



स्टेट बैंक ऑफ़ ट्रावन्कोर  
State Bank of Travancore

(Associate of the State Bank of India)  
Head Office : Thiruvananthapuram  
Integrated Risk Management Department

**DISCLOSURES UNDER PILLAR-III OF BASEL-II FRAMEWORK  
FOR THE QUARTER/YEAR ENDED 30<sup>th</sup> JUNE 2009**

**TABLE DF – 1**

**SCOPE OF APPLICATIONS**

<b>CAPITAL OF SUBSIDIARIES NOT CONSOLIDATED</b>	
a) Qualitative Disclosures	The Bank has no subsidiaries
b) Quantitative Disclosures	The Bank has no subsidiaries

**TABLE DF –2**

**CAPITAL STRUCTURE**

**Qualitative Disclosures:**

**(a) Summary:**

<b>Type of Capital</b>	<b>Features</b>	
<b>Equity (Tier-I)</b>	Shares issued to:	Holding(%)
	1. State Bank of India	75.0015%
	2. Government of Kerala	1.0500%
	3. Banks	0.0767%
	4. Body Corporate	3.5521%
	5. State Financial Corporations	0.0293%
	6. Foreign Institutional Investors	2.7411%
	7. Insurance Companies	0.8712%
	8. Public- Resident Indians	13.1423%
	9. Public- Non Resident Indians	3.4426%
10. Others	0.0932%	
	Total	100.0000%
<b>Innovative Instruments (Tier-I)</b>	The Bank has raised Innovative Perpetual Debt Instruments (IPDI) for Rs.200.crore during FY 2006-07and Rs.100 crore during 2007-08. The entire IPDI amount of Rs.300 crore is shown as Tier-I Capital.	

<b>Tier-II Capital Instruments</b>	1) Subordinated Debt Instruments- Unsecured, redeemable, Non- convertible Bonds	
	(i)Period range:	Ranges from 63 months to 120 months
	(ii)Unconditional Put/Call Option embedded:	No
	2) Upper Tier-II Bonds (Unsecured, redeemable, Non-convertible Bonds)	
	(i) Period range:	180 months
	(ii)Unconditional Put/Call Option embedded:	Yes

Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of innovative, complex or hybrid capital instruments are as under:

Type of capital	Main features				
Equity	Paid up capital: Rs.50.00 crore				
Innovative Perpetual Debt Instruments (IPDI)	Date of issue	Amount (in crore)	Tenure	Coupon	Rating
	31/10/06 27/03/08	200.00 100.00	Perpetual Perpetual	9.34% 9.95%	AAA stable AAA stable
Upper Tier-II Bonds	<p><b>Type of instrument:</b> Unsecured, Redeemable Non-convertible Upper Tier-II Bonds in the nature of Promissory Notes.</p> <p><b>Special features:</b></p> <p>(a) No Put Option by the investors</p> <p>(b) Call Option by the Bank after 10 years</p> <p>(c) Step up option after 10 years, if Call Option is not exercised by the Bank.</p> <p>(d) Bank is not be liable to pay either interest on principal or even principal at maturity, if CRAR of the Bank is below the minimum regulatory CRAR prescribed by RBI.</p> <p>(e)The claims of the investors in Innovative instruments are (1) superior to the claims of investors in equity shares and (2) subordinated to the claims of all other creditors.</p> <p>(f) The instruments are fully paid-up, unsecured and free of any restrictive clauses.</p>				
	Date of issue	Amount (in crore)	Tenure	Coupon	Rating
	01/03/07 18/05/07	200.00 300.00	15 years 15 years	9.65% 10.25%	AAA stable AAA stable

Lower Tier-II Subordinated Debt	<b>Type of Instrument:</b> Unsecured, Redeemable Non-convertible Subordinated Bonds in the nature of Promissory Note.				
	<b>Special features:</b> Plain vanilla bond with no special features like Put or Call option.				
	Date of issue	Amount (in crore)	Tenure	Coupon	Rating
	19/01/05	195.00	111 months	7.05%	LAAA
	06/10/05	235.00	114 months	7.45%	LAAA
	12/02/06	140.00	111 months	7.80%	AAA Stable
	31/07/07	125.00	120 months	9.20%	AAA Stable
	08/01/08	125.00	120 months	9.18%	AAA Stable

### **Quantitative Disclosures:**

(Rupees in crore)

b)	Tier-I Capital	2537.69
	• Paid up Share Capital	50.00
	• Reserves/Retained Profit	2373.57
	• Innovative Instruments	300.00
	• Other Capital Instruments	0.00
	• Amount deducted from Tier-I Capital	185.88
c)	Total Eligible Tier-2 Capital ( <b>Net of deduction</b> ) (Refer (d) and (e) below)	1458.53
ci)	Total Tier-3 Capital (if any)	0.00
d)	Debt Instruments eligible for inclusion in Upper Tier-2 Capital	
	• Total amount outstanding	500.00
	• Of which raised during Current Year	0.00
	• Amount eligible to be reckoned as Capital	500.00
e)	Subordinated Debt Instruments eligible for inclusion in Lower Tier-2 Capital	
	• Total amount outstanding	820.00
	• Of which raised during Current Year	0.00
	• Amount eligible to be reckoned as Capital	810.25
f)	Other Deductions from Capital, if any.	0.00

g)	Total Eligible Capital (net of deductions from Tier-1 & Tier-2 capital) (Should equal total of (b),(c) and (ci) minus (f) if any)	3996.22
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**TABLE DF-3**  
**CAPITAL ADEQUACY**

**Qualitative Disclosures**

**(a) Summary**

Indicate

	<ul style="list-style-type: none"> <li>• ICAAP Policy has been put in place</li> <li>• Capital requirement for current business levels and estimated future business levels has been made :</li> <li>• CAR has been worked out based on Basel-I &amp; Basel-II guidelines and CAR is estimated to be above the Regulatory Minimum level of 9%.</li> </ul>	Yes / <del>No</del> Yes / <del>No</del>  Yes / <del>No</del>
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**Quantitative Disclosures**

(Rupees in crore)

(b)	Capital requirements for Credit Risk: <ul style="list-style-type: none"> <li>• Portfolios subject to Standardised Approach</li> <li>• Securitisation Exposure</li> </ul>	2206.65 0.00
(c)	Capital requirements for Market Risk <ul style="list-style-type: none"> <li>• Standardised Duration Approach</li> </ul>	63.31
(d)	Capital requirements for Operational Risk <ul style="list-style-type: none"> <li>• Basic Indicator Approach</li> </ul>	226.91
	Total Capital requirement at Regulatory Minimum of 9%	2496.87
(e)	Total and Tier-1 Capital Adequacy Ratio <ul style="list-style-type: none"> <li>• Total CAR</li> <li>• Tier-1 CAR</li> </ul> (Estimated at Capital level of Rs.3996.22 crore and Tier-1 Capital of Rs2537.69 crore as per Table-2 above)	14.40% 9.15%

**TABLE DF-4**

**CREDIT RISK: GENERAL DISCLOSURES (INCLUDING EQUITIES)**

**Qualitative Disclosures:**

(a)	General Qualitative Disclosures <ul style="list-style-type: none"> <li>• Definitions of “Past Due” and “Impaired Assets” (whether the extant RBI instructions for definitions of these categories for accounting purposes is being followed or not)</li> </ul>	Yes / <del>No</del>
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The definition used are given in Annexure-I

Discussion of Bank’s Credit Risk Management Policy

	<ul style="list-style-type: none"> <li>• Bank has a proper Credit Risk Management Policy</li> </ul>	Yes / <del>No</del>
	<ul style="list-style-type: none"> <li>• Bank has a Loan/Credit Policy which is periodically reviewed</li> </ul>	Yes / <del>No</del>
	<ul style="list-style-type: none"> <li>• The above policies take into account the need for better Credit Risk Management and avoidance of Risk Concentration</li> </ul>	Yes / <del>No</del>
	<ul style="list-style-type: none"> <li>• Exposure limits for Single Borrower, Group Entities, Categories of Borrowers, Specific Industry/Sector etc have been stipulated</li> </ul>	Yes / <del>No</del>
	<ul style="list-style-type: none"> <li>• Specific norms and policy for appraising, sanctioning, documentation, inspections &amp; monitoring, renewals, maintenance, Rehabilitation and Management of Assets have been stipulated, with sufficient room for innovation, deviations, flexibility with proper authority.</li> </ul>	Yes / <del>No</del>

**Quantitative Disclosures:**

(b) Total Gross Credit Exposures (Fund Based and Non-Fund Based separately), without taking into account the effect of Credit Risk Mitigation techniques, e.g Collaterals and Netting.

(Rupees in crore)

Exposure		Amount	Total
Fund Based	Loans & Advances	32889.39	37779.52
	Others (Fixed Assets, Other Assets etc)	4890.13	
Non Fund Based	LC/BG etc	5118.80	14504.35
	Forward Contracts	7115.46	
	Others	2270.09	
Investments (Banking Book only)		11421.49	11421.49

<b>Grand Total of Credit Risk Exposure</b>		<b>63705.36</b>
(c)	Geographic Distribution of Credit Risk Exposure :	(in crore)
	• Domestic	63705.36
	• Overseas	0.00

d) Industry Type Distribution of Exposures

Industry-type distribution - Fund Based & Non Fund Based Exposures							
Code	Industry	Fund Based (o/s)			Non Fund Based (o/s)		
		Standard Asset	NPA	Total	Standard Asset	NPA	Total
1	Coal	46.76	0.00	46.76	12.80	0.00	12.80
2	Mining	30.70	0.07	30.77	1.23	0.00	1.23
3	Iron & Steel	1431.31	24.50	1455.81	520.86	0.00	520.86
4	Other Metal & Metal products	146.27	8.29	154.56	30.49	0.00	30.49
5	All Engineering	555.71	5.25	560.96	330.21	0.00	330.21
51	Of which Electronics	47.92	0.19	48.11	77.11	0.00	77.11
6	Electricity	189.42	0.64	190.06	202.31	0.00	202.31
7	Cotton Textiles	188.83	1.36	190.19	172.22	0.00	172.22
8	Jute Textiles	8.10	0.21	8.31	5.92	0.00	5.92
9	Other textiles	917.26	6.89	924.15	49.33	0.00	49.33
10	Sugar	103.72	0.00	103.72	1.35	0.00	1.35
11	Tea	7.77	2.58	10.35	0.26	0.00	0.26
12	Food Processing	503.73	59.79	563.52	84.25	0.00	84.25
13	Vegetable Oil & Vanaspati	163.85	3.84	167.69	156.75	0.00	156.75
14	Tobacco & Tobacco products	4.04	0.08	4.12	0.00	0.00	0.00
15	Paper & Paper products	227.31	3.04	230.35	13.66	0.00	13.66
16	Rubber & Rubber products	59.70	3.40	63.10	19.00	0.00	19.00
17	Chemicals, Dyes, Paints, etc	599.25	7.28	606.53	114.84	0.00	114.84
171	Of which Fertilisers	171.23	0.57	171.79	24.47	0.00	24.47
172	Petro-Chemicals	38.09	0.13	38.22	36.36	0.00	36.36
173	Drugs & Pharmaceuticals	177.74	4.04	181.78	21.72	0.00	21.72
18	Cement	81.91	0.00	81.91	3.56	0.00	3.56
19	Leather & Leather products	44.37	0.00	44.37	10.51	0.00	10.51
20	Gems & Jewellery	521.19	1.72	522.91	40.04	0.00	40.04
21	Construction	352.23	4.92	357.15	166.91	0.00	166.91
22	Petroleum	664.63	0.00	664.63	8.22	0.00	8.22
23	Automobiles including trucks	127.22	0.00	127.22	41.20	0.00	41.20
24	Computer Software	104.94	0.70	105.64	2.48	0.00	2.48
25	Infrastructure	2096.99	3.21	2100.20	1372.10	0.00	1372.10
251	Of which Power	687.00	0.00	687.00	95.56	0.00	95.56
252	Telecommunication	364.01	0.00	364.01	309.12	0.00	309.12
253	Roads & Ports	569.44	0.00	569.44	350.10	0.00	350.10
26	Other industries	2498.75	59.37	2558.12	1153.13	0.00	1153.13
27	NBFCs & Trading	6241.22	214.96	6456.18	484.96	0.00	484.96
28	Residual advances to balance Gross Adv	14334.02	226.09	14560.11	120.21	0.00	120.21
<b>Total</b>		<b>32251.20</b>	<b>638.19</b>	<b>32889.39</b>	<b>5118.80</b>	<b>0.00</b>	<b>5118.80</b>

(e) Residual Contractual Maturity Break Down of Assets

	1-14 Days	15-28 Days	29 days & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
1. Cash	318.61								318.61
2. Balance with RBI	764.76	119.67	20.03	118.06	178.58	285.20	465.31	1115.52	3067.13
3. Balance with other Banks	327.80								327.80
4. Investments	135.19		372.65	55.51	1070.04	2355.06	2326.40	7006.78	13321.63
5. Advances	1124.16	361.01	4267.44	4144.82	6893.71	5157.91	2586.08	8093.46	32628.60
6. Fixed Assets								178.99	178.99
7. Other Assets	694.66	173.70	0.36				11.53	124.87	1005.11
Total	3365.18	654.38	4660.48	4318.39	8142.33	7798.17	5389.32	16519.62	50847.87

(Rupees in crore)

(f)	Amount of Gross NPA	638.19
	• Substandard	265.10
	• Doubtful - 1	197.29
	• Doubtful – 2	115.47
	• Doubtful – 3	55.86
	• Loss	4.47
(g)	Net NPA	281.28
(h)	NPA Ratios	
	• Gross NPA to Gross Advance	1.94%
	• Net NPA to Net Advance	0.86%

(i)	Movement of NPA (Gross)	
	• Opening Gross NPA	544.40
	• Additions to Gross NPA	119.07
	• Reductions to Gross NPA	25.28
	• Closing Balance of Gross NPA	638.19
(j)	Movement of NPA Provision	
	• Opening balance of NPA provisions held	333.00
	• Provisions made during the period	0.45
	• Write-offs during the period	0.28
	• Write-back of excess provisions during the period	0.00
	• Closing Balance of NPA Provisions	333.17

(k)	Amount in Non Performing Investments (Gross)	5.60
(l)	Amount of Provisions held NP Investments	5.60
(m)	Movement of Provisions for Depreciation on Investments	
	• Opening balance of provisions for Depreciation	72.10
	• Provisions made during the period	0.00
	• Write-offs during the period	0.00
	• Write-back of excess provisions during the period	35.69
	• Closing Balance of Provisions for Depreciation	36.41

## TABLE DF - 5

### CREDIT RISK : DISCLOSURES FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

#### Qualitative Disclosures

State whether External Credit Rating Agencies have been approved for the purposes and if so the names of the ECRAs:

External Credit Rating Agencies have been approved for the purpose of credit risk rating of borrowal account for the purpose of computing risk weight under Standardised Approach.

The following are the approved ECRAs:

1. Credit Analysis and Research Limited (CARE)
2. CRISIL Limited
3. Fitch India
4. ICRA Limited

If not yet approved, reasons therefore and proposed action to be indicated briefly :

Not Applicable

(a) For portfolios under Standardised Approach:

- Names of ECRAs used:
  1. Credit Analysis and Research Limited (CARE)
  2. CRISIL Limited
  3. Fitch India
  4. ICRA Limited
- Reasons for changes  
No changes
- Types of exposures for which each agency has been used:  
Both, Fund Based and Non Fund Based credit exposures.
- Brief descriptions of the process used / proposed to be used for converting Public Issue ratings into comparable Assets in the Banking Book.

(Additional qualitative disclosures are given in Annexure-II)

### **Quantitative Disclosures**

For exposure amounts ( as defined for Disclosure in item (b) of Table-DF4), after Risk Mitigation subject to Standardised Approach, amount of outstanding (rated and unrated together) in the following three risk buckets as well as those that are deducted, if any: (Rupees in crore)

Below 100% Risk Weight	48520.49
Risk Weight at 100%	12839.63
More than 100% Risk weight	2345.24
Amount deducted, if any.	0.00

**TABLE DF-6**

### **CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH**

#### **Qualitative Disclosures**

(i)	Policies and Processes for Collateral Valuation and Management	
	<ul style="list-style-type: none"><li>• Has Credit Risk Mitigation and Collateral Management Policy been put in place</li></ul>	Yes / <del>No</del>
	<ul style="list-style-type: none"><li>• Whether the policy provides for policies and procedures for Collaterals that can be accepted, method and frequency of their valuation and management</li></ul>	Yes/ <del>No</del>

[Note : Other salient features of policies and procedures for Collateral Valuation and Management are given in Annexure-III]

(ii) List of main types of Collaterals taken by the Bank:

#### **Financial Collaterals**

1. Cash, Bank Deposits, CDs etc
2. Gold, including bullion and jewellery
3. Government Securities
4. NSCs, IVPs etc
5. LIC Policies restricted to their surrender value.
6. Debt securities rated by an approved Rating Agency
7. Un-rated Debt Securities issued by banks, listed in stock exchange
8. Equity and Convertible Bonds those are listed.

### Guarantor & Counter Parties

1. Individuals of adequate worth
2. Corporates- Public Sector & Private Sector
3. Governments/Sovereign
4. Other third parties of acceptable worth

### Other Non-Financial Collateral

1. Book Debts/Receivables
2. Mortgage of Landed Residential & Commercial Properties

(iii) Information about (credit or market) concentration within the mitigation taken:

Financial Risk Mitigants	Outstanding amount of Risk Mitigants (Rs. in Crore)	Risk Concentration %
1.Gold	1436.14	65.38%
2.Cash & Bank Deposits	754.92	34.37%
3.KVP/IVP/NSC	5.22	0.24%
4.LIC Policy	0.09	0.00%
5.Shares	0.34	0.01%
Total #	2196.71	100.00%

# This has to agree with item (i) under quantitative disclosures below.

Note : (i) Loans & advances to staff members may be excluded, if needed  
(ii) If more than one mitigant is taken for one exposure, the outstanding may be divided equally amongst the mitigants.

### Quantitative Disclosures

For the disclosed Credit Risk portfolio under the Standardised Approach, the total exposure that is covered by :

(Rupees in crore)

(i)	Eligible Financial Collateral (excluding Staff Loan)	2196.71
(ii)	Other eligible Collateral (after Hair Cuts)	0.00

[Note: This should show the total credit portfolio covered by Financial Mitigants and should agree with Total in the preceding Table under qualitative disclosure marked (#)]

## TABLE DF-7

### SECURITISATION: DISCLOSURE FOR STANDARDISED APPROACH

#### Qualitative Disclosures:

- Bank's objective in relation to Securitisation activity is to achieve improvement in leverage ratios, asset performance and quality thereby to achieve desirable investment & maturity characteristics.
- Loss on sale on transfer of assets to Special Purpose Vehicle (SPV) shall be recognised upfront.
- Profit on sale of the securitised assets shall be amortised over the life of the Pass Through Certificates (PTC) assets issued or to be issued by SPV.

#### Quantitative Disclosures:

The Bank does not have any securitisation exposure.

## TABLE DF-8

### MARKET RISK IN TRADING BOOK

#### Qualitative Disclosures

(i)	Market Risk Management Policy has been framed and put in place	Yes / <del>No</del>
(ii)	Trading Policy with risk monitoring & mitigation measures in place	Yes / <del>No</del>
(iii)	MRMC has been constituted	Yes / <del>No</del>
(iv)	Standardised Duration Approach is applied for calculation of Market Risk for:	
	• Securities under HFT category	Yes / <del>No</del>
	• Securities under AFS category	Yes / <del>No</del>
	• Derivatives entered into for AFS securities	<del>Yes</del> / No
	• Derivatives entered into for Trading	<del>Yes</del> / No
(v)	Risk Management and reporting is based on parameters such as Modified Duration, PV01, Exposure and Gap Limits, VaR etc in line with the global best practices	Yes / <del>No</del>
(vi)	Risk profiles are analysed and mitigating strategies/ hedging process are suggested by the Mid-Office. Their effectiveness is monitored on an ongoing basis.	Yes / <del>No</del>
(vii)	Forex Open Position limits (Daylight/Overnight), deal-wise cut-loss limits, stop-loss limit, Profit/Loss in respect of Cross Currency trading are properly monitored and exception reporting is regularly carried out.	Yes / <del>No</del>

**Quantitative Disclosures**

(Rupees in crore)

The Capital requirement for:	
• Interest Rate Risk	25.33
• Equity Position Risk	33.48
• Forex Risk	4.50

**TABLE DF-9****OPERATIONAL RISK****Qualitative Disclosures:**

Operational Risk Policy is in place	Yes / <del>No</del>
RCSA has been/is being rolled out to Zones/Branches/Other relevant offices.	Yes / <del>No</del>
ORMC has been constituted	Yes / <del>No</del>
Disaster Recovery Policy & Business Continuity Plan have been put in place	Yes / <del>No</del>
Risk reporting Design and Framework for Operational Risk has been finalized	<del>Yes</del> / No
Operational Risk Capital Assessment has been worked out on the basis of:	Basic Indicator Approach

Brief write up on steps taken for migration to Advanced Approach:

The Operational Risk Management Policy of the Bank is in place, which is intended to establish a risk framework that will guide the Bank in the management of Operational Risk and allocation of capital for potential losses. The Policy envisages to establish explicit and consistent Operational Risk Management framework in the Bank that would result in the systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the Operational Risks. The Bank has drawn up a Roadmap, which enunciates time bound action points for migration to Advanced Approach.

**Quantitative Disclosures**

(Rupees in crore)

Capital charge on Operational Risk.	226.91
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## **TABLE DF-10**

### **INTEREST RATE RISK IN BANKING BOOK (IRRBB)**

#### **Qualitative Disclosure**

Change in Bank's Net Interest Income (NII):

- **Indicate whether NII is measured as per ALM guidelines of RBI using Traditional Gap Analysis method or not.**

Bank is calculating NII using Traditional Gap Analysis method.

- **Indicate whether Earnings at Risk (EaR) is arrived at under the above analysis or not.**

Yes.

- **Change in Bank's Market Value of Equity (MVE):  
(Indicate whether the impact of change in Interest Rates on MVE is measured using Duration Gap Analysis method as per RBI guidelines)**

Duration Gap Analysis Method being used as per RBI guidelines.

#### **Quantitative Disclosures**

##### **(i) Change in NII:**

**Indicate the likely increase/decrease in NII, in rupees crore, as the present level of Assets and Liabilities, for a 1% (assuming parallel change on both Assets and Liabilities) movement in Interest Rate.**

NII is likely to increase/ decrease by Rs.21.78 crore, in case of 1% movement in Interest Rate.

##### **(ii) Change in MVE:**

**Indicate the likely change in MVE, in rupees crore, for a 1% change in Interest Rate.**

MVE is likely change by Rs.92.79 crore for a 1% change in Interest Rate.

Table DF – 4		Annexure - I
Credit Risk : General Disclosures		
4 (l)	Qualitative Disclosures	Remarks
	Definition of past due impaired	<p><b>2.1 Non Performing Assets</b></p> <p>2.1 .1 An asset including a leased asset, becomes non performing when it ceases to generate income for the bank.</p> <p>2.1 .2 A non performing asset (NPA) is a loan or an advance where ; (i) interest and/ or installment of principal remain overdue for a period of more than 90 days in respect of a term loan, (ii) the account remains 'out of order' as indicated at paragraph 2.2 below, in respect of an Overdraft / Cash Credit (OD/CC), (iii) the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted, (iv) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops, (v) the installment of principal or interest thereon remains overdue for one crop season for long duration crops.</p> <p>2.1 .3 Banks should, classify an account as NPA only if the interest charged during any quarter is not serviced fully within 90 days from the end of the quarter.</p> <p><b>2.2 'Out of Order' status</b></p> <p>An account should be treated as 'Out of Order' if the outstanding balance remains continuously in excess of the sanctioned limit/ drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as in the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts should be treated as out of order.</p> <p><b>2.3 'Overdue'</b></p> <p>Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.</p>
II.	Definition of Credit Risk	<p>(i) inability or the unwillingness of the counter party to pay interest, repay principal or otherwise to fulfill their contractual obligations under loan agreements or other credit facilities</p> <p>(ii) Downgrading of counter parties whose credit instruments the Bank may be holding, causing the value of those assets to fall.</p> <p>(iii) Settlement risk ( possibility that the Bank may pay a counter party and fail to receive the corresponding settlement in return)</p>
(i)	Risk Governance Structure is in place	Yes / <del>No</del>
(ii)	Principal Committees that review credit risk management	Credit Risk Management Committee (CRMC) is in place.
(iii)	Changes in the credit risk management structure since prior period disclosure.	Yes/No

	Approved policies with regard to credit risk	
(i)	Credit Risk Management Policy	Yes/No
(ii)	Credit Risk Mitigation and Collateral Management Policy	Yes/No
(iii)	Stress Testing Policy	Yes/No
	List any other relevant policies	Nil

<b>Table DF - 5</b>		<b>Annexure - II</b>
<b>Credit Risk : Disclosure for portfolios subject to Standardised Approach</b>		
5	Qualitative Disclosures	Remarks
(I).	Names of credit rating agencies used	Domestic Credit Rating Agencies : CRISIL Ltd., ICRA Ltd., CARE and FITCH India .
(II).	Changes if any, since prior period disclosure in the identified rating agencies and reasons for the same .	No Change
(III).	Types of exposure for which each agency is used	All the above identified Rating Agency ratings are used for various types of exposures as follows : (i) For Exposure with a contractual maturity of less than or equal to one year (except Cash Credit , Overdraft and other Revolving Credits) , Short -Term Rating given by ECAsI s will be applicable. (ii) For Domestic Cash Credit , Overdrafts and other Revolving Credits ( irrespective of the period ) and ( or Term Loan exposures of over one year, Long Term Rating will be applicable. (iii) For Overseas exposures, irrespective of the contractual maturity, Long Term Rating given by IRAs will be applicable. (iv) Rating assigned to one particular entity within a corporate group cannot be used to risk weight other entities within the same group.
(IV)	Description of the process used to transfer public issue rating on to comparable assets in the banking book.	Long –term Issue Specific (our own exposures or other issuance of debt by the same borrower-constituent/counter-party) Ratings or Issuer(borrower-constituent/counter-party) Ratings can be applied to other unrated exposures of the same borrower-constituent/counter-party in the following cases : (i) If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures , any other unrated exposure on the same counter-party will be assigned the same Risk Weight , if the exposure ranks paripassu or junior to the rated exposure in all aspects.

	(ii) In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from our Bank), the rating given to that debt may be applied to Bank`s unrated exposures if the Bank`s exposure ranks pari-passu or senior to the specific rated debt in all respects and the maturity of unrated Bank`s exposure is not later than maturity of rated debt.
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<b>Table DF – 6</b>		<b>Annexure - III</b>
Credit Risk Mitigation : Disclosures for Standardised Approach		
6(a)	Qualitative Disclosures	Remarks
(i)	Policy for collateral valuation and management is in place	Yes / <del>No</del>
(ii)	<b>Main types of credit risk management techniques:</b>	
	Eligible financial collaterals	<p>(i) Cash ( as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the lending bank) on deposit with the bank which is incurring the counterparty exposure.</p> <p>(ii) Gold : Gold would include both bullion and jewellery. However, the value of the collateralized jewellery should be arrived at after notionally converting these to 99.99% purity.</p> <p>(iii) Securities issued by the Central and State Governments</p> <p>(iv) Kisan Vikas Patra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.</p> <p>(v) Life Insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.</p> <p>(vi) Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are either :</p> <p>a) Attracting 100% or lesser risk weight i.e. rated at least BBB(-) when issued by Public sector entities and other entities ( including banks and Primary Dealers) ; or</p> <p>b) Attracting 100% or lesser risk weight i.e. rated at least PR3/ P3/ F3/ A3 for short-term debt instruments.</p>

		<p>(vii) Debt securities not rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are:</p> <p>a) Issued by the bank; and</p> <p>b) listed on a recognized exchange; and</p> <p>c) Classified as senior debt; and</p> <p>d) All rated issues of the same seniority by the issuing Bank are rated at least BBB(-) or PR3/P3/F3/A3 by a chosen Credit Rating Agency; and</p> <p>e) the bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or PR3/ P3/ F3/ A3 (as applicable); and</p> <p>f) Banks should be sufficiently confident about the market liquidity of the security.</p> <p>(viii) Equities (including convertible bonds) that are listed on a recognized stock exchange and are included in the following indices : 'BSE SENSEX' and 'BSE-200' of the Bombay Stock Exchange' ; 'S&amp;P CNX NIFTY and 'Junior NIFTY' of the National Stock Exchange and the main index of any other recognized stock exchange, in the jurisdiction of Bank's operation.</p> <p>(ix) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation mutual funds where :</p> <ul style="list-style-type: none"> <li>• a price for the units is publicly quoted daily i.e. , where the daily NAV is available in public domain; and</li> <li>• mutual fund is limited to investing in the instruments listed in this paragraph .</li> </ul>
6(b)	Qualitative Disclosures	Remarks
(i)	On-balance sheet netting	<p>Where the Bank</p> <p>(a) has a well founded legal basis for conducting that the netting or offsetting agreement is enforceable in each relevant jurisdiction regardless of whether the counter-party is insolvent or bankrupt.</p> <p>(b) Is able at any time to determine the loans/advances and deposits with the same counter-party that are subject to the netting agreement; and</p> <p>(c) Monitors and controls the relevant exposures on a net basis.</p>
(ii)	Guarantees	Bank will take guarantees for Credit Risk Mitigation purpose in calculating capital requirements, where guarantees are direct , explicit, irrevocable and unconditional.

(iii)	Main types of guarantor counter-party and their creditworthiness	<p>Range of recognized Guarantors (Counter-guarantors)</p> <ul style="list-style-type: none"> <li>(a) sovereigns, sovereign entities ( including BIS,IMF, European Central Bank and European Community , ECGC and CGTSI ), banks and primary dealers with a lower risk weight than the counter-party;</li> <li>(b) other entities rated AA(-) or better. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor. The rating of the guarantor should be an entity rating which has factored in all the liabilities and commitments (including guarantees) of the entity.</li> </ul>
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