

**Risk review and disclosures under Basel II Framework
for the period ended 30 September 2009**

(Amounts in Rs. 000s)



1. Scope of Application

The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation, i.e., that are deducted and the name(s) of such subsidiaries: NIL

The aggregate amounts (e.g., current book value) of the bank's total interests in insurance entities, which are risk-weighted, as well as, their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction: NIL

2. Capital Structure

Capital and Risk Weighted Assets (RWA)

	30-Sep-09	
	Basel II	Basel I
Tier I Capital :	87,655,729	88,420,275
Head Office Capital	6,757,992	6,757,992
Eligible reserves	85,976,328	85,976,328
Goodwill and other intangible assets	(3,412,525)	(3,412,525)
Unconsolidated subsidiaries/associates	(50)	(50)
Other regulatory adjustments	(1,666,016)	(901,470)
Tier II Capital :	32,462,151	33,226,697
Eligible revaluation reserves	5,548,984	5,548,984
General provision	4,521,050	4,521,050
Debt capital instruments eligible to be reckoned as capital funds and included in Upper Tier II (<i>of which amount raised during the year Rs 10,030,000</i>)	28,002,500	28,002,500
Qualifying subordinated debts (<i>of which amount raised during the year Rs 10,030,000 which is included above</i>)	28,002,500	28,002,500
Less: Amortisation of qualifying subordinated debts	(3,950,000)	(3,950,000)
Other regulatory adjustments	(1,660,383)	(895,837)
Total capital base	120,117,880	121,646,972

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3. Capital Adequacy

	30-Sep-09	
	Basel II	Basel I
Minimum regulatory capital requirements		
Credit risk	50,166,282	50,216,539
Standardized approach portfolios	50,166,282	-
Securitisation exposures	-	-
Market risk	17,811,706	18,066,425
Standardised duration approach		
Interest rate risk	1,892,090	1,803,320
Foreign exchange risk (including gold)	315,000	315,000
Equity risk	28,442	28,442
Counterparty/settlement risks	15,576,174	15,919,663
Operational risk	7,496,101	-
Basic indicator approach	7,496,101	-
Total minimum regulatory capital requirements	75,474,089	68,282,964
Risk weighted assets and contingents		
Credit risk	557,403,128	557,961,547
Market risk <i>(including counterparty/settlement risks)</i>	197,907,840	200,738,056
Operational risk <i>(Basic indicator approach)</i>	83,290,015	-
Total Risk weighted assets and contingents	838,600,983	758,699,603
Capital ratios		
Tier 1 capital	10.45%	11.65%
Tier 2 capital	3.87%	4.38%
Total capital	14.32%	16.03%

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4. Credit Risk: General Disclosures for all Banks

a) Analysis of total gross credit risk exposures

Nature & category of exposures	Credit Risk Exposures 30-Sep-09
Inter bank exposures	28,613,733
Investments (HTM)	4,824,247
Advances	383,917,531
Total gross fund based exposures	417,355,511
Specific provisions / Provisions for depreciation in the value of investment	(5,647,684)
Total net fund based exposures	411,707,827
FX and derivative contracts	394,634,585
Guarantees, Acceptances, endorsements and other obligations	207,878,704
Other commitments and credit lines*	117,176,603
Total gross non fund based exposures**	719,689,892
Specific provisions	(737)
Total net non fund based exposures	719,689,155

* Excluding credit lines which are unconditionally cancellable at the bank's sole discretion or effectively provide for automatic cancellation of credit lines due to deterioration of borrower's creditworthiness.

** For non fund based exposures, credit risk exposures or equivalents are computed as under:

- In case of exposures other than FX and derivative contracts, credit equivalent is arrived at by multiplying the underlying contract or notional principal amounts with the credit conversion factors prescribed by the RBI under the Basel II capital framework.
- In case of FX and derivative contracts, credit equivalents are computed using the current exposure method which includes a two steps as under :
 - Computation of current credit exposure, which is sum of the positive mark-to-market value of the outstanding contracts.
 - Potential future credit exposure, which is determined by multiplying the notional principal amounts by the relevant 'add-on' factor based on tenor and type of underlying contracts.

**Risk review and disclosures under Basel II Framework
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b) Analysis of geographic distribution of exposures.

Nature & category of exposures	30-Sep-09		
	Credit risk exposures		
	Domestic	Overseas	Total
Inter bank exposures	28,613,733	-	28,613,733
Investments (HTM)	4,824,247	-	4,824,247
Advances		-	383,917,531
	383,917,531		
Total gross fund based exposures	417,355,511	-	417,355,511
Specific provisions / Provisions for depreciation in the value of investment	(5,647,684)	-	(5,647,684)
Total net fund based exposures	411,707,827	-	411,707,827
FX and derivative contracts (Add on + MTM)	394,634,585	-	394,634,585
Guarantees, Acceptances, endorsements and other obligations	207,878,704	-	207,878,704
Other commitments and credit lines	117,176,603	-	117,176,603
Total gross non fund based exposures	719,689,892	-	719,689,892
Specific provisions	(737)	-	(737)
Total net non fund based exposures	719,689,155	-	719,689,155

**Risk review and disclosures under Basel II Framework
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c) Analysis of industry wise distribution of exposures

Nature & Category of Industry	30-Sep-09		
	Fund based	Non fund based	Total
Loans to individuals			
- Mortgages	74,073,073	-	74,073,073
- Other	28,865,549	-	28,865,549
- Small and medium enterprises	57,168,959	7,789,171	64,958,130
Consumer Banking	160,107,581	7,789,171	167,896,752
Coal	1,113,032	666,339	1,779,371
Mining	2,293,602	178,342	2,471,944
Iron & Steel	5,567,480	7,539,048	13,106,528
Other Metals & Metal Products	12,189,658	9,868,961	22,058,619
All Engineering	16,342,227	32,172,804	48,515,031
<i>Of which:</i>			
- <i>Electronics</i>	<i>4,095,841</i>	<i>16,622,320</i>	<i>20,718,161</i>
Electricity (Generation & Transmission)	-	-	-
Cotton Textiles	200,956	100	201,056
Other Textiles	9,241,022	2,753,918	11,994,940
Sugar	568,855	2,791,442	3,360,297
Tea	96,212	241,213	337,425
Food Processing	3,441,528	539,744	3,981,272
Vegetables Oils (including Vanaspati)	1,467,915	6,017,438	7,485,353
Tobacco & Tobacco Products	6,641,818	339,079	6,980,897
Paper & Paper Products.	1,710,556	625,779	2,336,335
Rubber & Rubber Products.	1,553,044	2,633,412	4,186,456
Chemicals, Dyes, Paints etc.	23,375,917	10,127,377	33,503,294
<i>Of which:</i>			
- <i>Fertiliser</i>	<i>325,305</i>	<i>761,548</i>	<i>1,086,853</i>
- <i>Petro-chemicals</i>	<i>4,420,411</i>	<i>3,392,564</i>	<i>7,812,975</i>
- <i>Drugs & Pharmaceuticals</i>	<i>12,892,370</i>	<i>2,366,499</i>	<i>15,258,869</i>
Cements	8,079,551	1,978,749	10,058,300
Leather & Leather Products.	534,914	93,202	628,116
Gems & Jewelry	2,293,004	3,097,890	5,390,894
Constructions	8,222,147	18,273,732	26,495,879
Petroleum	6,682,521	6,167,934	12,850,455
Automobiles including trucks	8,665,197	14,924,122	23,589,319
Computer software	3,532,513	7,073,333	10,605,846

**Risk review and disclosures under Basel II Framework
for the period ended 30 September 2009**

(Amounts in Rs. 000s)



Nature & Category of Industry	30-Sep-09		
	Credit Risk Exposures		Total
	Fund based	Non fund based	
Infrastructure	19,552,426	48,266,729	67,819,155
<i>Of which:</i>			
- Power	937,176	2,703,332	3,640,508
- Telecommunications	7,058,887	19,173,650	26,232,537
- Roads & Ports	11,556,363	26,389,746	37,946,109
Other Industries	21,696,897	31,938,201	53,635,098
NBFC & Trading	41,510,280	70,931,829	112,442,109
Residual advances	17,236,678	5,400,097	22,636,775
Wholesale Banking	223,809,950	284,640,814	508,450,764
Total Gross Advances	383,917,531	292,429,985	676,347,516
Specific provision (Including IIS)	(5,647,684)	(737)	(5,648,421)
Total Net Advances	378,269,847	292,429,248	670,699,095
Total Inter bank exposures	28,613,733	-	28,613,733
Total investments (HTM)	4,824,247	-	4,824,247

Fund based exposure comprises of loans and advances, inter-bank exposures and HTM Investments.
Non fund based exposure comprises of Guarantees, acceptances, endorsements and letter of credits.

d) Analysis of residual contractual maturity of assets

Maturity bucket	30-Sep-09	
	Loans and advances	Investments
1-14 days	69,619,268	73,774,884
15-28 days	22,212,267	11,424,223
29 days – 3 months	56,472,757	18,309,641
3 months – 6 months	43,319,744	8,530,768
6 months – 1 year	29,847,417	19,548,409
1 year – 3 years	65,846,728	36,313,054
3 years – 5 years	25,004,089	177,101
Over 5 years	65,947,577	4,603,110
Total	378,269,847	172,681,190

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

**Risk review and disclosures under Basel II Framework
for the period ended 30 September 2009**

(Amounts in Rs. 000s)



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

Particulars	30-Sep-09
Gross NPAs	14,144,950
Sub Standard	10,879,894
Doubtful	1,952,335
- Doubtful 1	466,493
- Doubtful 2	1,437,811
- Doubtful 3	48,031
Loss	1,312,721
Net NPAs	8,497,266

f) NPA Ratios

	30-Sep-09
Gross NPAs to gross advances	3.68%
Net NPAs to net advances	2.27%

g) Movement of NPAs – Gross

Particulars	30-Sep-09
Balance, beginning of the period	9,279,976
Additions during the period	8,032,970
Reductions during the period	(3,167,996)
Balance, end of the period	14,144,950

h) Movement of provisions for NPAs

	30-Sep-09
Balance, beginning of the period	4,139,086
Add: Provisions during the period	2,239,812
Less: Utilisation / write back of provisions no longer required	(731,214)
Balance, end of the period	5,647,684

**Risk review and disclosures under Basel II Framework
for the period ended 30 September 2009**

(Amounts in Rs. 000s)



i) Amount of Non-Performing Investments and amount of provisions held for non-performing investments

	30-Sep-09
Balance, beginning of the period	48,821
Additions during the period	-
Reductions during the period	(5,200)
Total provisions held at the end of the period	43,621

j) Movement of provisions for depreciation on investments

	30-Sep-09
Balance, beginning of the period	245,158
Additions during the period	1,645,341
Reductions during the period	(171,947)
Balance, end of the period	1,718,552

5. Credit Risk: Disclosures for portfolios subject to the standardised approach

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

Nature & category of exposures	Total gross credit exposure	Credit risk mitigation	Net exposure	Credit risk weight buckets summary			
				< 100%	100%	> 100%	Deduction from capital
Inter bank exposures	28,613,733	-	28,613,733	28,613,733	-	-	-
Investments (HTM)	4,824,247	-	4,824,247	-	4,824,247	-	-
Advances	383,917,531	(5,207,453)	378,710,078	101,793,729	239,193,664	37,722,685	-
Total fund based exposures	417,355,511	(5,207,453)	412,148,058	130,407,462	244,017,911	37,722,685	-
FX and derivative contracts	394,634,585	-	394,634,585	303,821,766	90,324,536	488,283	-
Guarantees, Acceptances, endorsements and other obligations	207,878,704	(238,480)	207,640,224	54,479,385	146,300,493	5,040,210	1,820,137
Undrawn Commitments and others	117,176,603	(30,455,667)	86,720,936	2,135,790	83,628,807	264,082	692,257
Total non fund based exposures	719,689,892	(30,694,147)	688,995,745	360,436,940	320,253,836	5,792,574	2,512,394

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6. Credit risk mitigation: disclosures for standardised approaches

Exposure covered by eligible financial collateral after application of haircut	1,466,479
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7. Securitisation: disclosure for standardised approach

(Only movement during the period April 09 to September 09 have been considered here)

	For the Half year ended 30-Sep-09	
	Assets derecognised	Assets not derecognized
The total outstanding exposures securitised by the bank and subject to the securitisation framework by exposure type		
- Mortgages	-	
- Personal Loans (Including Credit Cards)	-	
- Corporate loans	-	
	For the Half year ended 30-Sep-09	
For exposures securitised by the bank and subject to the securitization framework		
- amount of impaired/past due assets securitized		-
- losses recognised by the bank during the current period broken down by exposure type		Amount debited to P/L
- Mortgages		-
- Personal loans		-
- Corporate loans		-
	For the Half year ended 30-Sep-09	
Aggregate amount of securitization exposures retained or purchased		
- Credit risk in assets retained or purchased		-
- Credit enhancement		-
- Liquidity facilities		-
- Other interests/exposures		-
	For the Half year ended 30-Sep-09	
Summary of securitisation activity		
- Number and book value of loan assets securitised		-
- Sale consideration received for securitised assets and gain/loss on sale on account of securitisation		-
- Form & quantum of services provided by way of credit enhancement liquidity support, etc.		-

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8. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

The table below shows the extent to which the Bank's interest rate exposures on assets and liabilities are matched. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date.

	Three months or less	Between three and six months	Between six months and one year	Between one and five years	More than five years	Non Interest Sensitive	Total
Assets							
Cash and balances with RBI	-	-	-	-	-	37,662,367	37,662,367
Balances with other banks	7,292,650	-	-	-	-	10,542,890	17,835,540
Investments	15,513,582	40,007,547	68,239,130	24,571,969	26,368,475	172,458	174,873,161
Advances	148,304,292	43,319,744	29,847,417	90,850,817	65,947,578	-	378,269,848
Fixed assets	-	-	-	-	-	23,674,947	23,674,947
Other assets	-	-	-	-	-	216,817,924	216,817,924
Total assets	171,110,524	83,327,291	98,086,547	115,422,786	92,316,053	288,870,586	849,133,787
Liabilities							
Deposits	115,151,723	94,870,348	71,101,353	11,971,807	150,050	171,782,595	465,027,876
Borrowings	36,646,035	5,580,189	-	6,500,000	-	-	48,726,224
Other liabilities and provisions	-	24,052,500	-	-	-	206,261,657	230,314,157
Total liabilities	151,797,758	124,503,037	71,101,353	18,471,807	150,050	378,044,252	744,068,257