DISCLOSURES UNDER NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II) FOR THE YEAR ENDED MARCH 31, 2012

I. SCOPE OF APPLICATION:

The framework of disclosures applies to Rbl Bank Ltd (hereinafter referred to as the Bank); a scheduled commercial bank, incorporated on August 6, 1943. The Bank does not have any subsidiary nor does have any interest in any insurance entity.

II. CAPITAL STRUCTURE:

In line with the capital adequacy norms prescribed by Reserve Bank of India (RBI), capital funds are classified into Tier-1 and Tier-2 capital. Tier-1 capital of the Bank consists of paid-up share capital, share premium, statutory reserves, revenue & other disclosed free reserves. Tier-2 capital consists of revaluation reserves (at a discount of 55%), general provisions & loss reserves.

Equity Capital:

The Bank has authorized share capital of ` 400.00 crore, comprising of 400,000,000 equity shares of ` 10 each. As on March 31, 2012, the Bank has subscribed and paid up capital of ` 214.95 crore comprising of fully paid up 214,947,396 shares of ` 10 each.

The Bank has a strong capital base with Core (Tier 1) capital at 98.43% of total capital funds. As of March 31, 2012, there is no Innovative Perpetual Debt Instruments (IPDI), Upper Tier II bonds, Lower Tier II bonds or Subordinated debt issued and outstanding.

Quantitative Disclosures – ` in crore

	Particulars	31-3-2012	31-3-2011
	Tier I Capital:		
(a)	- Paid-up Share Capital	**214.95**	214.95
	- Reserves	**925.95**	867.85
	- Innovative instruments	**-**	-
	- Less – Intangible Assets	**0.74**	-
	- Less -Deferred Tax Assets	**9.17**	8.25
	Total Tier -I Capital	**1130.99**	1074.55
	The total amount of Tier II capital (net of deductions from Tier	**18.03**	9.17
(c)	Debt Capital instruments eligible for inclusion in Upper Tier II		
	- Total amount outstanding	**NIL**	NIL
	- Of which amount raised during the current year	**NIL**	NIL
	- Amount eligible to be reckoned as capital funds	**NIL**	NIL
(d)	Subordinated debt eligible for inclusion in Lower Tier II capital		
	- Total amount outstanding	**NIL**	NIL
	- Of which amount raised during the current year	**NIL**	NIL
	- Amount eligible to be reckoned as capital funds	**NIL**	NIL
(e)	Other deductions from capital, if any	**NIL**	NIL
(f)	Total Eligible Capital	**1149.02**	1083.72

III. CAPITAL ADEQUACY:

Regulatory capital assessment:

The Bank is subjected to Capital Adequacy guidelines stipulated by RBI. The Bank is required to maintain minimum Capital Adequacy Ratio (CAR) of at least 9% under both Basel I & Basel II on an ongoing basis and a Tier-1 CAR of 4.5% & 6% respectively. As on March 31, 2012, minimum capital for credit & market risk should be higher of minimum capital requirement as per Basel II or 80% of the minimum capital required to be maintained as per Basel I.

In line with RBI guidelines, Bank has adopted Standardised Approach for Credit Risk, Standardised Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk while computing CAR as per Basel II.

For the year ended March 31, 2012, CAR of the Bank is well above regulatory minimum requirement of 9%.

Assessment of adequacy of Capital to support current and future activities:

In line with RBI guidelines under Pillar 2 of Basel II framework, the Bank has put in place Internal Capital Adequacy Assessment Policy (ICAAP) to evaluate & document all risks and substantiate appropriate capital allocation for not only risks identified under Pillar 1 but for the ones identified under Pillar 2 as well. An ICAAP document is prepared on an annual basis to include the capital adequacy assessment & projections of capital requirement for ensuing year, along with the plans and strategies for meeting the same.

ICAAP enables the Bank to ensure the adequacy of capital to take care of the future business growth so that the minimum capital required is maintained on a continuous basis & also at the times of changing economic conditions / economic recession.

The Board of Directors of the Bank reviews capital adequacy position of the Bank on a quarterly basis.

Basel III norms:

In order to strengthen the resilience of the banking sector to potential future shocks, together with ensuring adequate liquidity in banking system, the Basel Committee on Banking Supervision (BCBS) issued Basel III proposals in December 2010. Reserve Bank of India (RBI) also came with guidelines on Basel III capital regulations in May 2012. The guidelines would become effective from January 01, 2013 in a phased manner and will be fully implemented by March 31, 2018.

The Bank believes that its current robust capital adequacy position, adequate headroom currently available to raise capital, demonstrated track record for raising capital and adequate flexibility in its balance sheet structure and business model will enable it to comply with the Basel III norms.

**DISCLOSURES UNDER NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II)
FOR THE YEAR ENDED MARCH 31, 2012**

Quantitative Disclosures –

A summary of Bank's capital requirement for credit, market and operational risk along with CAR as on March 31, 2012 is presented below:

` in crore

		31-03-2012	31-03-2011
	Capital requirements for Credit risk:		
(a)	- Portfolios subject to standardised approach	**352.14**	153.17
	- Securitisation exposures	**9.02**	-
	Capital requirements for Market risk:		
(b)	Standardised duration approach		
	- Interest rate risk	**42.11**	8.64
	- Foreign exchange risk (including gold)	**2.02**	-
	- Equity risk	**19.77**	1.09
(c)	Capital requirements for Operational risk:		
	- Basic indicator approach	**20.70**	10.02
(d)	Total Capital Adequacy Ratio (%)	**23.20 %**	56.41%
	Tier-1 Capital Adequacy Ratio (%)	**22.83 %**	55.93%

IV. CREDIT RISK- GENERAL DISCLOSURES:

Policy and Strategy for Credit Risk Management –

Credit Risk is defined as the probability of losses associated with reduction in credit quality of borrowers or counterparties leading to non-payment of dues to the bank. In the Bank's portfolio, losses arise from default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlements, or any other financial transaction.

The Bank has put in place Commercial Credit Policy, Lending policy, Investment Policy, Recovery Policy, Risk Management Policy, Policy on Credit Risk Mitigation Techniques & Collateral Management duly approved by the Board whereby credit risk can be identified, quantified and managed within the framework that is considered consistent with the scale, size of business and risk appetite of the Bank. These policies prescribe various methods for credit risk identification, measurement, grading, monitoring, reporting, risk control / mitigation techniques and management of problem loans / credit.

Credit Risk Management is ensured through following initiatives:

- A rigorous control framework from which only authorized departures are permitted;
- Clear, agreed roles and responsibilities;
- Qualified, experienced and well-motivated personnel;
- A predetermined credit risk measurement and monitoring methodology;
- Consistent reporting and relevant MIS;
- A statement of operating principles;
- Robust systems, applications and data warehousing architecture.

Organizational Structure for Credit Risk Management function –

The organizational structure of the Bank for Credit Risk Management function has the Board of Directors at the apex level that maintains overall oversight on the management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes credit risk. RMCB approves the Bank's credit policies, prudential exposure limits, business segments, credit assessment and approval system, margin and collateral management, credit documentation, credit pricing framework, credit administration and monitoring system, non-performing assets management policy, credit risk management system and exception management. At operational level, Management Credit Committee (MCC) will be responsible for operationalizing the credit policy and implementing credit framework.

Credit risk measurement, mitigation, monitoring & reporting systems –

Credit Appraisal System –

A credit proposal involves a rigorous credit appraisal process before it is recommended for sanction. Credit proposal is examined in depth to evaluate credit worthiness and credit requirement and credit facility is sanctioned accordingly. The appraisal involves assessment of various types of risks such as management risk, industry & business risk, financial risk etc.

Credit Rating Framework –

At present credit risk is assessed through credit rating at the individual level and through risk weighting of assets at the portfolio level and capital is maintained based on risk weights. The Bank has implemented a Credit Rating framework in order to differentiate borrowers by risk exposure. Rating is mandatory for all funded as well as non-funded facilities, irrespective of tenor.

Besides, External Bank Loan Rating (BLR) is also being mandated for facilities greater than ` 5 crore. For facilities less than ` 5 crore, the Bank encourage borrowers to seek external credit rating.

Credit Documentation –

The objective of credit documentation is to clearly establish the debt obligation of borrower to the Bank. In most cases, standardized sets of documents are used as applicable, depending upon the type of credit facilities and the borrower entity.

Delegation of powers –

The Bank has adopted 'Four Eyes' principle for credit approval. The principle dictates that generally at least two people must create, examine and approve credit proposal. Most of the loan proposals require Joint Signature Approvals (JSA). This helps to avoid credit approval based on judgement of one functionary alone, ensures compliance & reduces risk from errors & prejudices.

Post Sanction Monitoring –

The Bank has evolved a process to ensure end-use of funds is for the purpose for which credit limits are sanctioned. Further, it is ensured that the security obtained from borrowers by way of hypothecation, pledge, etc. are not tampered with in any manner and are adequate.

Early Warning System (EWS) –

The Bank follows EWS for early identification of problem loans. EWS works on the basis of various predefined symptoms. The accounts under 'watch list category' involve high risk and are monitored very closely by Relationship Managers (RMs) and Special Mention Assets (SMA) Group / Credit Administration Department (CAD).

Review / Renewal of Loans –

After a credit is granted, proper follow-up and review is made on a frequent basis. All funded and non-funded facilities granted to a customer are reviewed at least once a year or at earlier intervals, if considered appropriate. Besides, between two annual reviews, mid-term review is stipulated for watch list / provisioned accounts.

Credit Portfolio Analysis –

Credit portfolio analysis is carried out to review entire credit portfolio of the Bank to monitor growth, distribution, concentration, quality, compliance with RBI guidelines & policies of the Bank, accounts under watch list category etc. The same is monitored / reviewed by Board / RMCB.

Non-performing Assets (NPA) –

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the Bank.

A non-performing asset (NPA) is a loan or an advance where:

i) Interest and / or installment of principal remain overdue for a period of more than 90 days in respect of a term loan. 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.

ii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted;

iii) Installment of principal or interest thereon remains overdue for two crop seasons for short duration crops, and one crop season for long duration crops;

iv) The account remains 'out of order' in respect of an Overdraft / Cash Credit (OD/CC). An account is treated as 'out of order' if:

a. the outstanding balance remains continuously in excess of the sanctioned limit / drawing power; or

b. where outstanding balance in principal operating account is less than 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 interest debited during the same period;

v) The regular / ad hoc credit limits have not been reviewed / renewed within 180 days from the due date / date of ad hoc sanction;

vi) Drawings have been permitted in working capital account for a continuous period of 90 days based on drawing power computed on the basis of stock statements that are more than 3 months old even though the unit may be working or the borrower's financial position is satisfactory;

vii) Bank guarantees / Letter of Credits devolved on the Bank which is not reimbursed by the customer even after 90 days from the date of payment;

viii) A loan for an infrastructure / non-infrastructure project will be classified as NPA during any time before commencement of commercial operations as per record of recovery (90 days overdue), unless it is restructured and becomes eligible for classification as 'standard asset';

ix) A loan for an infrastructure (/ non-infrastructure) project will be classified as NPA if it fails to commence commercial operations within 2 years (/ 6 months) from original date of commencement of commercial operations, even if it is regular as per record of recovery, unless it is restructured and becomes eligible for classification as 'standard asset'.

x) The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction;

xi) In respect to derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Non- performing Investments (NPI) –

NPI is one where:

i) Interest / installment (including maturity proceeds) is due and remains unpaid for more than 90 days;

ii) The fixed dividend is not paid in case of preference shares;

iii) In case of equity shares, in the event investment in shares of any company is valued at Re. 1 per company on account of non-availability of latest balance sheet in accordance with RBI instructions;

iv) If any credit facility availed by the issuer is NPA in the books of the bank, investment in any of the securities issued by the same issuer would be treated as NPI and vice versa;

v) The investments in debentures / bonds which are deemed to be in the nature of advance would also be subjected to NPI norms as applicable to investments.

DISCLOSURES UNDER NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II)
FOR THE YEAR ENDED MARCH 31, 2012

Quantitative Disclosures –

(a) Total gross credit risk exposures, Fund based and Non-fund** based separately:*

` in crore

Category	**31-3-2012**	31-3-2011
Fund Based	**5937.57**	2791.60
Advances	4156.99	1919.83
Investment in Banking book	1051.29	447.98
All other Assets	729.29	423.79
Non-Fund Based	**439.66**	105.02
Total	**6377.23**	2896.62

* Represents book value as on 31st March.
** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations.

(b) Geographic distribution of exposure*, Fund based & Non- fund** based separately

` in crore

	31-3-2012			31-3-2011		
Category	Domestic	Overseas	Total	Domestic	Overseas	Total
Fund Based	5936.07	1.50	5937.57	2791.60	-	2791.60
Non-Fund Based	438.46	1.20	439.66	105.02	-	105.02
Total	**6374.53**	**2.70**	**6377.23**	2896.62	-	2896.62

* Represents book value as on 31st March;
** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations.

(c) Industry type distribution of exposures*- Funded & Non-funded**

` in crore

		31-3-2012		31-3-2011	
Sr. No.	**Industry Classification**	**Fund Based**	**Non-Fund Based**	Fund Based	Non-Fund Based
1	Iron and steel	108.89	0.14	50.87	-
2	Other Metal and Metal Products	48.72	-	3.05	-
3	All engineering	44.05	0.65	76.58	0.47
3.1	Of which Electronics	1.40	-	2.62	-
4	Electricity	56.19	-	1.42	-
5	Cotton Textiles	41.05	1.03	9.71	-
6	Other Textiles	126.04	14.73	58.16	0.01
7	Sugar	150.35	1.00	-	-
8	Tea	0.05	-	-	-
9	Food Processing	71.90	6.17	63.61	0.18
10	Vegetable Oil and Vanaspati	101.05	0.18	0.61	-
11	Paper and Paper Products	60.59	-	2.92	-

12	Rubber and Rubber Products	25.74	-	78.49	-
13	Chemicals, Dyes, Paints, etc.	190.48	4.62	127.30	10.66
13.1	Of which Drugs & Pharmaceuticals	130.09	4.26	115.92	-
14	Cement	47.56	6.76	1.91	0.09
15	Gems and Jewellery	17.94	26.00	0.87	-
16	Construction	373.08	66.80	14.62	27.84
17	Automobiles including trucks	20.83	-	0.43	5.80
18	Computer Software	40.18	-	37.04	-
19	Infrastructure	95.45	189.61	31.95	28.87
19.1	Of which Power	76.87	58.40	27.10	-
19.2	Of which Telecommunications	0.02	119.80	-	-
20	NBFC’s	304.77	-	96.54	-
21	Trading	282.06	67.20	94.22	0.69
22	Other Industries	931.67	23.86	153.87	1.28
23	Residual exposures to balance the total exposure	1018.35	30.91	1015.67	29.13
	Total	**4156.99**	**439.66**	1919.83	105.02

As on March 31, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure (advance):

Sr. No.	**Industry classification**	**Percentage of the total gross credit exposure**	
		31-3-2012	31-3-2011
1.	Construction	9.57%	2.10%
2.	Trading	7.60%	4.69%
3.	NBFC’s	6.63%	4.77%
4.	Infrastructure	6.20%	3.00%
5.	Chemicals, Dyes, Paints, etc.	4.24%	6.81%

* Represents book value as on 31st March;

** Guarantees given on behalf of constituents, Acceptances, Endorsements & other Obligations.

(d) Residual contractual maturity breakdown of assets

As on 31-03-2012

` in crore

Maturity bucket	Cash, balances with RBI and other banks	Investments	Advances	Other assets including fixed assets
1 day	115.18	105.00	88.57	0.00
2 to 7 days	286.32	191.89	77.20	5.69
8 to 14 days	3.20	19.94	95.91	2.81
15 to 28 days	9.88	24.83	112.16	0.00
29 days to 3 months	15.91	536.65	558.28	7.13
3 to 6 months	25.62	87.24	263.10	4.94
6 to 12 months	45.55	31.58	570.13	12.62
1 to 3 years	78.65	227.71	1260.58	24.31
3 to 5 years	3.11	223.76	400.95	5.75
Over 5 years	2.70	885.24	705.39	89.86
Total	**586.12**	**2333.83**	**4132.27**	**153.11**

As on 31-03-2011

` in crore

Maturity bucket	Cash, balances with RBI and other banks	Investments	Advances	Other assets including fixed assets
1 day	61.04	0.00	26.89	7.65
2 to 7 days	74.88	101.03	37.22	0.16
8 to 14 days	5.73	24.90	64.36	0.41
15 to 28 days	14.86	55.46	72.29	0.00
29 days to 3 months	58.94	192.99	337.57	1.14
3 to 6 months	33.35	10.72	106.53	0.38
6 to 12 months	38.84	39.13	395.35	6.25
1 to 3 years	57.62	58.93	436.11	10.13
3 to 5 years	3.46	94.42	218.45	2.99
Over 5 years	1.46	314.90	210.40	52.75
Total	**350.18**	**892.48**	**1,905.17**	**81.86**

(e) Non-Performing Assets (NPA) –

` in crore

	Particulars	**31-3-2012**	31-3-2011
(a)	Amount of NPAs (Gross)	**33.11**	21.51
	- Substandard	16.38	5.73
	- Doubtful 1	3.25	5.46
	- Doubtful 2	5.00	1.40
	- Doubtful 3	2.94	4.76
	- Loss	5.54	4.16
(b)	**Net NPAs**	**8.39**	6.89
(c)	**NPA ratios**		
	- Gross NPAs to gross advances	0.80%	1.12%
	- Net NPAs to Net advances	0.20%	0.36%
(d)	Movement of NPAs (Gross)		
	- Opening balance	21.51	27.64
	- Additions	18.13	4.85
	- Reductions	6.53	10.98
	- Closing balance	33.11	21.51
(e)	Movement of provisions for NPAs		
	- Opening balance	14.62	16.28
	- Provisions made during the period	12.08	3.84
	- Write-off	-	-
	- Write-back of excess provisions	1.98	5.50
	- Closing balance	24.72	14.62

(f) NPI and movement of provision for depreciation of NPIs –

` in crore

		31-3-2012	31-3-2011
(a)	Amount of Non- Performing Investments	2.29	2.29
(b)	Amount of provisions held for Non-Performing Investments	2.29	2.29
(c)	Movement of provisions for depreciation on investments		
	- Opening balance	2.59	3.66
	- Provisions made during the period	-	1.34
	- Write-off	-	-
	- Write-back of excess provisions	0.30	2.41
	- Closing balance	2.29	2.59

DISCLOSURES UNDER NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II) FOR THE YEAR ENDED MARCH 31, 2012

V. CREDIT RISK: DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH:

Ratings used under Standardized Approach:

As stipulated by RBI, the Bank makes use of ratings assigned by Eligible Credit Assessment Institutions (ECAI's) namely CARE, CRISIL, FITCH (India), and ICRA for domestic counterparties. The Bank reckons external ratings on the exposure for risk weighting purposes, if the external rating assessment complies with the guidelines stipulated by RBI.

Types of exposures for which each agency is used:

The Bank has used the solicited ratings assigned by the above approved credit rating agencies for all eligible exposures, both on balance sheet and off balance sheet, whether short term or long term, in a manner permitted in the RBI guidelines.

Process used to transfer public issue ratings onto comparable assets in banking book:

Key aspects of the Bank's external ratings application framework are as follows:

1. The Bank uses only those ratings that have been solicited by the counterparty;
2. The Bank ensures that the external rating of the facility / borrower has been reviewed at least once by the ECAI during the previous 15 months and is in force on the date of its application;
3. Where the facility provided by the Bank possesses rating assigned by approved ECAI, the risk weight of the claim is based on this rating;
4. The Bank also reckons external rating at the borrower (issuer) level as follows:
   a. Where the Bank invests in a particular issue that has an issue specific rating, the risk weight of the claim is based on this assessment;
   b. When a borrower is assigned a rating that maps to a risk weight of 150%, then this rating is applied on all unrated facilities of the borrower;
   c. Unrated short term claim on counterparty is assigned a risk weight of at least one level higher than the risk weight applicable to the rated short term claim on that counterparty;

Quantitative Disclosures –

For exposure amounts after risk mitigation subject to the standardised approach, amount of a Bank's outstandings (rated and unrated) in the following three major risk buckets as well as those that are deducted:

- Below 100% risk weigh

VI. CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACHES:

Policies and processes –

In line with RBI guidelines, the Bank has put in place Board approved 'Policy on Credit Risk Mitigation Techniques & Collateral Management'. Objectives of the policy are to:

- strengthen Credit Risk Mitigation Techniques;
- encourage accepting collaterals that can be easily liquidated;
- ensure that 'Credit Risk Mitigation' techniques do not increase other risk such as legal, operational, liquidity and Market risk.

Policy addresses Bank's approach to credit risk mitigation for computation of capital requirement. Collaterals used by the Bank as credit risk mitigants comprise of financial collaterals where the Bank has legally enforceable netting arrangement, involving specific lien.

The Bank has also put in place Commercial Credit Policy duly approved by the Board. The policies lay down the types of securities normally accepted by the Bank for lending, and administration / monitoring of such securities in order to safeguard / protect the interest of the Bank so as to minimize the risk associated with it.

Credit Risk Mitigation –

In line with RBI guidelines, the Bank uses comprehensive approach for credit risk mitigation. Under this approach, the Bank reduces its credit exposure to the counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified.

Main types of collateral taken by Bank –

Bank uses various collaterals financial as well as non- financial, guarantees and credit insurance as credit risk mitigants. The main collaterals include bank deposits, NSC/KVP/LIC, plant and machinery, Book debts, residential and commercial mortgages, vehicles and other movable properties. All collaterals are not recognised as credit risk mitigants under the standardised approach. The following are the eligible financial collaterals which are considered under standardised approach.

- Fixed Deposit receipts issued by the Bank;
- Securities issued by Central and State Governements;
- Kisan Vikas Patra (KVP) and National Saving Certificate (NSC) provided no lock-in period is operational and that can be encashed within the holding period;
- Life Insurance Policies (LIC) with declared surrender value of an insurance company which is regulated by an insurance sector regulator;

Main type of guarantor counterparties –

Wherever required the Bank obtains personal or corporate guarantee as an additional comfort for mitigation of credit risk which can be translated into a direct claim on the guarantor which is unconditional and irrevocable. The creditworthiness of the guarantor is normally not linked to or affected by the borrower's financial position.

Concentration Risk in Credit Risk Mitigants –

The Bank has no risk of concentration of credit risk mitigants as most of the CRM are term deposits placed with the Bank.

Quantitative Disclosures –

` in crore

SN	Particulars	**31-3-2012**	31-3-2011
1.	Total Exposure (on and off balance sheet) covered by eligible financial collateral after application of haircuts	280.72	164.29
2.	Total Exposure (on and off balance sheet) covered by guarantees / credit derivatives	24.50	NIL

VII. SECURITISATION EXPOSURES: DISCLOSURE FOR STANDARDISED APPROACH:

In respect of securitization transactions, the Bank's role is limited as an investor. The outstanding value of securitized exposure as on March 31, 2012 was ` 151.21 crore. The Bank monitors market risk on the securitization exposures mainly through daily calculation of mark -to-market measure. In respect of credit risk, the risk weighted assets are calculated based on applicable external rating as per regulatory guidelines.

Quantitative Disclosures –

Banking Book –

` in crore

SN	Particulars	**31-03-2012**	31-03-2011
1.	Total amount of exposures securitised by the Bank	NIL	NIL
2.	For exposures securitised, losses recognized by the Bank during the current period	NIL	NIL
3.	Amount of assets intended to be securitised within a year	NIL	NIL
4.	Of (3), amount of assets originated within a year before securitisation	NIL	NIL
5.	Total amount of exposures securitised and unrecognized gain or losses on sale by exposure type	NIL	NIL

<table>
<tr><td>6.</td><td>Aggregate amount of:
- On balance sheet securitisation exposures retained or purchased broken down by exposure type

- Off balance sheet securitisation exposures</td><td>Securities (PTC) purchased with o/s ` 132.01 Cr., backed by pool of micro-finance loans

NIL</td><td>NIL

NIL</td></tr>
<tr><td>7.</td><td>Aggregate amount of:
- Securitisation exposures retained or purchased and the associated capital charges, broken down between exposures & different risk weight bands.</td><td>` in crore
<table><tr><th>Risk Weight</th><th>Exposure</th><th>Capital Charge</th></tr><tr><td>Below 100%</td><td>63.70</td><td>2.87</td></tr><tr><td>100%</td><td>68.31</td><td>6.15</td></tr><tr><td>More than 100%</td><td>-</td><td>-</td></tr></table></td><td>NIL</td></tr>
<tr><td>8.</td><td>Exposures that have been deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type)</td><td>NIL</td><td>NIL</td></tr>
</table>

Trading Book –

` in crore

SN	Particulars	**31-03-2012**	31-03-2011
1.	Aggregate amount of exposures securitised by the Bank for which the Bank has retained some exposures and which is subject to market risk approach, by exposure type	NIL	NIL
2.	Aggregate amount of: - On balance sheet securitisation exposures retained or purchased broken down by exposure type - Off balance sheet securitisation exposures	Securities (PTC) purchased with market value ` **19.20 Cr.,** backed by pool of micro-finance loans. NIL	NIL NIL
3.	Aggregate amount of securitisation exposures retained or purchased separately for: - Securitisation exposures retained or purchased subject to Comprehensive Risk Measure for Specific Risk	` 19.20 crore	NIL

<table>
<tr>
<td></td>
<td>- Securitisation exposures subject to the securitisation framework for specific risk broken down into different risk weight bands</td>
<td>` in crore
<table>
<tr><td>Risk Weight</td><td>Exposure</td></tr>
<tr><td>Below 100%</td><td>19.20</td></tr>
<tr><td>100%</td><td>-</td></tr>
<tr><td>More than 100%</td><td>-</td></tr>
</table>
</td>
<td>NIL</td>
</tr>
<tr>
<td>4.</td>
<td>Aggregate amount of:
- Capital requirements for securitisation exposures, subject to the securitisation framework broken down into different risk weight bands

- Securitisation exposures that are deducted entirely from Tier I capital, credit enhancing I/Os deducted from total capital, and other exposures deducted from total capital (by exposure type)</td>
<td>` in crore
<table>
<tr><td>Risk Weight</td><td>Specific Risk Capital Charge</td></tr>
<tr><td>Below 100%</td><td>0.86</td></tr>
<tr><td>100%</td><td>-</td></tr>
<tr><td>More than 100%</td><td>-</td></tr>
</table>

NIL</td>
<td>NIL

NIL</td>
</tr>
</table>

VIII. MARKET RISK IN TRADING BOOK:

Policy and Strategy for Market Risk Management –

Bank defines market risk as the risk of adverse movement in mark-to- market value of trading portfolio due to movements in market variables such as interest rates, foreign exchange rates, equity prices etc. Bank's exposure to market risk arises from investment in trading book (AFS & HFT category). Under market risk management, liquidity risk, interest rate risk, equity price risk and foreign exchange risk are monitored.

Market Risk is managed in accordance to the Board approved Investment Policy, Risk Management Policy, Asset Liability Management (ALM) Policy, Equity Investments Policy, Foreign Exchange Policy. The policies lay down well-defined organisation structure for market risk management functions and processes whereby the market risks carried by the Bank are identified, measured, monitored and controlled.

Organization Structure for Market Risk Management function –

The organizational structure of the Bank for Market Risk Management function has the Board of Directors at the apex level that maintains overall oversight on management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes market risk. At operational level, Asset Liability Management Committee (ALCO) monitors management of market risk. The main functions of ALCO include balance sheet planning from a risk return perspective including the strategic management of interest rate risk and liquidity risk.

Risk reporting, measurement, mitigation & monitoring systems –

Exposure Limits –

The Bank has put in place various prudential limits for Market Risk Management such as financial benchmarks, entry level ratings for investment, operations in various market segments, and limits for maturity, issuer wise, single party exposure, industry wise exposure, modified duration, stop loss, day light limit, net overnight open position limits, Value at Risk (VaR) etc. The risk limits are monitored across different levels of the Bank on an ongoing basis.

Liquidity Risk Management –

- Gap analysis based on residual maturity / behavioural pattern of assets and liabilities as prescribed by RBI;
- Monitoring of prudential (tolerance) limits set for different residual maturity time buckets for efficient asset liability management;
- Short term Dynamic Liquidity Statement is used to monitor the Bank's short term liquidity position on a dynamic basis in a time horizon spanning 1-90 days. Short term liquidity profile is estimated on the basis of business projections and other commitments;
- Monitoring of Large Deposits and Loans on a continuous basis;
- Review of various liquidity ratios by ALCO.

Interest Rate Risk Management –

- Gap Analysis of rate sensitive assets & rate sensitive liabilities and monitoring of prudential (tolerance) limits prescribed.
- Duration Gap Analysis framework is in place for management of interest rate risk. The Bank estimates and monitors Earnings at Risk (EaR) and Modified Duration Gap (MDGap) periodically against adverse movement in interest rates for assessing impact on Net Interest Income (NII) and Market Value of Equity (MVE). EAR and MVE thresholds have been prescribed and monitored / reviewed by ALCO.

Equity Price Risk Management –

The Bank's Equity Investment Policy contains the limits on exposure to capital market, stop loss limits for management of equity price risk. Equity Investment Committee of executives is constituted to take decisions of investment / dis-investment.

Foreign Exchange Risk Management –

The Bank's Forex Policy prescribes various limits on dealing, aggregate gap, day light limit, overnight open position limit, stop loss, Value at Risk (VaR) etc. for management of foreign exchange risk. These risk limits are monitored across different levels of the Bank.

Portfolios covered by Standardised Approach -

Trading book portfolio (investments under Held for Trading (HFT) and Available for Sale (AFS)) is covered by standardised approach. Bank has put in place a system for calculating capital charge for market risk in trading portfolio as per RBI guidelines viz. Standardised Duration Approach.

Capital requirement for:

` in crore

Particulars	31-3-2012	31-3-2011
Interest Rate Risk	42.11	8.64
Equity Position Risk	19.77	1.09
Foreign Exchange Risk	2.02	-

IX. OPERATIONAL RISK:

Policy and Strategy for Operational Risk Management –

Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputational risk. The Bank faces Operational Risk due to its exposure to potential errors, frauds, or unforeseen catastrophes resulting in unexpected losses in the course of business activities.

Operational Risk is managed in accordance with the Board approved Risk Management Policy. Other policies adopted by the Bank which deal with management of operational risk are Information Technology Policy, Policy on Know Your Customer & Anti Money Laundering, Vigilance Policy, Policy of detection, reporting, classification & closure of frauds, Policy on Outsourcing of Financial Services.

Organizational Structure for Operational Risk Management function –

The organizational structure of the Bank for Operational Risk Management function has the Board of Directors at the apex level that maintains overall oversight of management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes operational risk. At operational level, Operational Risk Management Committee (ORMC) monitors management of operational risk. The main functions of ORMC are to monitor and ensure appropriateness of operational risk management and recommend suitable control measures for mitigating the same.

Risk reporting, measurement, mitigation & monitoring systems –

- Manual of Instructions - Bank has put in place manuals on all important functional areas viz. manual on Deposits, Commercial Credit, Advances, Treasury, IT roles & responsibilities etc. covering entire gamut of business and are circulated among all concerned. Amendments and modifications to these guidelines are implemented through circulars sent to all the offices.
- Insurance cover has been obtained for major potential operational risk losses.

- Risk Measurement - The level & direction of operational risk is assessed using risk profile templates prescribed by RBI on quarterly basis and reviewed by Board and RMCB.

Approach for Operational Risk capital assessment –

In accordance with RBI guidelines, the Bank has adopted Basic Indicator Approach (BIA) for computation of capital charge for operational risk.

X. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB):

Policy and Strategy for Interest Rate Risk Management –

Interest rate risk in banking book represents the Bank's exposure to adverse movements in interest rates with regard to its non-trading exposures. Interest rate risk is measured by doing a gap analysis as well as factor sensitivity analysis. Bank holds assets, liabilities with different maturity and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates in such markets.

Interest Rate Risk is managed in accordance to the Board approved Asset Liability Management (ALM) Policy, Risk Management Policy. The policies lay down well-defined organisation structure for interest rate risk management functions and processes whereby the interest rate risks carried by the Bank are identified, measured, monitored and controlled.

Organization Structure for Interest Rate Risk Management function –

The organizational structure of the Bank for Interest Rate Risk Management function has the Board of Directors at the apex level that maintains overall oversight of management of risks. The Risk Management Committee of Board (RMCB) devises policy and strategy for integrated risk management which includes interest rate risk. At operational level, Asset Liability Management Committee (ALCO) monitors management of interest rate risk. The main functions of ALCO include balance sheet planning from a risk return perspective including the strategic management of interest rates and liquidity risks.

Risk reporting, measurement, mitigation & monitoring systems –

- Gap Report – Gap or mismatch risk is calculated by calculating gaps for interest rate sensitive assets, liabilities and off-balance sheet positions in different time buckets.

- Earnings perspective - Based on the gap report, Earnings at Risk (EaR) approximates the impact of an interest rate / re-pricing shock for a given change in interest rate on the net interest income (difference between total interest income and total interest expense) over a one year horizon.

- Economic value perspective - As against the earnings approach, interest rate risk is monitored based on the present value of the Bank's expected cash flows. A modified duration approach is used to ascertain the impact on interest sensitive assets, liabilities and off-balance sheet positions for a given change in interest rates.

Nature of IRRBB and Key assumptions –

- Interest rate risk is measured by using Earnings Perspective and Economic Value Perspective method.
- The distribution into rate sensitive assets and liabilities under Interest Rate Sensitivity Statement, Coupons, Yields are as prescribed in ALM policy of the Bank.
- Non-maturity deposits (current and savings) are classified into appropriate buckets according to the study of behavioral pattern. In case of these deposits, volatile portion is classified into '1-28 Days' time bucket and remaining core portion into '1-3 years' time bucket.

Quantitative Disclosures –

Increase (decline) in earnings and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB.

Earnings Perspective –

` in crore

Interest rate shock	**31-3-2012**	31-3-2011
1% change in interest rate for 1 year	3.53	6.44

Economic Value Perspective –

` in crore

Interest rate shock	**31-3-2012**	31-3-2011
200 basis point shock	76.52	21.62