.00	0.00	0.00	0.00%
R.e.6 Post harvest storage infrastructure for agriculture and horticultural produce including cold storage	205.37	0.50	205.87	0.03%
R.e.7 Terminal markets	0.00	0.00	0.00	0.00%
R.e.8 Soil-testing laboratories	0.00	0.00	0.00	0.00%
R.e.9 Cold Chain	0.00	0.00	0.00	0.00%
R.f. Others, if any, please specify	4,424.18	373.21	4,797.39	0.73%
Infrastructure Finance	0.00	0.00	0.00	0.00%
Other Infrastructure	4,424.18	373.21	4,797.39	0.73%
S. Other Industries, pl. specify	4,514.68	5,810.81	10,325.49	1.56%
Other Industries	4,514.68	5,810.81	10,325.49	1.56%
All Industries (A to S)	147,570.14	15,070.93	162,641.07	

* Total exposure to Infrastructure exceeds 5% of gross credit exposure

RESIDUAL CONTRACTUAL MATURITY BREAKDOWN OF ASSETS (maturity bands as used in ALM returns are used)

(Amount in ₹ Mn)

	Cash	Balances with RBI	Balances with other banks	Investments	Advances	Fixed assets	Other assets	Total
Day 1	7975.50	101.07	17318.70	56870.80	4902.04	0.00	1038.28	88206.39
2 – 7 days	0.00	212.89	6323.30	759.20	12948.35	0.00	1730.75	21974.49
8-14 days	0.00	452.81	348.50	2953.40	14677.56	0.00	3352.70	21784.97
15-28 days	0.00	419.19	688.00	2806.80	5711.92	0.00	464.38	10090.29
29 days & up to 3 months	0.00	1817.80	2061.60	19034.60	23319.36	0.00	3567.78	49801.14
Over 3 months & up to 6 months	0.00	2644.37	660.90	7146.30	48311.88	0.00	3819.88	62583.33
Over 6 months & up to 1 year	0.00	4814.43	0.00	6718.07	60741.69	0.00	11333.37	83607.56
Over 1 year & up to 3 years	0.00	11825.22	0.00	11949.40	233178.83	0.00	5653.98	262607.43
Over 3 years & up to 5 years	0.00	584.26	0.00	28178.10	50774.75	0.00	9825.15	89362.26
Over 5 years	0.00	6062.47	0.00	95576.80	54100.37	5028.15	11863.43	172631.22
Total	7975.50	28934.51	27401.00	231993.47	508666.75	5028.15	52649.70	**862649.08**

ASSET QUALITY

Advances (Amount in ₹ Mn.)

Amount of Non-Performing Assets (Gross)	14987.29
Substandard	8143.88
Doubtful 1	2973.83
Doubtful 2	2391.22
Doubtful 3	251.93
Loss	1226.43
Net NPA	6748.20
NPA ratios	
Gross NPAs to gross advances (%)	2.90%
Net NPAs to net advances (%)	1.33%
Movement of NPAs (Gross)	
Opening balance (balance as at the end of previous Fiscal)	10577.32
Additions during the period	6969.14
Reductions	2559.17
Closing balance	14987.29

Movement of provisions (Amount in ₹ Mn.)

	Specific Provision	General Provision
Opening balance (balance as at the end of previous Fiscal)	5281.99	1381.80
Provisions made during the period	3027.55	0.00
Write off	782.05	0.00
Write back of excess provisions	817.05	0.00
Any other adjustments, including transfers between provisions	0.00	0.00
Closing balance	6710.44	1381.80

Details of write offs and recoveries that have been booked directly to the income statement (Amount in ₹ Mn)

Write offs that have been booked directly to the income statement	782.05
Recoveries that have been booked directly to the income statement	366.53

Investments (Amount in ₹ Mn)

Amount of Non Performing Investments (Gross)	472.00
Amount of provisions held for Non Performing Investments	274.90
Movement of provisions for depreciation on investments	
Opening balance (balance as at the end of previous Fiscal)	124.82
Provisions made during the period	146.20
Write-off	0.00
Write-back of excess provisions	39.33
Closing balance	231.69

Major Industry breakup of NPA (Amount in ₹ Mn)

Industry	Gross NPA	Specific Provision
NPA in Top 5 industries	1758.17	813.57

Geography wise Distribution of NPA and Provision (Amount in ₹ Mn)

Geography	Gross NPA	Specific Provision	General Provision
Domestic	14987.29	6710.44	1381.80
Overseas	0.00	0.00	0.00
Total	14987.29	6710.44	1381.80

TABLE DF – 4: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDIZED APPROACH

1.	**Qualitative disclosures**
	For portfolios under the Standardized Approach;
	Names of credit rating agencies used, plus reasons for any changes. Bank has approved all the six External Credit Rating Agencies accredited by RBI for the purpose of credit risk rating of domestic borrower accounts that forms the basis for determining risk weights under Standardized Approach. External Credit Rating Agencies approved are: 1. CRISIL 2. CARE 3. India Ratings and Research Private Limited (Formerly FITCH INDIA) 4. ICRA 5. Brickwork Ratings India Pvt. Ltd (BRICKWORK) 6. SMERA Ratings Ltd Wherever short term rating is not available, long term rating grade is used to determine risk weight of the short term claims also. However, even if short term rating is available, it is not used to determine risk weight of long term claims. With respect to external credit rating, Bank is using long term ratings for risk weighting all long term claims and unrated short term claims on the same counterparty. However, short term rating of a counterparty is used only to assign risk weight to all short term claims of the obligor and not to risk weight unrated long term claims on the same counterparty For an unrated claim with respect to external credit rating, the Bank is using long term ratings for risk weighting both unrated long term claims as well as unrated short term claims on the same counterparty. However, short term rating of counterparty is only used to assign risk weight to unrated short term claims and not unrated long term claims of the same counterparty. Wherever external credit rating of guarantor is relevant, the same is used as the entity rating of the guarantor and not the rating of any particular issue of the

	guarantor. Whereas the entity ratings are used to risk weight specific unrated credit exposures of counterparty, rating of any credit exposure of the counterparty is not used to arrive at risk weight of that counterparty as guarantor.
	Types of exposure for which each agency is used. 1. Rating by the agencies is used for both fund based and non-fund based exposures. 2. Short Term Rating given by the agencies is used for exposure with contractual maturity of less than or equal to one year (except Cash Credit, Overdrafts and other Revolving Credits). 3. Long Term Rating given by the agencies is used for exposures with contractual maturity of above one year and also for Cash Credit, Overdrafts and other Revolving Credits. 4. Rating assigned to one particular entity within a corporate group is not used to risk weight other entities within the same group.
	Description of the process used to transfer public issue ratings onto comparable assets in the Banking Book The ratings available in public domain are mapped according to mapping process as envisaged in RBI guidelines on the subject. Issue Specific Ratings (Bank's own exposures or other issuance of debt by the same borrower constituent/counterparty) or Issuer Ratings (borrower constituent/ counterparty) are applied to unrated exposures of the same borrower constituent/ counterparty subject to the following: 1. Issue specific ratings are used where the unrated claim of the Bank ranks paripassu or senior to the rated issue / debt. 2. Wherever issuer rating or issue specific ratings are used to risk weight unrated claims, such ratings are extended to entire amount of claim on the same counterparty. 3. Ratings used for risk weighting purposes are confirmed from the websites of the rating agencies concerned.

2.	**Quantitative disclosures**		
	Risk weight wise details of exposures (rated and unrated) after risk mitigation subject to the Standardized Approach (Credit equivalent amount of all exposures subjected to Standardized Approach, after risk mitigation)	Risk Weight	Amount in ₹ Mn
		Below 100 %	497524.16
		100 %	199864.66
		More than 100 %	60694.43
		Deducted	0.00
		Total	758083.25

TABLE DF – 5: CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDIZED APPROACHES

1.	**Qualitative disclosures**
	Disclosures on credit risk mitigation methodology adopted by the Bank that are recognized under the Standardized Approach for reducing capital requirements for credit risk
1.1	Policies and processes for, and an indication of the extent to which the bank makes use of, on- and off-balance sheet netting
	Bank has no practice of on-balance sheet netting for credit risk mitigation. Eligible collaterals taken for the exposures are separately earmarked and the exposures are expressed without netting.
1.2	Policies and processes for collateral valuation and management
	Bank has put in place Board approved policy on Credit Risk Management in which Collateral Management and credit risk mitigation techniques used by the Bank for both risk management and capital computation purposes are separately included. The CRM policy of the Bank covers various aspects of valuation of collaterals.
1.3	Description of the main types of collateral taken by the Bank
	Collaterals used by Bank as risk mitigants for capital computation under Standardized Approach comprise eligible financial collaterals namely: 1. Cash margin and fixed deposits of the counterparty with the Bank. 2. Gold jewellery of purity 91.6% and above, the value of which is notionally converted to value of gold with 99.99% purity. 3. Securities issued by Central and State Governments 4. Kisan Vikas Patra and National Savings Certificates. 5. Life Insurance Policies with a declared surrender value of an insurance company regulated by the insurance sector regulator. 6. Debt securities rated by a chosen Credit Rating Agency in respect of which the bank is sufficiently confident of market liquidity of the security and where these securities are either: a. Attracting 100% or lesser risk weight i.e. rated at least BBB (-) when issued by Public sector entities and other entities including banks and Primary Dealers or b. Attracting 100% or lesser risk weight i.e. rated at least A3 for short term debt instruments 7. Debt securities not rated by a chosen Credit Rating Agency in respect of which the bank is sufficiently confident of market liquidity of the security and where these securities are a. Issued by the bank b. Listed on a recognized exchange c. Classified as senior debt d. All rated issues of the same seniority by the issuing Bank are rated at least BBB (-) or A3 by a chosen Credit Rating Agency e. The bank has no information to suggest that the issue justifies a rating

	below BBB (-) or A3 by a chosen Credit Rating Agency 8. Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation and mutual funds where a. A price for the units is publicly quoted daily i.e. where the daily NAV is available in public domain b. Mutual fund is limited to investing in the permitted instruments listed. Bank has no practice of monitoring / controlling exposures on a net basis, though Bank is able to determine at any time loans/advances and deposits of the same counterparty. Netting benefit, even if available, is not utilized in capital computation under Basel III norms.
1.4	Main types of guarantor counterparty and their creditworthiness
	Bank considers guarantees, which are direct, explicit, irrevocable and unconditional for credit risk mitigation. Use of such guarantees for capital computation is strictly as per RBI guidelines on the subject. Main types of guarantor counterparties are a. Sovereigns (Central / State Governments) b. Sovereign entities like ECGC, CGTSI c. Banks and Primary Dealers with a lower risk weight than the counter party Other entities rate AA (-) or better. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.
1.5	Information on market / credit risk concentrations within the mitigation taken by the Bank
	Majority of financial collaterals held by the Bank are by way of own deposits, government securities, Gold, Life Insurance Policies and other approved securities like NSC, KVP etc. Bank does not envisage market liquidity risk in respect of financial collaterals except in Gold and Units of Mutual Funds. Bank does not have exposure collateralized through units of eligible Mutual Funds. With respect to gold loans, each and every exposure is reviewed/ renewed/closed within a maximum period of 12 months. Bank could successfully manage the risks posed by sudden reduction in gold price in the past. Measures warranted by the situation were timely taken. Bank has not experienced any significant market liquidity risk in Gold. Overall, financial collaterals do not have any issue in realization. Concentration on account of collateral is also relevant in the case of land & building. Except in the case of housing loan to individuals and loans against property, land and building is considered only as an additional security. As land and building is not recognized as eligible collateral under Standardized Approach, its value is not reduced from the amount of exposure in the process of computation of capital charge. It is used only in the case of housing loan to individuals and non-performing assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

2.	Quantitative Disclosures			(Amount in ₹ Mn)
2.1	Credit risk exposure covered by eligible financial collaterals			
	Type of exposure	Credit equivalent of gross exposure	Value of eligible financial collateral after haircuts	Net amount of credit exposure
A	Funded Credit Exposure	90883.82	83729.74	7154.08
B	Non funded Credit exposure	17271.12	6827.64	10443.48
C	Securitization exposures – On balance sheet	0.00	0.00	0.00
D	Securitization exposures – Off balance sheet	0.00	0.00	0.00
	TOTAL	108154.94	90557.38	17597.56

2.2	Credit risk exposure covered by guarantees		(Amount in ₹ Mn)
	Type of exposure	Credit equivalent of gross exposure	Amount of guarantee (Credit equivalent)
A	Funded Credit Exposure	40305.01	29869.07
B	Non funded Credit exposure	7604.20	6981.97
C	Securitization exposures – on balance sheet	0.00	0.00
D	Securitization exposures – off balance sheet	0.00	0.00
	TOTAL	47909.21	36851.04

TABLE DF – 6: SECURITISATION: DISCLOSURES FOR STANDARDIZED APPROACH

1.	**Qualitative disclosures**
1.1	**General disclosures on securitization exposures of the Bank**
A	Objectives of securitization activities of the Bank (including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the Bank to other entities and nature of other risks inherent in securitized assets)
	Bank's securitization exposure is limited to investments in securitization instruments (Pass Through Certificates), primarily made in an earnings perspective and risks inherent in the investment is within reasonable levels.
B	Role of Bank in securitization processes (originator / investor/ service provider/ facility provider etc.) and extent of involvement in each activity.
	Bank has invested in rated securitized instruments and such investments are held in its Trading Book. Bank is not active in securitization processes in any other manner.
C	Processes in place to monitor changes in the credit and market risk of securitization exposures
	Bank is constantly monitoring the changes in credit and market risk profile of securitization instruments held in the Trading Book.

D	Bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposures		
	Bank has not retained any exposure/risk as originator of securitization transactions.		
1.2	**Accounting policies for securitization activities**		
A	Treatment of transaction (whether as sales or financings)		
	N.A		
B	Methods and key assumptions (including inputs) applied in valuing positions retained or purchased		
	Income from investments in Pass Through Certificates is recognized on accrual basis. Income recognition is subjected to prudential norms stipulated by Reserve Bank of India in this regard.		
C	Changes in methods and key assumptions from the previous period and impact of the changes		
	No change is effected in methods and key assumptions used for valuation of investment in securitized instruments.		
D	Policies for recognizing liabilities on the balance sheet for arrangements that could require the bank to provide financial support for securitized assets.		
	Bank has not entered into any arrangement to provide financial support for securitized assets.		
1.3	In the Banking Book, names of ECAIs used for securitizations and the types of securitization exposures for which each agency is used.		
	Bank does not have any securitization exposure in the Banking Book.		

2.	**Quantitative disclosures**		(Amount in ₹ Mn)
2.1	In the Banking Book		
A	Total amount of exposures securitized by the Bank		Nil
B	For exposures securitized, losses recognized by the Bank during the current period *(exposure type wise break up)*		Nil
C	Amount of assets intended to be securitized within a year		Nil
D	Of (C) above, amount of assets originated within a year before securitization		Nil
E	Securitization exposures (by exposure type) and unrecognized gain or losses on sale thereon		
	Type of exposure	Amount securitized	Unrecognized gain / loss
	Nil	Nil	Nil
	TOTAL		
F	Aggregate amount of on-balance sheet securitization exposures retained or purchased by the Bank (exposure type wise breakup)		Nil

G	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup)	Nil
H	Aggregate amount of securitization exposures retained or purchased and associated capital charges (exposure type wise and risk weight wise breakup)	

Type of exposure	Risk weights						
	20%	30%	50%	100%	150%	350%	400%
Nil	----	----	----	----	----	----	----

I	Total amount of deductions from capital on account of securitization exposures	Nil
	Deducted entirely from Tier I capital-underlying exposure type wise break up	Nil
	Credit enhancing interest only strips (I/Os) deducted from total capital – underlying exposure type wise break up	Nil
	Other exposures deducted from total capital – underlying exposure type wise break up	Nil
2.2	In the Trading Book	
A	Aggregate amount of exposures securitized by the Bank for which the Bank has retained some exposures, which is subject to Market Risk approach (exposure type wise details)	

Type of exposure	Gross Amount	Amount retained
Nil	Nil	Nil

B	Aggregate amount of on-balance sheet securitization exposures retained or purchased by the Bank (exposure type wise breakup)	
	Type of exposure	Amt in ₹ Mn.
	Investment in Pass through Certificates	588.14
C	Aggregate amount of off-balance sheet securitization exposures (exposure type wise breakup)	Nil
D	Securitization exposures retained / purchased subject to Comprehensive Risk Measure for specific risk	---
E	Securitization exposures retained / purchased subject to specific risk capital charge (risk weight band wise distribution)	

Type of Exposure	Capital charge as % to exposure	Exposure (₹ Mn.)
Investment in Pass through Certificates	4.79%	588.14

F	Aggregate amount of capital requirements for securitization exposures (risk weight band wise distribution)

Type of exposure	Capital charge as % to exposure	Capital charge ₹ Mn
Investment in Pass through Certificates	4.79%	28.17

G	Total amount of deductions from capital on account of securitization exposures	Nil
	Deducted entirely from Tier I capital – underlying exposure type wise break up	Nil
	Credit enhancing interest only strips (I/Os) deducted from total capital – underlying exposure type wise break up	Nil
	Other exposures deducted from total capital – underlying exposure type wise break up	Nil

TABLE DF – 7: MARKET RISK IN TRADING BOOK

1.	Qualitative disclosures
1.1	Approach used for computation of capital charge for market risk
	Bank has adopted Standardized Duration Approach as prescribed by RBI for computation of capital charge for general market risk and is fully compliant with such RBI guidelines. Bank uses VaR as an indicative tool for measuring Forex risk and Equity Price risk. Standardized Duration Approach is applied for computation of General Market Risk for ➢ Securities under HFT category ➢ Securities under AFS category ➢ Open gold position limits ➢ Open foreign exchange position limits ➢ Trading positions in derivatives ➢ Derivatives entered into for hedging trading book exposures Specific capital charge for market risk is computed based on risk weights prescribed by the Regulator.
1.2	Portfolios covered in the process of computation of capital charge
	Investment portfolio under AFS and HFT, Gold and Forex open positions and Derivatives entered for trading and hedging.

(Amount in ₹ Mn)

2.	Quantitative disclosures	
2.1	Minimum capital requirements for market risk as per Standardized Duration Approach	2790.69
	Interest rate risk	1594.59
	Foreign exchange risk (including gold)	202.50
	Equity position risk	993.60

TABLE DF – 8: OPERATIONAL RISK

1.	Qualitative disclosures
1.1	Approach used for computation of capital charge for operational risk (and for which the Bank is qualified)
	Bank has adopted Basic Indicator Approach as prescribed by RBI for computation of capital charge for operational risk. Bank has initiated steps to move on to the Advanced Measurement Approach in due course.

TABLE DF – 9: INTEREST RATE RISK IN BANKING BOOK (IRRBB)

1.	**Qualitative disclosures**
1.1	Brief description of approach used for computation of interest rate risk and nature of IRRBB.
	Interest Rate Risk in Banking Book is computed through Duration Gap Analysis and Traditional Gap Analysis. In Traditional Gap Analysis, the impact of changes in interest rates on Banks' earnings due to changes in Net Interest Income is assessed. i.e., earnings perspective is taken care in this method whereas in Duration Gap Analysis, the economic value perspective is taken care of. Duration Gap Analysis measures the level of Banks exposure to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements.
1.2	Key assumptions used in Duration Gap Analysis (DGA) and computation of capital charge for Interest Rate Risk (including assumptions on prepayment of loans and behavior of non-maturity deposits)
	Board approved assumptions as stipulated in applicable policies are used in Duration Gap Analysis and computation of capital charge for Interest Rate Risk. The following are the key assumptions involved: 1) As indicated by RBI, assets and liabilities are grouped under the broad heads under various time buckets and bucket wise modified duration of these groups is computed using the suggested common maturity, coupon and yield parameters. 2) Advances linked to BPLR and Base Rate has been placed in the bucket of 29 months to 3 months as per Bank's interest rate expectations. 3) All the future cash flows (future repricing amount) bucket wise are discounted with midpoint of the bucket and suggested yield to get more accurate treatment of cash flows. The same present value is considered to arrive at the weighted Modified duration of each asset and liability and further to get the weighted modified duration of Assets and Liabilities. 4) Bank's average standard advances covering Bills Purchased / Discounted, Cash Credits/ Overdrafts and term loans are mapped to appropriate external ratings. Yield curve for BBB rated corporate bonds is used as a proxy for yield for Banks' average standard advances for arriving at the Modified Duration of Advances. Usual bucketing applicable to the Statement of Interest Rate Sensitivity is also made applicable to the duration of Equity calculations. Last bucket for both liabilities and assets is approximated as above 15 years.
1.3	Frequency of measurement of interest rate risk
	Measurement and Computation of Interest rate risk in Banking Book and evaluation of Modified Duration of Equity is done by the Bank on a monthly basis. Bank also calculates on a monthly basis the likely drop in Market Value of Equity with 200 bps change in interest rates. Earnings-at-Risk is measured on a monthly basis using Traditional Gap Analysis.

2.	**Quantitative disclosures - Impact of interest rate risk**	(Amount in ₹ Mn.)
2.1	Earnings perspective (Traditional Gap Analysis)	
	Earnings at Risk (EaR) – impact for one year due to	
	Uniform 1% increase in interest rate	
	Uniform 1% decrease in interest rate	3128.54
2.2	Economic value perspective – percentage and quantum of decrease in market value of equity on account of 1% uniform increase in interest rate	3.66% 2946.85

(* Currency wise break up not provided as the turnover in other currencies is less than 5% of total turnover)

TABLE DF – 10: General Disclosure for Exposure Related to Counterparty Credit Risk

Qualitative disclosures

Bank has put in place Counterparty Credit Risk limits for banks as counterparty, based on internal rating of the counterparty bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardized Approach.

Quantitative disclosures

The Bank does not recognize bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method. The balance outstanding and the current exposure thereof are as follows:

(Amount in ₹ Mn.)

Particulars	Notional Amounts	Current Exposure
Foreign exchange contracts	133267.06	5240.39
Interest rate derivative contracts	14966.00	146.04
Total	148233.06	5386.43

Composition of Capital

TABLE DF-11				**₹ in million**
Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)			**Amounts subject to Pre-Basel III Treatment**	**Ref No**
Common Equity Tier 1 capital: instruments and reserves				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	28464.42		a+d
2	Retained earnings	8778.80		k
3	Accumulated other comprehensive income (and other reserves)	39412.91		b+e+f+g +i+j
4	*Directly issued capital subject to phase out fromCET1 (only applicable to non-joint stock companies)*	0.00		
	Public sector capital injections grandfathered until 1January 2018	0.00		

5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0.00		
6	**Common Equity Tier 1 capital: before regulatory adjustments**	**76656.13**		
Common Equity Tier 1 capital: regulatory adjustments				
7	Prudential valuation adjustments	0.00		
8	Goodwill (net of related tax liability)	0.00		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	4.03		q+o
10	Deferred tax assets	23.65		p
11	Cash-flow hedge reserve	0.00		
12	Shortfall of provisions to expected losses	0.00		
13	Securitisation gain on sale	0.00		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0.00		
15	Defined-benefit pension fund net assets	0.00		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	0.00		
17	Reciprocal cross-holdings in common equity	8.26	2.06	
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)	0.00		
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)	0.00		
20	Mortgage servicing rights (amount above 10% threshold)	0.00		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0.00		
22	Amount exceeding the 15% threshold	0.00		
23	of which: significant investments in the common stock of financial entities			
24	of which: mortgage servicing rights	0.00		
25	of which: deferred tax assets arising from temporary differences	0.00		
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00		
26 a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	0.00		

26 b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	0.00		
26 c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0.00		
26 d	*of which:* Unamortised pension funds expenditures	0.00		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT]	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT]	0.00		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0.00		
28	Total regulatory adjustments to Common equity Tier 1	35.94		
29	Common Equity Tier 1 capital (CET1)	**76620.19**		
Additional Tier 1 capital: instruments				
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	0.00		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	0.00		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	0.00		
33	*Directly issued capital instruments subject to phase out from Additional Tier 1*	0.00		
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)	0.00		
35	*of which: instruments issued by subsidiaries subject to phase out*	0.00		
36	Additional Tier 1 capital before regulatory adjustments	0.00		
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	0.00		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0.00		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory	0.00		

	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)	0.00		
41	National specific regulatory adjustments (41a+41b)	0.00		
41 a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	0.00		
41 b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	0.00		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment *of which:* [INSERT TYPE OF ADJUSTMENT e.g. DTAs]	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT]	0.00		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0.00		
43	**Total regulatory adjustments to Additional Tier 1 capital**	0.00		
44	**Additional Tier 1 capital (AT1)**	0.00		
44 a	**Additional Tier 1 capital reckoned for capital adequacy**	0.00		
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	**76620.19**		
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	400.00		m
47	Directly issued capital instruments subject to phase out from Tier 2	0.00		
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)	0.00		
49	*of which: instruments issued by subsidiaries subject to phase out*	0.00		
50	Provisions	3288.01		c+h+n
51	**Tier 2 capital before regulatory adjustments**	**3688.01**		
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	0.00		

53	Reciprocal cross-holdings in Tier 2 instruments	21.35	5.34	
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)	0.00		
55	Significant investments13 in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0.00		
56	National specific regulatory adjustments (56a+56b)	0.00		
56 a	*of which:* Investments in the Tier 2 capital of unconsolidated subsidiaries	0.00		
56 b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0.00		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	0.00		
	of which: [INSERT TYPE OF ADJUSTMENT	0.00		
57	**Total regulatory adjustments to Tier 2 capital**	21.35		
58	**Tier 2 capital (T2)**	3666.66		
58 a	**Tier 2 capital reckoned for capital adequacy**	3666.66		
58 b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	0.00		
58 c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	3666.66		
59	**Total capital (TC = T1 + T2) (45 + 58c)**	**80286.85**		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment			
	of which: Reciprocal Crossholding in Common Equity	5.22		
	of which: Reciprocal Crossholding in Tier II instruments	9.15		
60	Total risk weighted assets (60a + 60b + 60c)	**536504.03**		
60 a	*of which: total credit risk weighted assets*	452507.05		
60 b	*of which: total market risk weighted assets*	30979.50		
60 c	*of which: total operational risk weighted assets*	53017.48		

Capital ratios				
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	14.28%		
62	Tier 1 (as a percentage of risk weighted assets)	14.28%		
63	Total capital (as a percentage of risk weighted assets)	14.96%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	0.00%		
65	*of which: capital conservation buffer requirement*	0.00%		
66	*of which: bank specific countercyclical buffer requirement*	0.00%		
67	*of which: G-SIB buffer requirement*	0.00%		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	8.78%		
National minima (if different from Basel III)				
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
Amounts below the thresholds for deduction (before risk weighting)				
72	Non-significant investments in the capital of other financial entities	1708.88		
73	Significant investments in the common stock of financial entities	2080.00		
74	Mortgage servicing rights (net of related tax liability)	0.00		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	0.00		
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)	2802.70		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	5656.34		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		

Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)				
80	*Current cap on CET1 instruments subject to phase out arrangements*	NA		
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	NA		
82	*Current cap on AT1 instruments subject to phase out arrangements*	NA		
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	NA		
84	*Current cap on T2 instruments subject to phase out arrangements*	NA		
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	NA		

Note to the Template

Row No. of the template	Particular	₹ in million
10	Deferred tax assets associated with accumulated losses	0.00
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	23.65
	Total as indicated in row 10	23.65
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	1644.57
	of which: Increase in Common Equity Tier 1 capital	1644.57
	of which: Increase in Additional Tier 1 capital	0.00
	of which: Increase in Tier 2 capital	0.00
26 b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	0.00
	(i) Increase in Common Equity Tier 1 capital	0.00
	(ii) Increase in risk weighted assets	0.00
44 a	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)	0.00
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	0.00
50	Eligible Provisions included in Tier 2 capital	2802.70
	Eligible Revaluation Reserves included in Tier 2 capital	22.54
	Total of row 50	2825.24
58 a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	0.00

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Table DF-12		₹ in million	
	Composition of Capital: Reconciliation Requirements Step 1	**Balance sheet as in financial statements**	**Balance Sheet under regulatory scope of consolidation**
		30-09-15	**30-09-15**
A	**Capital & Liabilities**		
i	Paid-up Capital	3434.87	3434.87
	Reserves & Surplus	77139.42	76814.68
	Minority Interest		
	Total Capital	**80574.29**	**80249.55**
ii	Deposits	**737832.02**	**737808.95**
	of which: Deposits from banks	6901.41	6901.41
	of which: Customer deposits	730930.60	730907.53
	of which: Other deposits (pl. specify	0.00	0.00
iii	Borrowings	**16209.52**	**18657.02**
	of which: From RBI	0.00	0.00
	of which: From banks	0.00	2447.50
	of which: From other institutions & agencies	10862.66	10862.66
	of which: Others (pl. specify)	3346.86	3346.86
	of which: Capital instruments	2000.00	2000.00
iv	Other liabilities & provisions	**28033.29**	**28197.87**
	Total Liabilities	**862649.11**	**864913.39**
B	**Assets**		
i	Cash and balances with Reserve Bank of India	**36910.05**	**36924.39**
	Balance with banks and money at call and short notice	**27400.99**	**27552.41**
ii	Investments:	**231993.47**	**229658.06**
	of which: Government securities	196834.01	196834.01
	of which: Other approved securities	0.00	0.00
	of which: Shares	1499.28	1499.28
	of which: Debentures & Bonds	8041.96	8041.96
	of which: Subsidiaries / Joint Ventures / Associates	3980.00	1644.57
	of which: Others (Commercial Papers, Mutual Funds etc.)	21638.22	21638.22
iii	Loans and advances	**508666.73**	**512827.12**
	of which: Loans and advances to banks	24.10	24.10

	of which: Loans and advances to customers	508642.63	512803.02
iv	Fixed assets	**5028.15**	**5072.82**
v	Other assets	**52649.71**	**52878.59**
	of which: Goodwill and intangible assets		
	of which: Deferred tax assets	0.00	23.65
vi	Goodwill on consolidation		
vii	Debit balance in Profit & Loss account		
	Total Assets	**862649.11**	**864913.39**

Table DF-16: Equities – Disclosure for Banking Book Positions
Bank does not have any Equities under Banking Book. The investment in equity shares of IDBI Federal is risk weighted in terms of RBI guidelines

LEVERAGE RATIO (Consolidated)

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III leverage ratio is defined as the ratio of capital measure (the numerator) to exposure measure (the denominator), expressed as a percentage.

The capital measure used for the leverage ratio at any particular point in time is the Tier 1 capital measure applying at that time under the risk-based framework. Total exposure measure is the sum of the on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures and off- balance sheet (OBS) items

$$Leverage\ Ratio = \frac{Capital\ Measure\ (Tier\ I\ Capital)}{Exposure\ Measure}$$

Table DF 17: Summary comparison of accounting assets Vs Leverage Ratio Exposure Measure

	Item	**₹ in million**
1	Total consolidated assets as per published financial statements	864913.39
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0.00
3	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0.00
4	Adjustments for derivative financial instruments	5386.88
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	(274.96)
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	71452.46
7	Other adjustments	(35.94)
8	Leverage ratio exposure	941441.83

Table DF 18- Leverage ratio common disclosure template		
	Item	Leverage ratio framework
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	854824.41
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	35.94
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	854788.47
Derivative exposures		
4	Replacement cost associated with all *derivatives* transactions (i.e. net of eligible cash variation margin)	2010.15
5	Add-on amounts for PFE associated with all derivatives transactions	3376.73
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0.00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.00
8	(Exempted CCP leg of client-cleared trade exposures)	0.00
9	Adjusted effective notional amount of written credit derivatives	0.00
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.00
11	**Total derivative exposures (sum of lines 4 to 10)**	5386.88
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	10088.98
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	274.96
14	CCR exposure for SFT assets	0.00
15	Agent transaction exposures	0.00
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	9814.02
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	182659.91
18	(Adjustments for conversion to credit equivalent amounts)	111207.45
19	**Off-balance sheet items (sum of lines 17 and 18)**	71452.46
Capital and total exposures		
20	Tier 1 Capital	76620.20
21	Total exposures (sum of lines 3,11,16 and 19)	941441.83
Leverage ratio		
22	Basel III leverage ratio	8.14%