IDBI Bank Ltd.

Consolidated Pillar III Disclosures (September 30, 2015)

1. Scope of Application and Capital Adequacy

Table DF-1: Scope of Application

Accounting and regulatory consolidation

For the purpose of financial reporting, the Bank consolidates its subsidiaries in accordance with Accounting Standard 21-Consolidated Financial Statements, on a line-by-line basis by adding together like items of assets, liabilities, income and expenditure.

Name of the head of the banking group to which the framework applies: IDBI Bank Ltd.

(i) 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
IDBI Capital Market Services Ltd/India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA
IDBI Asset Management Ltd/India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA
IDBI MF Trustee Company Ltd/India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	No	NA	NA	IDBI MF Trustee Company Ltd is a non-Financial Entity. Deducted from Consolidated Regulatory Capital of the group.

IDBI Intech Ltd/India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	No	NA	NA	IDBI Intech Ltd is a non-Financial Entity. Deducted from Consolidated Regulatory Capital of the group.
IDBI Trusteeship Services Ltd/India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	No	NA	NA	IDBI Trusteeship is a non-Financial Entity. Deducted from Consolidated Regulatory Capital of the group.

* NA – Not Applicable

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

There are no group entities that are not considered for consolidation under both the accounting scope of consolidation and regulatory scope of consolidation.

(ii) Quantitative Disclosures:

c. List of group entities considered for regulatory consolidation

(Amt. in ₹ Million)

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)
IDBI Capital Market Services Ltd/India	Business includes stock broking, distribution of financial products, merchant banking, corporate advisory services, etc.	₹ 1,281	₹ 3,417
IDBI Asset Management Ltd/India	Manages investments of funds raised through MF schemes.	₹ 2,000	₹ 956

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:

There is no capital deficiency in any subsidiary, which is not included in the regulatory scope of consolidation.

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

(Amt. in ₹ Million)

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	Life Insurance business	₹ 7,997.28	48 %	₹ 2,976

f. Any 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

The Bank maintains and manages capital as a cushion against the risk of probable losses and to protect its stakeholders, depositors and creditors. The future capital requirement of the Bank is projected as a part of its annual business plan, in accordance with its business strategy. To calculate the future capital requirements of the Bank a view on the market behavior is taken after considering various factors such as interest rate, exchange rate and liquidity positions. In addition, broad parameters like balance sheet composition, portfolio mix, growth rate and relevant discounting are also considered. Further, the loan composition and rating matrix is factored in to reflect precision in projections.

In line with the Basel III guidelines which are effective since April 01, 2013, the Bank has been calculating its capital ratios as per the extant RBI guidelines.

The main focus of Basel III norms is on the quality and quantity of Tier I capital and these regulatory requirements are currently met with the quantum of capital available with the Bank. At present the Bank is operating well above the minimum requirements as stipulated by the guidelines. The Standalone CRAR position of the Bank as on September 30, 2015 is as below:

CRAR	Basel III
CET 1	7.16%
Tier 1	8.04%
Tier 2	3.62%
Total(Tier 1 + Tier 2)	**11.66%**

For identification, quantification and estimation of current and future risks, the Bank has a Board approved Internal Capital Adequacy Assessment Process (ICAAP) policy. The policy covers the process for addressing such risks, measuring their impact on the financial position of the Bank and formulating appropriate strategies for their containment & mitigation; thereby maintaining an adequate level of capital. The ICAAP exercise is conducted periodically to determine that the Bank has adequate capital to meet regulatory requirements in line with its business requirements. The Bank also has a comprehensive stress test policy covering regulatory stress conditions to give an insight into the impact of severe but plausible stress scenarios on the Bank's risk profile and capital position. The stress test exercises are carried out regularly based on the board approved stress testing framework incorporating RBI guidelines on Stress testing dated December 02, 2013. The impact of stress scenarios on the profitability and capital adequacy of the Bank are analyzed. The result of the exercise is reported to the suitable board level committee(s).

The Consolidated CRAR position, as on September 30, 2015 is as follows:

(Amt. in ₹ Million)

Capital requirement	
Credit Risk Capital:	
Portfolios subject to standardised approach	229,040.69
Securitisation	146.79
Market Risk Capital:	
Standardised duration approach	15,975.40
Interest Rate Risk	4,734.20
Foreign exchange Risk (including Gold)	450.00
Equity Risk	10,791.20
Operational Risk Capital:	
Basic indicator approach	13,072.80
Total Minimum Capital required	258,235.68

Common Equity Tier 1, Tier 1 and Total capital ratio:	
CET 1	7.23%
Tier 1	8.13%
Tier 2	3.63%
Total(Tier 1 + Tier 2)	**11.76%**

2. Risk exposure and assessment

Table DF-3: Credit Risk: General Disclosures for All Banks

Credit risk is the risk of loss that may occur due to default of the counterparty or from its failure to meet its obligations as per terms of the financial contract. Any such event will have an adverse effect on the financial performance of the Bank. The Bank faces credit risk through its lending, investment and contractual arrangements. To counter the effect of credit risks faced by the Bank, a robust risk governance framework has been put in place. The framework provides a clear definition of roles as well as allocation of responsibilities with regard to ownership and management of risks. Allocation of responsibilities is further substantiated by defining clear hierarchy with respect to reporting relationships and Management Information System (MIS) mechanism.

Bank's Credit risk management policies

The Bank has defined and implemented various risk management policies, procedures and standards with an objective to clearly articulate processes and procedural requirements that are binding on all concerned Business groups. The Credit Policy of the Bank is guided by the objective to build, sustain and maintain a high quality credit portfolio by measurement, monitoring and control of the credit exposures. The policy also addresses more granular factors such as diversification of the portfolio across companies, business groups, industries, geographies and sectors. The policy reflects the Bank's approach towards lending to corporate clients in light of prevailing business environment and regulatory stipulations.

The Bank's Credit Policy also details the standards, processes and systems for growing and maintaining its Retail Assets portfolio. The policy also guides the formulation of Individual Product Program Guidelines for various retail products. The Credit policy is reviewed annually in anticipation of or in response to the dynamics of the environment (regulatory & market) in which the Bank operates or to change in strategic direction, risk tolerance, etc. The policy is approved by the Board of Directors of the Bank.

To control concentration of credit risk, the Bank has put in place internal guidelines on exposure norms in respect of single borrower, groups, exposure to sensitive sector, industry exposure, unsecured exposures, etc. Norms have also been detailed for soliciting new business as well as for preliminary scrutiny of new clients. The Bank abides by the directives issued by RBI, SEBI and other regulatory bodies in respect of lending to any industry including NBFCs, Commercial Real Estate, Capital Markets and Infrastructure. In addition, internal limits have been prescribed for certain specific segments based on prudential considerations.

The Bank has a specific policy on Counter Party Credit Risk pertaining to exposure on domestic & international banks and a policy on Country Risk Management pertaining to exposure on various countries.

Credit risk assessment process:

The sanction of credit proposals is in accordance with the delegation structure approved by the Board of Directors. Credit risk rating, used by the Bank is one of the key tools for assessing its credit proposals.

The Bank has implemented internal rating model Risk Assessment Module (RAM), a two - dimensional module for rating viz.; obligor and facility, in line with Basel requirements. Different risk parameters such as financial, business, management and industry are used for different rating models in accordance with the category and characteristics of the borrower. Qualitative and quantitative information of the proposal is evaluated by the credit risk analyst to ascertain the credit rating of the borrower.

Proposals over a certain threshold amount are rated centrally by rating analysts of the Bank. Suitable committee based approach is followed to validate the internal credit ratings. The committees comprise of senior officials of the Bank. Approval of credit for retail products are guided by the individual retail product paper guidelines and each proposal is appraised through a scoring model.

In addition to the above, a Credit audit process is in place, which aims at reviewing the loans and acts as an effective tool to evaluate the efficacy of credit assessment, monitoring and mitigation process.

Definitions of non-performing assets:

The Bank classifies its advances into performing and non-performing advances in accordance with the extant RBI guidelines.

The non-performing asset (NPA) is a loan or an advance where;

- Interest and/ or installment of principal remains overdue for more than 90 days for a term loan,
- The account remains ‘out of order’ in respect of an Overdraft/Cash Credit (OD/CC). 'Out of order' means if the account 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’.
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- In respect of an agricultural loan, the interest and / or installment of principal remains overdue for two crop seasons for short duration crops and for one crop season for long duration crops.

NPAs are further classified into sub-standard, doubtful and loss assets. A substandard asset is one, which has remained as NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for more than 12 months. A loss asset is one where loss has been identified by the Bank or by the internal / external auditors or the RBI inspection but the amount has not been written off fully.

In respect of investments in securities, where interest / principal is in arrears, the Bank does not reckon income on such securities and makes provisions as per provisioning norms prescribed by RBI for depreciation in the value of investments.

a. Total gross credit risk exposures, Fund based and Non-fund based separately.

(Amt. in ₹ Million)

Particulars	Fund Based	Non Fund Based	Total
Total Gross Credit Exposures*	2,846,937.10	1,479,298.47	4,326,235.57
Domestic	2,608,527.28	1,456,775.83	4,065,303.11
Overseas	238,409.82	22,522.64	260,932.46

* includes advances, LCs, BGs, LERs, acceptances & undrawn sanctions

b. Industry type distribution of Gross credit exposures- fund based and non-fund based

(Amt. in ₹ Million)

Industry	FB Credit Exposure	NFB Credit Exposure	Total Credit Exposure
Infrastructure	492,944.35	242,076.29	735,020.64
Basic Metal and Metal Products	174,569.35	130,718.84	305,288.19
All Engineering	107,789.73	157,226.08	265,015.81
Chemicals and Chemical Products (Dyes, Paints, Etc.)	115,259.85	61,952.23	177,212.08
Mining and Quarrying	9,6103.4	35,654.78	131,758.18
Food Processing	91,507.64	25,105.30	116,612.94
Construction	40,377.41	64,585.66	104,963.07
Vehicles, Vehicle Parts and Transport Equipment's	62,091.87	40,351.08	102,442.95
Textiles	68,239.27	10,004.28	78,243.55
Cement and Cement Products	64,101.96	8,100.87	72,202.83
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	39,745.86	27,097.10	66,842.96
Rubber, Plastic and their Products	55,616.2	7,926.49	63,542.69
Gems and Jewellery	29,833.63	25,028.71	54,862.34
Paper and Paper Products	21,825.23	6,229.15	28,054.38
Beverages (excluding Tea & Coffee) and Tobacco	8,841.00	224.29	9,065.29
Leather and Leather products	5,649.77	74.93	5,724.70
Glass & Glassware	2,322.12	10.85	2,332.97
Wood and Wood Products	2,214.87	33.39	2,248.26
Others	1,367,661.12	636,898.15	2,004,559.27
Total	**2,846,694.63**	**1,479,298.47**	**4,325,993.10**

c. Industries having more than 5% of the Gross credit exposures

(Amt. in ₹ Million)

Industry Name	Fund Based	Non Fund Based	Total	%
Infrastructure	492,944.35	242,076.29	735,020.64	16.99%
Basic Metal and Metal Products	174,569.35	130,718.84	305,288.19	7.06%
All Engineering	107,789.73	157,226.08	265,015.81	6.13%

d. Residual contractual maturity breakdown of assets

(Amt. in ₹ Million)

Maturity Buckets	Assets				
	Cash & Balances with RBI and Other Banks	**Investments**	**Advances**	**Fixed Assets & Other Assets**	**Total Assets**
Day 1	31,007.40	106,310.20	14,967.30	11,275.70	163,560.60
2 to 7 days	4,556.10	14,946.10	17,899.70	130.70	37,532.60
8 to 14 days	6,959.60	37.00	17,031.80	2,431.10	26,459.50
15 to 28 days	2,628.80	1,442.80	20,096.90	24,725.80	48,894.30
29 days & upto 3 months	9,734.50	3,535.70	62,990.60	31,034.30	107,295.10
Over 3 months & upto 6 months	12,977.10	6,567.90	75,348.50	52,445.20	147,338.70
Over 6 months & upto 1 year	76,815.40	23,263.60	117,517.70	28,361.00	245,957.70
Over 1 year & upto 3 years	24,867.20	61,893.10	805,725.30	16,843.30	909,328.90
Over 3 years & upto 5 years	6,559.30	118,766.70	300,814.10	89,225.30	515,365.40
Over 5 yrs	12,261.20	447,287.80	614,217.50	109,083.69	1,182,850.19
Total	**188,366.60**	**784,050.90**	**2,046,609.40**	**365,556.09**	**3,384,582.99**

e. Non-Performing Assets as on September 30, 2015

(Amt. in ₹ Millions)

Particulars	**As on Sep 30, 2015**
Gross Advances	2,134,063.50
Net Advances	2,046,609.40
Gross NPA as on	
a. Substandard	27,597.21
b. Doubtful 1	42,912.18
c. Doubtful 2	57,737.87
d. Doubtful 3	15,780.53
e. Loss	3,551.44
NPA Provision*	82,405.44
Net NPA	64,768.26
NPA Ratios	
Gross NPAs to Gross Advances (%)	6.92%
Net NPAs to Net Advances (%)	3.16%

f. Movement of Non-Performing Assets (NPA):

(Amt. in ₹ Millions)

Particulars (NPA Gross)	As on Sep 30, 2015
Opening Balance	126,849.72
Additions	29,867.14
Write Offs	4,212.17
Reductions	4,925.46
Closing Balances	147,579.24

g. Movement of Specific & General NPA Provisions #:

(Amt. in ₹ Millions)

Particulars	As on Sep 30, 2015
	Specific Provisions*
Opening Balance	66,339.66
Add : Provision made during the period	22,465.13
Less : Transfer to Countercyclical Provisional Buffer	0.00
Less : Write offs	4,212.17
Less : Write Back of excess provision	2,187.19
Closing Balances	82,405.44

*Provision amount does not include NPV loss on NPA asset of ₹.405.5 Millions

General NPA provision is Nil.

h. Write-offs and recoveries that have been booked directly to the income statement: Nil

i. Position of Non-Performing Investments (NPI) as on Sep 30, 2015

(Amt. in ₹ Millions)

Particulars	As on Sep 30, 2015
Amount of Non-performing Investments (NPI)	9,871.77
Amount of provisions held for Non-performing Investments	7,341.23

j. Movement of provisions for depreciation on investments (including bonds and debentures)

(Amt. in ₹ Millions)

Particulars	As on Sep 30, 2015
Opening Balance	14,566.58
Provisions made during the period	1,183.72
Write offs / Write Back of excess provisions	1,298.74
Closing Balance	14,451.56

k. Industry Wise NPA & Provision break-up *

(Amt. in ₹ Millions)

	As of September 30, 2015		During the current Period	
	Gross NPA	Specific Provision (NPA)	Specific Provision (NPA)	Write-Offs
NPAs and Specific Provisions in Top 5 Industries	64,768	32,883	8,923	1,333

* Industries identified based on Gross Credit Exposure to Industries.
# General NPA provision is Nil.

l. Geography based position of NPA & Provision break-up:

(Amt. in ₹ Millions)

Particulars	As on September 30, 2015		
	Domestic	Overseas	Total
Gross NPA	145,576.38	2, 002.87	1 47,579.24
Specific Provision for NPA	82,455.65	355.33	82,810.98

General NPA provision is Nil.

<u>Table DF-4: Credit Risk: Disclosures for Portfolios Subject to the Standardised approach</u>

The Bank uses the solicited ratings assigned by the external credit rating agencies specified by RBI for calculating risk weights on its exposures for capital calculations. In line with the Basel guidelines, banks are required to use the external ratings assigned by domestic credit rating agencies viz. Crisil, CARE, ICRA, India Ratings, Brickwork and SMERA and international credit rating agencies Fitch, Moody's and Standard & Poor's.

The ratings assigned, are used for all eligible exposures; on balance sheet & off balance sheet; short term & long term in the manner permitted by the guidelines. Only those ratings which are publicly available and in force as per the monthly bulletin of the rating agencies are considered.

To be eligible for risk weighting purposes, the entire amount of credit risk exposure to the Bank is taken into account for external credit assessment. The Bank uses short term ratings for exposures with contractual maturity of less than or equal to one year and long term ratings for those exposures which have a contractual maturity of over one year.

The process used to assign the ratings to a corporate exposure and apply the appropriate risk weight is as per the regulatory guidelines prescribed by RBI. In cases where multiple external ratings are available for a given corporate, the lower rating, where there are two ratings and the second lowest rating, where there are three or more ratings is applied. The table given below gives the breakup of net outstanding amounts of assets in Banking Book and Non Fund Based Facilities after Credit Risk Mitigation in 3 major risk buckets as well as those that are deducted:

(Amt. in ₹ million)

Risk Weight	Net Exposure
Less than 100%	2,314,064.43
At 100%	950,436.31
More than 100%	647,557.81
Deduction from Capital	311.00
Total	**3,912,369.56**

Table DF-5: Credit Risk Mitigation: Disclosures for Standardised Approaches

Collateral is an asset or a right provided by the borrower to the lender to secure a credit facility. To mitigate credit risk, the Bank obtains collaterals against its exposures. The Bank has a Board approved policy on Collateral Management and Credit Risk Mitigation (CRM) Techniques, which includes norms on acceptable collaterals, procedures & processes to enable classification and valuation of such collaterals.

On-Balance sheet netting is confined to loans and deposits, where the Bank has legally enforceable netting arrangements, involving specific lien in addition to other stipulated conditions. The netting is only undertaken for loans against collaterals of the same counterparty and subject to identifiable netting arrangement.

Both financial as well as non-financial collaterals are used to hedge its credit exposures. Appropriate collateral for a product is determined after taking into account the type of borrower, the risk profile and the facility. The main types of eligible financial collaterals accepted by the Bank are Cash, Bank's own deposits, Gold, National Savings Certificates, Kisan Vikas Patra, Insurance policies with a declared surrender value and various Debt securities. The non-financial collaterals include Land & Building, Plant & Machinery, Stock, etc. However, under the retail portfolio the collaterals are defined as per the type of product e.g. collateral for housing loan would be residential mortgage and an automobile is a collateral for auto loan. Most of the eligible financial collaterals, where the Bank has availed capital benefits under CRM techniques, are in the form of Bank's own FDs which are not subject to credit or market risk.

The Bank also considers guarantees for securing its exposures; however only those guarantees which are direct, explicit and unconditional are considered. Sovereigns, Public Sector Entities, Banks, Primary Dealers, Credit Guarantee fund Trust for Micro and Small Enterprises (CGTMSE), Export Credit Guarantee Corporation (ECGC) and highly rated corporate entities are considered as eligible guarantors by the Bank for availing capital benefits as stipulated in the Basel guidelines.

The Bank utilizes various processes and techniques to reduce the impact of the credit risk to which it is exposed. CRM is one such tool designed to reduce the Bank's credit exposure to the counterparty while calculating its capital requirement to the extent of the value of eligible financial collateral. The credit exposure to a counter party is adjusted by the value of eligible financial collaterals after applying appropriate haircuts. The haircuts are applied to account for volatility in value, including those arising from currency mismatch for both the exposure and the collateral. For availing capital savings under eligible guarantees, the amount of exposure is divided into covered and uncovered portions. The covered portion of the exposure attracts the risk weight of guarantor, while the uncovered portion continues to attract the risk weight of the obligor subject to meeting requirements stipulated in the Basel guidelines.

The Bank's exposures where CRM techniques were applied are as follows:

(Amt. in ₹Million)

Particulars	Fund Based	Non-Fund Based *
Total Exposures covered by eligible financial collateral	77,442.34	140,849.84
Exposure after taking benefit of eligible collateral	20,484.31	111,562.38

* Non-Market Related

The exposure covered by corporate guarantees where CRM techniques as per RBI guidelines were applied amounted to ₹ 20,872.26 Million as on September 30, 2015.

DF-6: Securitization exposure-Disclosure for Standardized Approach

<table>
<tr><th colspan="3">Qualitative Disclosures</th></tr>
<tr><td colspan="3">a. The general qualitative disclosures with respect to securitization activities of the Bank are as follows:</td></tr>
<tr><td></td><td>•The Bank’s objectives in relation to securitization activity, including the extent to which these activities transfer credit risk of the underlying securitized exposures away from the bank to other entities.</td><td>Bank has not securitized any standard loans during half year ended on September 30, 2015. Hence, transfer of credit risk is not applicable. However, in order to supplement the achievement of target in Priority Sector Lending (PSL), the Bank invested in Pass Through Certificates (PTC) i.e. Assets securitized by various NBFC/MFI.</td></tr>
<tr><td></td><td>• The nature of other risks inherent in securitized assets.</td><td>Not applicable as the Bank has not securitized any standard loans.
In case of investment in PTCs, the repayment is done out of the collections from the ultimate borrowers. Further Credit Enhancement is also available as determine by Rating Agency based on the rating. If the losses in the pool exceed level of credit enhancement, the losses are to be borne by Bank.</td></tr>
<tr><td></td><td>• The various roles played by the Bank in the securitization process and an indication of the extent of the bank’s involvement in each of them;</td><td>Bank has played the role of Investor, Provider of Credit Enhancement and Liquidity Facility in Securitization. The exposures in above category as on September 30, 2015 is as under:
(₹ Million)
<table>
<tr><th>Sr. No</th><th>Role played</th><th>No. of transactions</th><th>Amount involved</th></tr>
<tr><td>1</td><td>Investor (o/s)</td><td>66</td><td>36,238.89</td></tr>
<tr><td>2</td><td>Provider of Credit enhancement (Second Loss Facility/ Liquidity Facility)</td><td>17</td><td>2,064.87</td></tr>
</table></td></tr>
<tr><td></td><td>• A description of the processes in place to monitor changes in the credit and market risk of securitization exposures.</td><td>Bank periodically monitors the collection performance, repayments, and prepayments, utilization of Credit Enhancement, Mark to Market, due diligence and rating review of the pools in invested portfolio of Securitization as per Credit Policy.</td></tr>
</table>

	• a description of the bank's policy governing the use of credit risk mitigation to mitigate the risks retained through securitization exposures;	The Bank follows extant RBI guidelines on Investment in securitized papers/ PTCs as outlined in RBI circular dated May 07, 2012 and August 21, 2012. The Bank acquires securitized assets with adequate Credit Enhancement as stipulated by the rating agencies.
b	**Summary of the bank's accounting policies for securitization activities, including:**	
	• whether the transactions are treated as sales or financings;	Bank has not securitized any standard loans. However it has invested through acquisition of receivables from NBFC/MFI which is treated as investments in the books of bank.
	• methods and key assumptions (including inputs) applied in valuing positions retained or purchased	The Bank's Investment in securitized papers/ PTCs are categorized under Available For Sale category and valuation of the same has been carried out as per RBI/ FIMMDA guideline.
	• changes in methods and key assumptions from the previous period and impact of the changes;	No change
	• 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 securitized any standard loans. However, it has provided Bank Guarantee (BG) as credit enhancement for PTC transactions carried out by other banks. There BGs are treated as contingent liabilities under liability head in Bank's book
c)	In the banking book, the names of External Credit Assessment Institutions (ECAIs) used for securitization and the types of securitization exposure for which each agency is used.	The loans acquired by Bank through acquisition of PTCs are externally rated by CRISIL, CARE, ICRA, India Ratings.

Quantitative disclosures with respect to securitization activities of the Bank in the Banking book are as follows:		
d)	The total amount of exposures securitized by the bank	Bank Guarantee of ₹ 1,978.36 Million issued towards Second loss facility and Fund Based Facility of ₹ 86.51 Million as Liquidity Facility for PTC transactions is considered as securitized exposure of Bank.
e)	For exposures securitized, losses recognized by the bank during the current period broken by the exposure type.	Nil
f)	Amount of assets intended to be securitized within a year	Nil
g)	Of the above, the amount of assets originated within a year before securitization.	Not Applicable
h)	The total amount of exposures securitized (by exposure type) and unrecognized gain or losses on sale by exposure type.	Nil
i)	Aggregate amount of: • on-balance sheet securitization exposures retained or purchased broken down by exposure type and	Nil
	• off-balance sheet securitization exposures broken down by exposure type	Bank Guarantee of ₹ 1,978.36 Million issued towards Second loss facility and Fund Based Facility of ₹ 86.51 Million as Liquidity Facility for PTC transactions is considered as securitized exposure of Bank.
j)	• Aggregate amount of securitization exposures retained or purchased and the associated capital charges, broken down between exposures and further broken down into different risk weight bands for each regulatory capital approach	Nil
	• Exposures that have been deducted entirely from Tier 1	Nil

	capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital.	
Quantitative disclosures with respect to securitization activities of the Bank in the Trading book are as follows:		
k)	Aggregate amount of exposures securitized by the bank for which the bank has retained some exposures and which is subject to the market risk approach, by exposure type.	No standard loans have been securitized by Bank.
l)	Aggregate amount of: • on-balance sheet securitization exposures retained or purchased broken down by exposure type; and	The Bank has invested in Pass Through Certificates (PTC) i.e. Assets securitized by various NBFC/MFI during half year ended September 30, 2015- Outstanding- ₹ 592.95 Million (Acquired amount-₹ 668.70 Million). The outstanding PTC portfolio as on September 30, 2015 was ₹ 36,238.89 Million.
	• off-balance sheet securitization exposures broken down by exposure type.	Nil
m)	Aggregate amount of securitization exposures retained or purchased separately for: • securitization exposures retained or purchased subject to Comprehensive Risk Measure for specific risk; and	Nil
	• Securitization exposures subject to the securitization framework for specific risk broken down into different risk weight bands.	The outstanding PTC portfolio as on September 30, 2015 was ₹ 36,238.89 Million.

<table>
<tr><td rowspan="7">n)</td><td rowspan="6">Aggregate amount of:
• the capital requirements for the securitization exposures, subject to the securitization framework broken down into different risk weight bands.</td><td colspan="4">(₹ Million)</td></tr>
<tr><td>Facility</td><td>Amt. At 100% CCR</td><td>Rating</td><td>Risk Weight</td></tr>
<tr><td rowspan="4">Investment Outstanding</td><td>9,465.05</td><td>AAA</td><td>20%</td></tr>
<tr><td>21,950.69</td><td>AA</td><td>30%</td></tr>
<tr><td>2,773.60</td><td>A</td><td>50%</td></tr>
<tr><td>2,049.55</td><td>BBB</td><td>100%</td></tr>
<tr><td>• securitization exposures that are deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital.</td><td colspan="4">Nil</td></tr>
</table>

<u>Table DF-7: Market Risk in Trading Book</u>

Market Risk is the risk of loss in the value of an investment due to adverse movements in the level of the market variables such as interest rates, equity prices, exchange rates and commodity prices, as well as volatilities therein. The Bank is exposed to market risk through its trading activities, which are carried out on its own account as well as those undertaken on behalf of its customers. The Bank monitors and manages the financial exposures arising out of these activities as an integral part of its overall risk management system. The system takes cognizance of the unpredictable nature of the financial markets and strives to minimize any adverse impact on the shareholders' wealth.

The Bank has formulated an Asset Liabilities Management (ALM) Policy, a Market Risk and Derivative Policy and an Investment Policy all of which are approved by the Board. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound & acceptable business practices and are as per the extant regulatory guidelines. These policies contain the limit structure that governs transactions in financial instruments. These policies are reviewed periodically to incorporate changed business requirements, economic environment and changes in regulations in addition to process and product innovations.

The Asset Liability Management Committee (ALCO) comprising top executives of the Bank meet regularly to manage balance sheet risks in a coordinated manner. ALCO focuses on the management of risks viz. liquidity, interest rate and foreign exchange risks. Interest rate sensitivity analysis is measured through impact of interest rate movements on Net Interest Income (NII) of the Bank.

The Market Risk and Derivative Policy identifies the trading risks to be managed by the Bank. It also lays down the organizational structure, tools, systems, processes, etc., necessary for appropriate levels of risk management in the trading book. The important risk management tools employed by the Bank are Marked to Market (MTM) of trading portfolio, PV01, modified duration, Stop loss, Greek limits, Potential Future Exposure, stress testing etc.

The Investment policy has been framed keeping in view market dynamics and various circulars issued by RBI in this regard. The policy lays down the parameters for investments in instruments, the purpose for such investments and the eligible customers with whom Bank can transact.

The Bank manages its market risk with the broad objectives of:

1. Management of interest rate risk, currency risk and equity risk arising from investments, foreign exchange and derivatives portfolio;
2. Proper classification, valuation and accounting of the transactions in various portfolios;
3. Adequate and proper reporting of the transactions related to derivative, investment and foreign exchange products;
4. Effective control over the operation and execution of market related transactions; and
5. Compliance with regulatory requirements.

The Bank has an independent Market Risk Group (MRG)/Middle Office which is responsible for identification, assessment, monitoring and reporting of market risk in Treasury operations and to highlight exceptions, if any. The group also recommends changes in policies and methodologies for measuring market risk. The main strategies and processes of the group are:-

1. Delegation: Appropriate delegation of powers has been put in place for treasury operations. Investment decisions are vested with Investment Committee of the Board. MRG monitors various limits, which have been laid down in the policies.
2. Controls: The systems have adequate data integrity controls. The controls are used for audit purpose as well.
3. Exception handling processes: The limits set in the policies have been inserted in the system for ensuring that the same is being enforced to minimize exceptions. The limit breaches/exceptions, if any, are analyzed and ratified from the delegated authorities.

The MRG periodically reports on forex, investment and derivative product related risk measures to the senior management and committees of the Board. The Bank also reports to regulators as per the reporting requirements. Based on the risk appetite of the Bank, limits are placed on the risk metrics which are monitored on a periodic basis.

Aggregation of capital charge for market risks as on September 30, 2015

(Amt. in ₹ Million)

	Risk Category	Capital charge
a.	**Capital Charge on account of specific risk**	**11,180.45**
i)	On interest rate related	2,493.47
ii)	On equities	8,686.98
iii)	On derivatives	0.00
b.	**Capital charge on account of general market risk**	**4,795.00**
i)	On interest rate related instruments	2,236.21
ii)	On equities	2,104.26
iii)	On Foreign exchange	450.00
iv)	On precious metals	0.00
v)	On derivatives (FX Options)	4.53
	Total Capital Charge on Trading Book (a+b)	**15,975.45**
	Total Risk Weighted Assets on Trading Book	**199,692.98**

Table DF-8: Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people & systems or from external events inherent in Bank's business activities. This includes legal risk, but excludes strategic and reputational risks.

Operational Risk Management Framework

The Bank has a well-defined Operational Risk & Business Continuity Management (OR & BCM) Policy. The main objectives of the policy are identification & assessment of operational risks attached to banking operations and developing capabilities, tools, systems and processes to monitor and mitigate these risks.

The Bank has a robust Operational Risk Management Framework and has also established an enabling organizational structure comprising Board of Directors, Risk Management Committee (RMC) of the Board and Operational Risk Management Committee (ORMC) for effective management of

Operational Risk. Review reports on Operational Risk management activities are periodically presented to ORMC and RMC of the Board.

Bank's initiative in migrating to AMA

At present, the Bank is following the Basic Indicator Approach (BIA) for computation of capital charge for Operational Risk. However, as a part of intended migration to Advanced Measurement Approach (AMA), the Bank is putting concerted efforts to further improve its Operational Risk management system& procedure in a time bound manner. In this regard, Comprehensive Operational Risk Evaluator (CORE) has been implemented for management of Operational Risk attached to various functions of the Bank. Further, the Bank has established Key Risk Indicator (KRI) and Risk & Control Self-Assessment (RCSA) Frameworks for assessment & monitoring of operational risks within the Bank. The Bank is collecting operational loss data across the Bank through Loss Data Capture (LDC) module and categorizing these losses under various business lines and loss types in line with the RBI guidelines. The Bank has also put in place a Scenario Analysis Framework for generation and analysis of scenario to evaluate its exposure to Low Frequency High-Severity (LFHS) loss events. The Bank would identify scenarios based on its own internal loss experience and relevant external data, with the aim to capture all material risks, which may be applied consistently across the Bank.

Bank's initiatives for implementation of Business Continuity Management (BCM)

In order to safeguard the human life & Bank's assets and to ensure uninterrupted banking services during disruption/ disaster, the Bank has put in place a well-defined BCM for its various critical functions, which also fulfills regulatory requirements.

BCM comprises Business Continuity Plan (BCP) and Disaster Management Plan (DMP). These BCM documents, inter alia, incorporate the modalities, in an event of business disruption/disaster and consequent recovery strategies & plans. The resilience of these plans under different disruption scenarios are tested on an ongoing basis through mock evacuation drills, DR drills and BCP testing exercises. A robust and effective BCM would enable the Bank to provide continuity in service and facilitate customer satisfaction. To mitigate the risk of system failure, the Bank has set up a Disaster Recovery (DR) site at Chennai & a near DR site at Mumbai. The Bank periodically carries out DR drill exercises to test the capabilities of DR site. Automation of BCM activities is activated through the application software i-DAB.

Table DF-9: Interest Rate Risk in the Banking Book (IRRBB)

IRRBB refers to the potential impact on the Bank's earnings and economic value of assets and liabilities due to adverse movement in interest rates. Besides the general change in interest rate, variation in the magnitude of interest rate change among the different products/ instruments (e.g., yield on Government securities, interest rate on term deposits, lending rate on advances etc.,) it is also a significant source of interest rate risk. Changes in interest rates affect the Bank's earning through variation in its Net Interest Income (Interest Income minus Interest Expenses) as well as economic value of equity through net variation in economic value of assets and liabilities. The extent of change in earning and economic value of equity primarily depends on the nature and magnitude of maturity and re-pricing mismatches between the Bank's assets and liabilities.

Recognizing the importance of interest rate risk management, the Bank has put in place an appropriate ALM system which incorporates the Board approved interest rate risk management policy, procedures and limit structure in line with the RBI guidelines. The objectives of interest rate risk management are to identify the sources of risks and to measure their magnitude in terms of appropriate methods. It also includes appropriate funding, lending and off-balance sheet strategies with respect to maturity structure, pricing, product and customer group mix within the overall framework. The Bank's tolerance level for IRRBB is specified in terms of potential impact of net interest income and economic value of equity. The Asset Liability Committee (ALCO) of the Bank is responsible to ensure regular measurement, monitoring and control initiatives for the Bank's interest rate risk management. Balance Sheet Management Group (BSMG) regularly measures and monitors ALM mismatches. Adequate information system has also been put in place for system based ALM report generation on a daily basis.

Measurement and monitoring of IRRBB are carried out through the methods of Interest Rate Sensitivity (re-pricing) gap, Duration gap and Scenario based analysis covering both earning (impact on net interest income) and economic value perspective (impact on economic value of equity). Preparation of interest rate sensitivity gap report involves bucketing of all interest rate sensitive assets and liabilities into different time buckets based on their respective remaining term to maturity or next re-pricing date, whichever is earlier. Assumptions made for this report are for bucketing of core saving bank deposits into "over 3 months to 6 months", core current account deposits into "over 1 year to 3 years" and advances linked to BPLR or Base Rate into "over 3 months – 6 months" as these liabilities and assets do not have prior-specified re-pricing date. Duration gap analysis is undertaken based on computation of duration and present value of future cash flows of the interest rate sensitive assets and liabilities. Scenario analysis is carried out to measure impact on net interest income and economic value of capital under different interest rate scenario.

ALCO regularly monitors the interest rate risk exposures and suggests appropriate steps/ provides directions on composition and growth of deposits and advances, pricing of deposits and advances and management of money market operations and investment books etc., to control IRRBB within the prescribed internal limits. Interest rate risk position is periodically reported to RMC of the Board and RBI.

Impact of parallel shift in Interest Rate by 100 basis points	
	(Amt. in ₹ Million)
Sensitivity of Net Interest Income to Interest rate change (Earning at Risk) (Time Horizon: 1 year)	Sensitivity of Economic Value of Equity (EVE) to Interest rate change (Economic Value at Risk)
Impact on NII	Impact on EVE
43.72	**18,625**

Table DF-10: General Disclosure for Exposures Related to Counterparty Credit Risk

The Bank follows a structured process to ascertain the credit risk of an asset relationship with a counter-party covering both fund based and non-fund based facilities. Suitable policy frameworks are put in place in the form of Credit policy, Counterparty-Bank Policy, Market Risk & Derivative Policy, Investment Policy, Collateral Management Policy and Country Risk Policy which outline the guiding principles to manage Counterparty Credit Risk (CCR). In line with regulatory guidelines, the Credit policy of the Bank stipulates broad contours of counterparty credit exposure limits in respect of single borrower and borrowings by a group in relation to the Bank's capital fund. In addition, various internal thresholds are stipulated prudentially in relation to Net Worth, Total Committed Exposures (TCE), Total Outstanding exposure, Advances etc. Prudential limits in the form of Sectoral limits are also stipulated in addition to applicable regulatory norms on the capital market segment. Currently, the Bank is computing capital on CCR following the standardized approach and adhering to regulations under Basel III.

The Bank’s rating module, encompassing various rating models, supports internal credit rating of counter-party. Product specific guidelines are also defined in terms of customer suitability and appropriateness along with applicable terms and conditions. The Bank also has a Credit Support Annex (CSA) arrangement with select counter-party banks. CSA defines the terms under which collateral is transferred between derivative counterparties to mitigate the credit risk arising from derivative positions.

The process of Collateral Management covers the entire gamut of activities right from its acceptability to its legal enforceability at the time of need. In establishing credit reserve, the Bank caters to various alternative techniques including escrow mechanism and charges thereon, activating Debt Service Reserve Account (DSRA), lien mark on deposits with the Bank, stipulating conditions towards higher margin, obtaining personal and third party guarantee etc. Credit filtering standards and product guidelines of the Bank capture the associated wrong way risk exposure.

The notional value of credit derivative hedges and the distribution of current credit exposure by types of credit exposure:

(Amt. in ₹ Million)

Derivatives	Notional	Current Exposure
Interest Rate Swaps	535909.33	8193.63
Currency Swaps	105995.49	20345.73
Currency Options	59457.78	9677.41
Forwards	826737.76	26616.09

<u>Table DF-11: Composition of Capital</u>

Part II: Template to be used before March 31, 2017 (i.e. during the transition period of Basel III regulatory adjustments)

Basel III common disclosure template to be used during the transition of regulatory adjustments (i.e. from April 1, 2013 to December 31, 2017)			**₹ In million**	
Common Equity Tier 1 capital: instruments and reserves			**Amounts subject to Pre-Basel III Treatment**	**Reference No.**
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	112,829.22		A=A1+B2
2	Retained earnings	8,094.81		B6
3	Accumulated other comprehensive income (and other reserves)	106,433.66		B3+B4+B5
4	*Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)*	-		

5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	**CET1 capital before regulatory deductions**	227,357.69		B1
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-		
8	Goodwill (net of associated deferred tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	123.56	82.37	F
10	Deferred tax assets	15,805.31	10,536.87	G
11	Cash flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in CET1 capital instruments	736.16		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
19	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		

23	of which: significant investments in the common stock of financial sector entities	-		
24	of which: mortgage servicing rights	-		
25	of which: deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments (26a+26b+26c+26d)	310.98		
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	310.98		
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	of which: Unamortised pension funds expenditures	-		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-		
28	**Total regulatory deductions to CET1 capital**	16,976.02		
29	**Common Equity Tier 1 capital (CET1)**	210,381.67		
AT1 capital: instruments				
30	Directly Issued Qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	25,000.00		
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	25,000.00		
33	*Capital instruments subject to phase out arrangements from AT1 capital*	11,961.60		

34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	*of which: instruments issued by subsidiaries subject to phase out*	-		
36	**Additional Tier 1 capital before regulatory deductions**	36,961.60		C
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	259.23		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	10,619.25		
	of which: Deferred Tax Assets	10,536.87		
	of which:Investment in Non - Financial subsidiary [existing adjustments which are deducted from Tier 1 at 50%]	0.00		
	of which:Goodwill & Other Intangible Assets	82.37		
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-		
43	**Total regulatory deductions to AT1 capital**	10,878.48		
44	**Additional Tier 1 capital (AT1)**	26,083.12		
44a	**Additional Tier 1 capital reckoned for capital adequacy**	26,083.12		

45	**Tier 1 capital (Tier 1 = CET1 + AT1) (29+44a)**	236,464.79		
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0.00		
47	*Directly issued capital instruments subject to phase out from Tier 2*	77,026.46		D
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	*of which: instruments issued by subsidiaries subject to phase out*	-		
50	Provisions	28,880.22		E1+E2
51	**Tier 2 capital before regulatory deductions**	105,906.68		
Tier 2 capital: regulatory deductions				
52	Investments in own Tier 2 capital instruments	-		
53	Reciprocal cross-holdings in Tier 2 capital instruments	300.78		
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	0.00		
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	0.00		
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT	-		

57	**Total regulatory deductions to Tier 2 capital**	300.78		
58	**Tier 2 capital (T2)**	105,605.90		
58a	**Tier 2 capital reckoned for capital adequacy**	105,605.90		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**			
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	105,605.90		
59	**Total capital (Total capital = Tier 1 + Tier 2)**	342,070.69		
60	**Total risk weighted assets**	2,909,630.75		
60a	**of which: total credit risk weighted assets**	2,546,528.07		
60b	**of which: total market risk weighted assets**	199,692.98		
60c	**of which: total operational risk weighted assets Capital ratios**	163,409.70		
Capital ratios (as a percentage of risk weighted assets)				
61	**Common Equity Tier 1 (as a percentage of risk weighted assets)**	7.23%		
62	**Tier 1 (as a percentage of risk weighted assets)**	8.13%		
63	**Total capital (as a percentage of risk weighted assets)**	11.76%		
64	**Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)**	5.50%		
65	*of which: capital conservation buffer requirement*	0.00%		
66	*of which: bank specific countercyclical buffer requirement*	-		
67	*of which: G-SIB or D-SIB buffer requirement*	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	1.73%		
National minima (if different from Basel 3 minimum)				
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	1,595.06		
73	Significant investments in the common stock of financial entities	10,251.69		
74	Mortgage servicing rights (net of related tax liability)	N.A		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	N.A		
Applicable caps on the inclusion of provisions in Tier 2 capital				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	28,880.22		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	N.A.		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N.A.		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	N.A.		
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)				
80	*Current cap on CET1 capital instruments subject to phase out arrangements*	N.A.		
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	N.A.		
82	*Current cap on AT1 instruments subject to phase out arrangements*	N.A.		
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	N.A.		
84	*Current cap on T2 instruments subject to phase out arrangements*	N.A.		
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	N.A.		

Row No. of the template	Particular	(Rs. In million)
10	Deferred tax assets associated with accumulated losses	
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	26,342.19
	Total as indicated in row 10	26,342.19
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	
50	Eligible Provisions included in Tier 2 capital	21,510.15
	Eligible Revaluation Reserves included in Tier 2 capital	7,370.07
	Total of row 50	28,880.22
58a	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)	

Table DF-12: Composition of Capital- Reconciliation Requirements

Step 1

(₹ In Millions)

		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
A	Capital & Liabilities		
i	Paid-up Capital	16,039.59	16,039.59
	Reserves & Surplus	230,143.75	230,187.95
	Minority Interest	605.50	0.00
	Total Capital	**246,788.84**	**246,227.54**
ii	**Deposits**	**2,390,363.84**	**2,391,965.45**
	of which: Deposits from banks	331,243.57	331,243.58
	of which: Customer deposits	2,059,120.27	2,060,721.87
	of which: Other deposits (pl.specify)	0.00	0.00
iii	**Borrowings**	**630,059.74**	**630,059.74**
	of which: From RBI	0.00	0.00
	of which: From banks	4,200.50	4,200.50
	of which: From other institutions & agencies	0.00	0.00
	of which: Others (pl. specify) Borrowings Outside India, General Refinance, Flexi Bonds and Omni Bonds	453,709.24	453,709.24
	of which: Capital instruments	172,150.00	172,150.00
iv	**Other liabilities & provisions**	**116,977.57**	**116,409.40**
	Total	**3,384,189.99**	**3,384,662.13**
B	**Assets**		
i	**Cash and balances with Reserve Bank of India**	**116,201.43**	**116,199.37**
	Balance with banks and money at call and short notice	**72,598.70**	**72,707.43**
ii	**Investments:**	**780,722.26**	**782,363.53**
	of which: Government securities	672,595.59	670,732.44
	of which: Other approved securities	0.00	0.00
	of which: Shares	31,598.96	31,392.92
	of which: Debentures & Bonds	68,751.13	68,654.96
	of which: Subsidiaries / Joint Ventures / Associates	255.00	4,405.98
	of which: Others (Commercial Papers, Mutual Funds etc.)	7,521.58	7,177.23
iii	**Loans and advances**	**2,046,609.40**	**2,046,609.40**
	of which: Loans and advances to banks	3,238.42	3,238.42

	of which: Loans and advances to customers	2,043,370.98	2,043,370.98
iv	**Fixed assets**	**31,334.99**	**31,264.58**
v	**Other assets**	**336,723.21**	**335,517.82**
	of which: Goodwill and intangible assets	0.00	0.00
	of which: Eligible Deferred tax assets	26,342.19	26,342.19
vi	**Goodwill on consolidation**	0.00	0.00
vii	**Debit balance in Profit & Loss account**	0.00	0.00
	Total Assets	**3,384,189.99**	**3,384,662.13**

Step 2:

		Balance sheet as in financial statements	**Balance sheet under regulatory scope of consolidation**	
		As on reporting date	**As on reporting date**	**Reference No.**
A	Capital & Liabilities			
i	**Paid-up Capital**	**16,039.59**	16,039.59	
	of which: Amount eligible for CET1	16,039.59	16,039.59	A1
	of which: Amount eligible for AT1	0.00	0.00	
	Reserves & Surplus	**230,143.75**	230,187.95	
	Share Premium	96,789.64	96,789.64	B2
	Statutory Reserve	30,193.47	30,193.47	B3
	Capital Reserve	8,252.11	8,195.17	B4
	Other Disclosed Free Reserve	69,428.14	68,045.02	B5
	Balance in P&L account	9,102.47	8,094.81	B6
	Revaluation Reserve (For regulatory purpose it is discounted at 55%)	16,377.93	7,370.07	E2
	Minority Interest	**605.50**	0.00	
	Total Capital	**246,788.84**	**246,227.54**	
ii	**Deposits**	**2,390,363.84**	**2,391,965.45**	
	of which: Deposits from banks	331,243.57	331,243.58	
	of which: Customer deposits	2,059,120.27	2,060,721.87	
	of which: Other deposits (pl. specify)	0.00	0.00	
iii	**Borrowings**	**630,059.74**	**630,059.74**	
	of which: From RBI	0.00	0.00	
	of which: From banks	4,200.50	4,200.50	
	of which: From other institutions & agencies	0.00	0.00	

	of which: Others (pl. specify) Borrowings Outside India, General Refinance, Flexi Bonds and Omni Bonds	453,709.24	453,709.24	
	of which: Capital instruments	172,150.00	172,150.00	
	-of which			
	a) Eligible Additional Tier 1	36,961.60	36,961.60	C
	b)Eligible Tier 2	77,026.46	77,026.46	D
iv	**Other liabilities & provisions**	**116,977.57**	**116,409.40**	
	of which: Prudential provisions against standard assets, provision for unhedged foreign currency exposure and excess provisions which arise on account of sale of NPAs included under Tier 2 Capital	21,510.15	21,510.15	E1
	Total	**3,384,189.99**	**3,384,662.13**	
B	**Asset**			
i	**Cash and balances with Reserve Bank of India**	**116,201.43**	**116,199.37**	
	Balance with banks and money at call and short notice	**72,598.70**	**72,707.43**	
ii	**Investments**	**780,722.26**	**782,363.53**	
	of which: Government securities	672,595.59	670,732.44	
	of which: Other approved securities	0.00	0.00	
	of which: Shares	31,598.96	31,392.92	
	of which: Debentures & Bonds	68,751.13	68,654.96	
	of which: Subsidiaries / Joint Ventures / Associates	255.00	4,405.98	
	of which: Others (Commercial Papers, Mutual Funds etc.)	7,521.58	7,177.23	
iii	**Loans and advances**	**2,046,609.40**	**2,046,609.40**	
	of which: Loans and advances to banks	3,238.42	3,238.42	
	of which: Loans and advances to customers	2,043,370.98	2,043,370.98	
iv	**Fixed assets**	**31,334.99**	**31,264.58**	
	out of which intangibles	213.82	205.94	F
v	**Other Assets**	**336,723.21**	**335,517.82**	
	of which: Goodwill and intangible assets	0.00	0.00	
	Out of which:			
	Goodwill	0.00	0.00	
	Other intangibles (excluding MSRs)	0.00	0.00	

	Out of which Eligible Deferred tax assets	26,342.19	26,342.19	G
vi	**Goodwill on consolidation**	0.00	0.00	
vii	**Debit balance in Profit & Loss account**	0.00	0.00	
	Total Assets	**3,384,189.99**	**3,384,662.13**	

Step 3:-

(₹ In Millions)

Extract of Basel III common disclosure template (with added column) – Table DF-11 (Part I / Part II whichever, applicable)			
Common Equity Tier 1 capital: instruments and reserves			
		Component of Regulatory capital reported by bank	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2**
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	16,039.59	A1
2	Retained earnings	8,094.81	B6
3	Accumulated other comprehensive income (and other reserves)	203,223.30	B2+B3+B4+B5
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	227,357.69	B1
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	

Table DF- 13: Main features of regulatory capital instruments

"DF- 13: Main features of regulatory capital instruments issued by the Bank are available on the website under "Regulatory Disclosure Section >> FY 2015-16 (Basel III) >> September 2015".

Table DF-14: Terms and Conditions of Regulatory Capital Instruments issued by the Bank

‘‘DF- 14. The Term Sheets for regulatory capital instruments issued by the Bank are available on the website under "Regulatory Disclosure Section >> FY 2015-16 (Basel III) >> September 2015".

Table DF-16: Equities – Banking Book Positions

Equity investments in the following are held in the Banking book:

1. **Subsidiaries & JVs** - These are intended to be held for a long time with an intention to participate in the distribution of profits of the companies. These investments are classified as HTM.
2. **Associates** - Most of these investments were originated by the erstwhile Development Financial Institutional (DFI) in fulfillment of its development banking role. Bank intends to divest these investments as and when opportunity arises. These investments are classified as AFS.
3. **Shareholding of less than 20% in equity capital of the investee companies which has been acquired through subscription / purchase / conversion of loan dues into equity/ recovery of recompense**. These are intended to be held over medium term and to be divested through buyback and or sale through third parties, stock exchanges or otherwise. These investments are classified as AFS.

As per the RBI guidelines, investments classified under HTM category need not be marked to market and carried at acquisition cost. Any diminution, other than temporary, in the value of equity investments is provided for. Any loss on sale of investments in HTM category is recognized in the profit and loss statement. Any profit on sale of investments under HTM category is recognized in the profit and loss statement and is then appropriated to capital reserve, net of taxes and statutory reserve.

As per the Investment policy, the quoted equity shares in the Bank's portfolio are marked to market on a daily basis. Equity shares for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at the break-up value (without considering ‘revaluation reserves’, if any) which is ascertained from the company’s latest balance sheet (not more than one year prior to the date of valuation). In case the latest balance sheet is not available the shares are valued at Re.1 per company.

There has been no change in these practices during the reporting period.

Equity Investments in Banking Book:

Sr. No	Description	(₹ In Millions)
1	Equity Investments in Banking Book	
	a) Value disclosed in the balance sheet of investments	36,,823.94
	b) Fair value of the investments	55,609.60
	As Bank considers the publicly quoted share value to be the fair value of such shares, there is no material difference between the two values.	
2	The types and nature of investments including the amount that can be classified as:	
	a. Publicly traded	17,732.56
	b. Privately held (Unlisted)	19,091.37
3	The cumulative realised gains (losses) arising from sales and liquidations in the reporting period.	1,247.49
4	Total unrealised gains (losses)*	NIL
5	Total latent revaluation gains (losses)**	18,785.67
6	Any amounts of the above included in Tier 1 and or Tier 2 capital.	NIL
7	Capital Requirements broken down by appropriate equity grouping, consistent with the Bank's Methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirements	The strategic investments in subsidiaries (Financial/Non-Financial), is given deduction treatment as per Basel III capital regulations, whereas Joint venture entity in Insurance and all other investments is given risk – weighted treatment.

* Unrealised gains (losses) recognised in the balance sheet but not through the profit and loss account.

** Unrealised gains (losses) not recognised either in the balance sheet or through the profit and loss account.

Table DF-17: Leverage Ratio – Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure Measure

Sr. No	Item	(Rs. in Millions)
1	Total consolidated assets as per published financial statements	3,384,190.00
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(310.98)
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	64,832.86
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	578.40
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	859,300.37
7	Other adjustments	(27,071.39)
8	**Leverage ratio exposure**	**4,281,519.26**

DF-18: Leverage ratio common disclosure template

Sr. No.	Item	(Rs. in Millions)
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3,290,598.59
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	27,854.50
3	**Total on-balance sheet exposures** (excluding derivatives and SFTs) (sum of lines 1 and 2)	**3,262,744.09**
Derivative exposures		
4	Replacement cost associated with all *derivatives transactions (i.e. net of eligible cash variation margin)*	22,256.74
5	Add-on amounts for PFE associated with *all* derivatives transactions	42,576.12
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0

9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	**Total derivative exposures (sum of lines 4 to 10)**	**64,832.86**
	Securities financing transaction exposures	
12	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	94,063.54
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	CCR exposure for SFT assets	578.40
15	Agent transaction exposures	0
16	**Total securities financing transaction exposures (sum of lines 12 to 15)**	94,641.94
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	2,242,106.37
18	(Adjustments for conversion to credit equivalent amounts)	1,382,806.00
19	**Off-balance sheet items (sum of lines 17 and 18)**	**859,300.37**
Capital and total exposures		
20	**Tier 1 capital**	**236,464.66**
21	**Total exposures (sum of lines 3, 11, 16 and 19)**	**4,281,519.26**
Leverage ratio		
22	**Basel III leverage ratio**	**5.52%**

Reconciliation between Total consolidated assets as per published financial statements and On-balance sheet exposure under leverage ratio

Sr. No	Item	(Rs. in Millions)
1	Total consolidated assets as per published financial statements	3,384,190.00
2	Replacement cost associated with all derivatives transactions, i.e. net of eligible cash variation margin	0.00
3	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	(94,063.54)
4	Adjustment for Collaterals and adjustments entities outside the scope of regulatory consolidation	472.13
5	On-balance sheet exposure under leverage ratio (excluding derivatives and SFTs)	3,290,598.59

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