

**Disclosures under Prudential Guidelines on Capital Adequacy & Market Discipline
for the Half year ended 30.09.2009**

Table DF-1: Scope of application

All figures in Crore Rupees

1	<u>Quantitative Disclosures</u>	
1.1	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.	Entire investment in JRB, KRB (the two sponsored regional rural banks) is deducted from Tier-I Capital of the bank for capital adequacy calculation.
1.2	The aggregate amount (e.g. current book value) of the bank's total interests in the 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 or voting, power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using deduction.	<p>The Bank has invested in the capital of MetLife India Co. Ltd., which is incorporated in India and has head office in India.</p> <p>Our stake in MetLife India is to the order of (13.94%). This entire investment is taken as Capital Market exposure as per RBI guidelines carrying RW of 125%. Bank has got two representatives on MetLife board enjoying equal voting rights.</p> <p>The company's address is: MetLife India Insurance Company Ltd Brigade Seshamahal 5, Vani Vilas Road Basavangudi Bangalore - 560004</p>

Table DF - 2 : Capital Structure

		Amount in Crores
2	<u>Quantitative Disclosures</u>	
2.1	The amount of tier 1 capital, with separate disclosure of:	
	• Paid up capital;	• 48.49
	• Statutory and other disclosed free reserves	• 2511.23
	• Capital Reserves	• 63.13
	• Others	• 252.33
	• Amount deducted from tier 1 capital, including goodwill and investment.	• (24.64)
	Total Tier I Eligible Capital (net of deductions)	2850.54
2.2	The total amount of tier 2 capital (net of deductions from tier 2 capital).	125.19
	Debt capital instruments eligible for inclusion in upper tier 2 capital	
	• Total Amount outstanding	• Nil
	• Of which amount raised during the current year	• Nil
	• Amount eligible to be reckoned as capital funds	• Nil
	Total Tier II Eligible Capital (net of deductions)	125.19
2.3	Subordinated debt eligible for inclusion in lower tier 2 capital	
	• Total amount outstanding	• NIL
	• Of which the amount raised during the current year	• NIL
	• Amount eligible to be reckoned as capital funds	• NIL
2.4	Other deductions from capital if any.	• NIL
2.5	Total eligible capital.	2975.73

Table DF - 3 : Capital adequacy;

Amount in Crores

3	<u>Quantitative Disclosures</u>	
3.1	Capital requirements for credit risk:	
	<ul style="list-style-type: none"> Portfolio subjected to standardized approach @ 9% CRAR 	<ul style="list-style-type: none"> 1529.23
	<ul style="list-style-type: none"> Portfolios subject to the IRB approaches 	<ul style="list-style-type: none"> Nil
	<ul style="list-style-type: none"> Securitisation exposures 	<ul style="list-style-type: none"> Nil
3.2	Capital requirement for market risk Standardized duration approach: @ 9% CRAR	70.32
	<ul style="list-style-type: none"> Interest rate risk 	<ul style="list-style-type: none"> 39.62
	<ul style="list-style-type: none"> Foreign exchange risk (including gold) 	<ul style="list-style-type: none"> 2.30
	<ul style="list-style-type: none"> Equity risk 	<ul style="list-style-type: none"> 28.40
3.3	Capital requirement for operational risk <ul style="list-style-type: none"> Basic indicator approach @ 9% CRAR 	158.44
3.4	Total and tier 1 capital ratio	(Basel-II)
	<ul style="list-style-type: none"> For the top consolidated group; and 	<ul style="list-style-type: none"> Total CRAR 15.23% Tier I CRAR 14.59%
	<ul style="list-style-type: none"> For significant bank subsidiaries (stand alone or sub consolidated depending on how the framework is applied.) 	<ul style="list-style-type: none"> NA

Table DF - 4 : Credit risk-General disclosure

Amount in Crores

4	<u>Quantitative Disclosures</u>	
4.1	Total gross credit risk exposures, plus average gross exposure Fund based and Non-fund based separately, broken down by major types of credit exposure.	Fund based 21493.28 Non fund 2546.67 Total 24039.95
4.2	Geographic distribution of exposures: <ul style="list-style-type: none"> • Overseas • Domestic 	<ul style="list-style-type: none"> • NIL • 21493.28 (Funded)
4.3	Industrial type distribution of exposure, Fund based and Non-fund based separately.	Major industry type exposure is given below in annexure A separately.
4.4	Residual contractual maturity breakdown of assets,	Residual contractual maturity is given below in annexure B separately.
4.5	Amount of NPAs (Gross)	• 478.37
	• Substandard	• 140.26
	• Doubtful	• 294.48
	• Loss	• 43.62
	Net NPAs	• 116.95
4.6	NPA Ratios	NPA Ratios

	<ul style="list-style-type: none"> • Gross NPAs to gross advances 	<ul style="list-style-type: none"> • 2.23
	<ul style="list-style-type: none"> • Net NPAs to net advances 	<ul style="list-style-type: none"> • 0.55
4.7	Movement of NPAs (Gross)	
	<ul style="list-style-type: none"> • Opening balance 	<ul style="list-style-type: none"> • 559.27
	<ul style="list-style-type: none"> • Additions 	<ul style="list-style-type: none"> • 82.99
	<ul style="list-style-type: none"> • Reductions 	<ul style="list-style-type: none"> • 163.90
	<ul style="list-style-type: none"> • Closing balance 	<ul style="list-style-type: none"> • 478.36
4.8	Movement of provisions for NPAs	
	<ul style="list-style-type: none"> • Opening balance 	<ul style="list-style-type: none"> • 270.48
	<ul style="list-style-type: none"> • Provisions made during the period 	<ul style="list-style-type: none"> • 89.68
	<ul style="list-style-type: none"> • Write-off 	<ul style="list-style-type: none"> • 00.00
	<ul style="list-style-type: none"> • Write back of excessive provisions 	<ul style="list-style-type: none"> • 00.00
	<ul style="list-style-type: none"> • Closing balance 	<ul style="list-style-type: none"> • 360.16
4.9	Amount of non-performing investment	<ul style="list-style-type: none"> • 70.73
	Amount of provisions held for non-performing investment	<ul style="list-style-type: none"> • 70.73
4.10	Movement of provision for depreciation of investment	
	<ul style="list-style-type: none"> • Opening balance 	<ul style="list-style-type: none"> • 77.80
	<ul style="list-style-type: none"> • Provisions made during the period 	<ul style="list-style-type: none"> • 0.00
	<ul style="list-style-type: none"> • Write-off 	<ul style="list-style-type: none"> • 0.00
	<ul style="list-style-type: none"> • Write back of excessive provision 	<ul style="list-style-type: none"> • 43.32
	<ul style="list-style-type: none"> • Closing balance 	<ul style="list-style-type: none"> • 34.48

Annexure-B

Statement of Residual Contractual Maturity of Assets

Amount in Crores

INFLOWS	Next Day	2 to 7 Days	8 to 14 Days	15 to 28 Days	29 Days & Upto 3 Mths	Over 3 Mths & upto 6 M	Over 6 Mths & upto 1 Yr	Over 1 Yr. Upto 3 Yrs.	Over 3 Yrs. Upto 5 Yrs	Over 5 Years	Total
1. Cash	159.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	159.19
2. Balance with RBI	884.03	0.00	0.00	47.21	84.29	76.07	209.94	744.79	232.87	44.83	2324.03
3. Balance with other Banks											
(I) Current Account	54.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54.62
(ii) Money at call and short notice, term Deposits and other placements	250.00	330.00	0.00	8.05	75.00	0.00	1.00	0.00	0.00	0.00	664.05
4. Investments	0.00	1900.00	0.00	112.50	649.72	236.18	654.19	899.10	2415.95	5500.45	12368.09
5. Advances (performing)											
(I) Bills purchased & Discounted (including bills under DUPN)	23.62	141.69	165.31	79.97	219.85	48.29	0.00	0.00	0.00	0.00	678.73
(ii) Cash credits, overdrafts & Loans repayable on demand	0.00	200.00	100.00	200.00	300.00	200.00	442.64	5770.56	0.00	0.00	7213.20
(iii) Term Loans	75.89	78.57	96.16	153.26	599.56	903.22	1993.94	4823.31	2601.85	1773.73	13099.49
6. NPAs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35.37	81.58	116.95
7. Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	199.27	199.27
8. Other Assets											
(I) Inter -office adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Leased Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Others (Tangible Assets)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9. Reverse Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Swaps (Sell/Buy)/ maturing forwards	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11. Expected Increase in Deposits.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12. Interest receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13. L.C. (Inflows)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14. Export Refinance from RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Others (Specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	542.98	542.98
C. TOTAL INFLOWS	1447.35	2650.26	361.47	600.99	1928.42	1463.76	3301.71	12237.76	5286.04	8142.84	37420.60

Annexure-A

MAJOR INDUSTRY TYPE EXPOSURES		
		Amount in Crores
SL NO	SECTOR	OUTSTANDING AS ON 25.09.2009
2.1	Mining & Quarrying (incl. Coal)	13.26
2.2	Food Processing	143.04
2.2.1	Sugar	41.26
2.2.2	Edible Oils & Vanaspati	31.96
2.2.3	Tea	0.00
2.2.4	Others	69.82
2.3	Beverage & Tobacco	144.57
2.4	Textiles	291.65
2.4.1	Cotton Textiles	205.44
2.4.2	Jute Textiles	2.48
2.4.3	Man Made Textiles	0.66
2.4.4	Other Textiles	83.07
2.5	Leather & Leather Products	48.55
2.6	Wood & Wood Products	14.81
2.7	Paper & Paper Products	48.35
2.8	Petroleum, Coal Products & Nuclear Fuels	0.15
2.9	Chemical & Chemical Products	360.06
2.9.1	Fertiliser	0.44
2.9.2	Drugs & Pharmaceuticals	17.27
2.9.3	Petro Chemicals	320.37
2.9.4	Others	16.30
2.10	Rubber, Plastic & their Products	26.62

2.11	Glass & Glass Ware	24.48
2.12	Cement & Cement Products	451.60
2.13	Basic Metal & Metal Products	804.42
2.13.2	Iron & Steel	583.70
2.13.2	Other Metal & Metal Products	220.72
2.14	All Engineering	163.47
2.14.1	Electronics	129.13
2.14.2	Others	34.34
2.15	Vehicles, Vehicle Parts & Transport Equipments	6.95
2.16	Gems & Jewellery	11.21
2.17	Construction	10.47
2.18	Infrastructure	2,597.24
2.18.1	Power*	1308.57
2.18.2	Telecommunications	656.23
2.18.3	Roads & Ports	466.61
2.18.4	Other Infrastructure	165.83
2.19	Other Industries	959.04
	Industry (Total of Small, Medium & Large Scale)	6119.94
	Others (Rest of advances)	15373.34
	Total	21493.28

Table DF - 5 : (A) Credit risk:

Disclosure for portfolio subject to the standardized approach

Amount in Crores

5	<u>Quantitative Disclosures</u>	
5.1	For exposure amount after risk mitigation subjected to the standardized approach, amount of bank's outstanding (rated and un-rated) in the following three major risk buckets as well as those that are deducted:	
	<ul style="list-style-type: none"> • Below 100% risk weight 	<ul style="list-style-type: none"> • 19700.87
	<ul style="list-style-type: none"> • 100% risk weight 	<ul style="list-style-type: none"> • 22246.97
	<ul style="list-style-type: none"> • More than 100% risk weight 	<ul style="list-style-type: none"> • 2474.71
	<ul style="list-style-type: none"> • Deduction 	<ul style="list-style-type: none"> • nil

Table DF - 6 : Credit risk mitigation: disclosure for standardized approach

Amount in Crores

6	<u>Quantitative Disclosures</u>	
6.1	For disclosure credit risk portfolio under the standardized approach, the total exposure that is covered by: <ul style="list-style-type: none"> • Eligible financial collaterals; after the application of haircuts. 	<ul style="list-style-type: none"> • Exposure covered by Deposits/Cash 1684.15 • Exposure covered by Other E Collaterals 24.48 <p>Total 1708.63</p>

Asset Securitisation

Table DF - 7 :Securitisation: disclosure for standardized approach

7	<u>Quantitative Disclosures</u>	
7.1	<p>The total outstanding exposure securitised by the bank and subject to the Securitisation framework by exposure type. For exposure securitised by the bank and subjected to the Securitisation framework.</p> <ul style="list-style-type: none"> • Amount of impaired/past due asset securitised; and • Losses recognized by the bank during the current period broken down by the exposure type. • Aggregate amount of Securitisation exposure retained or purchased broken down by exposure type. <p>Aggregate amount of Securitisation exposure retained or purchased broken down into a meaningful number of risk weight bands. Exposures that have been deducted entirely from tier1 capital, credit enhancing I/Os deducted from total capital, and other exposure deducted from total capital should be disclosed separately by type of underlying exposure type.</p> <p>Summary of securitisation activity presenting a comparative position for two years, as a part of the notes on account to the balance sheet:</p> <ul style="list-style-type: none"> • Total number of book value of loan asset securitisation – by the type of underlying assets; • Sale consideration received for the securitised assets and gain/loss on the sale on account of securitisation; and <p>Form and quantum (outstanding value) of services provided by way of credit enhancement, liquidity support, post securitisation asset servicing, etc.</p>	Bank is not currently undertaking any securitisation activity

Market Risk

Table DF - 8: Market risk in trading book

Amount in Crores

8	<u>Quantitative Disclosures</u>	
8.1	The capital requirement for:	
	<ul style="list-style-type: none"> • Interest rate risk; 	<ul style="list-style-type: none"> • 39.62
	<ul style="list-style-type: none"> • Equity position risk; and 	<ul style="list-style-type: none"> • 28.40
	<ul style="list-style-type: none"> • Foreign exchange risk 	<ul style="list-style-type: none"> • 2.29
	<ul style="list-style-type: none"> • Commodity risk 	<ul style="list-style-type: none"> • nil
	For portfolios under the IMA, <ul style="list-style-type: none"> • The high, mean, and low VaR values over the reporting period and period-end. • A comparison of VaR estimates with actual gains/losses experienced by the bank, with analysis of important “outliers” in back-test results. 	Bank is following the standardized duration method as per RBI directives.

**Table DF - 9:
Operational risk**

9	<u>Quantitative Disclosures</u>	
9.1	* In addition to general qualitative disclosure requirement, the approach (es) for operational risk capital assessment for which the bank qualifies.	<p>Capital charge for operational risk is computed as per the Basic Indicator Approach prescribed by RBI. Under this approach, capital allocation is:</p> <p style="text-align: center;">Rs. 158.44 Crores</p>

Table DF - 10 : Interest rate risk in the banking book (IRRBB)

Amount in Crores

10	Quantitative Disclosures	
10.1	The increase (decline) in earning and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method of measuring IRRBB, broken down by currency (where the turnover is more than 5 percent turnover).	<p><u>Changes on account of Interest rate volatility</u></p> <ul style="list-style-type: none"> • Changes in net interest income (39.33) (with 2% change in interest rates for both assets and liabilities) • Change in market value of equity 15.15% (with 1% change in interest rates for both assets and liabilities).