INTERIM DISCLOSURES ON THE QUANTITATIVE ASPECTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2011

TABLE DF-1

CAPITAL OF SUBSIDIARIES NOT CONSOLIDATED

QUALITATIVE DISCLOSURES

The Bank has no subsidiaries.

QUANTITATIVE DISCLOSURES

The Bank has no subsidiaries.

TABLE DF-2

CAPITAL STRUCTURE

QUALITATIVE DISCLOSURES

(a) Summary:

Type of Capital	Features	% of Share holding
Equity (Tier – I)	Shares issued to: Foreign Institutional Investors Resident Individuals Body Corporate Banks Non Resident Individuals Trusts Indian Financial Institutions Mutual Funds Directors & Relatives Others (Clearing members, HUF etc)	 39.99 38.86 6.30 3.17 3.29 1.37 3.79 1.74 0.53 0.96
Tier – II Capital Instruments	Subordinated Debt Instruments: (Unsecured, redeemable, Non Convertible Bonds) Unconditional Put/Call Option embedded: ~~Yes~~/ No Period ranges from 80 months to 92 months	

QUANTITATIVE DISCLOSURES

[₹. in Crore]

(b) Tier – I Capital • Paid up Capital • Reserves • Innovative Instruments • Other Capital Instruments • Amount deducted from Tier I Capital	 113.01 1,565.02 0.00 0.00 (35.20)	1642.83
(c) Total Eligible Tier – II Capital (Net of Deductions)		407.83
(d) Debt Instruments eligible for inclusion in Upper Tier-II Capital • Total amount outstanding • Of which amount raised during current year • Amount eligible to be reckoned as capital	 0.00 0.00 0.00	
(e) Subordinated Debt eligible for inclusion in Lower Tier-II Capital • Total amount outstanding • Of which amount raised during current year • Amount eligible to be reckoned as capital	 265.00 0.00 213.00	
(f) Other deductions from Capital, if any	0.00	
(g) Total Eligible Capital		2,050.66

TABLE DF-3
CAPITAL ADEQUACY

Qualitative Disclosures

(a) Summary

Indicate

• ICAAP Policy has been put in place	YES
• Capital requirement for current business levels and framework for assessing capital requirement for estimated future business levels has been made	YES
• CAR has been worked out based on Basel I and Basel II Guidelines and CAR estimated to be above the regulatory minimum level of 9%	YES

Quantitative Disclosures

₹ in Crore

(b)	Capital requirements for Credit Risk:	
	• Portfolios subject to Standardised Approach	1213.46
	• Securitisation Exposure	0.00
(c)	Capital requirements for Market Risk	
	• Standardised Duration Approach	30.13
(d)	Capital requirements for Operational Risk	
	• Basic indicator approach	125.14
Total capital requirement under at regulatory minimum of 9%		1368.73
(e)	Total, Tier I & Tier II Capital Adequacy Ratio	
	CRAR -Total	13.48 %
	CRAR Tier I	10.80 %
	CRAR Tier II	2.68 %

TABLE DF-4
CREDIT RISK : GENERAL DISCLOSURES (INCLUDING EQUITIES)

Qualitative Disclosures

a)	General Qualitative Disclosures	
	Definition of Past Due and Impaired Assets (whether the extant RBI instructions for definitions of these categories for accounting purpose is being followed or not	YES

The definitions used are given in Annexure -I

Discussion of Bank Credit Risk Management Policy

Bank has a proper Credit Risk Management Policy	YES
Bank has a Loan / Credit Policy which is periodically reviewed	YES
The above policies take into account the need for better Credit Risk Management and avoidance of Risk Concentration	YES
Exposure limit for Single Borrower, Group entities, Categories of Borrowers, Specific Industry/Sector etc have been stipulated	YES
Specific norms and policy for appraising, sanctioning, documentation, inspections & monitoring, renewals, maintenance, Rehabilitation and Management of Assets have been stipulated, with sufficient room for innovation, deviation , flexibility with proper authority	YES

Quantitative Disclosures

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

(₹ in Crore)

	Exposure	**Amount**	**Total**
Fund Based	Loans & Advances	23193.39	
	Others (Fixed Assets, Other Assets etc)	4752.83	27946.22
Non Fund Based	LC/BG etc	1702.51	
	Forward Contracts	2228.90	
	Others	523.11	4454.52
Investments (Banking Book only)		7252.64	7252.64
Grand total of Credit Risk Exposure			**39653.38**

c) Geographic Distribution of Credit Risk Exposure

(₹ in Crore)

Domestic	39653.38
Overseas	Nil

d) Industry-type distribution of gross advances [Amount inLakhs]

Code	Industry	Standard asset	NPA	Total
1	Coal	741.89	0.00	741.89
2	Mining	1068.68	31.69	1100.37
3	Iron and Steel	42287.07	1271.50	43558.57
4	Other Metal and Metal Products	9873.23	35.71	9908.94
5	All Engineering	7232.91	30.53	7263.44
5.1	*Of which (005) Electronics*	1385.4	26.93	1412.33
6	Electricity	127009.65	0.00	127009.65
7	Cotton Textiles	53186.05	328.05	53514.10
8	Jute Textiles	558.25	57.35	615.60
9	Other Textiles	27668.51	208.05	27876.56
10	Sugar	1921.04	0.00	1921.04
11	Tea	555.61	0.00	555.61
12	Food Processing	27605.47	50.51	27655.98
13	Vegetable Oils and vanaspati	4641.56	89.87	4731.43
14	Tobacco and Tobacco Products	1.49	1.49	2.98
15	Paper and Paper Products	3231.16	316.26	3547.42
16	Rubber and Rubber Products	20107.42	0.45	20107.87
17	Chemicals, Dyes, Paints, etc.	21825.26	41.91	21867.17
17.1	*Of which Fertilizers*	191.62	2.12	193.74
17.2	*Of which Petro- chemicals*	497.5	2.78	500.28
17.3	*Of which Drugs and Pharmaceuticals*	17653.28	35.41	17688.69
18	Cement	20146.63	1.98	20148.61
19	Leather and Leather Products	3283.09	4.47	3287.56
20	Gems and Jewellary	5079.73	0.84	5080.57
21	Construction	1911.09	83.36	1994.45
22	Petroleum	16.25	0.00	16.25
23	Automobiles including trucks	1302.32	2.92	1305.24
24	Computer Software	1381.96	5.00	1386.96
25	Infrastructure	63468.47	279.19	63747.66
25.1	*Of which Power*	9465.6	0.00	9465.60
25.2	*Of which Telecommunications*	15697.68	238.02	15935.70
25.3	*Of which Roads & Ports*	29039.64	0.25	29039.89
26	NBFC s	1099.11	8.89	1108.00
27	Trading	176075.86	3678.19	179754.05
28	Other Industries	69425.13	443.60	69868.73
29	Residuary Other Advances	1626703.57	16079.62	1642783.19
	Total	2319408.46	23051.43	2416696.12

(₹ in Crore)

(e)	Amount of Gross NPAs	230.51
	• Substandard	60.96
	• Doubtful-I	10.06
	• Doubtful-2	13.93
	• Doubtful-3	20.33
	• Loss	125.23
(f)	Net NPA	58.31
(g)	NPA ratios	
	• Gross NPA to Gross Advance:	0.99%
	• Net NPA to Net Advance:	0.25%
(h)	Movement of N PA (Gross)	
	• Opening Gross NPA	236.00
	• Additions to Gross NPA	27.43
	• Reductions to Gross NPA	33.35
	• Closing Balance of Gross NPA	230.51
(i)	Movement of N PA Provisions	
	• Opening balance of NPA Provisions held	161.03
	• Provisions made during the period	-
	• Write-offs during the period	0.66
	• Write-back of excess provisions during the period	0.08
	• Closing Balance of NPA Provisions	160.29
(j)	Amount of Non Performing Investments (Gross)	7.00
(k)	Amount of Provisions held NP Investments	7.00
(l)	Movement of Provisions for Depreciation on Investments	
	• Opening Balance of Provisions for Depreciation	10.29
	• Provisions made during the period	14.86
	• Write-offs during the period	-
	• Write-back of excess provisions during the period	-
	• Closing Balance of Provisions for Depreciation	25.15

TABLE -DF 5

CREDIT RISK : DISCLOSURE FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

Qualitative Disclosures

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

External Credit Rating Agencies have been approved for the purpose of credit rating of borrower account for the purpose of computing risk weight under Standardized 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

• Reason for changes	No changes
• Type of exposure for which each agency has been used	Both Fund based and Non fund based
• Brief description of the process used /proposed to be used for converting Public Issue rating into comparable Assets in the Banking Book	

(Additional qualitative disclosures are given in Annexure II)

Quantitative Disclosure

For exposures 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 that are deducted if any :

₹. In Crore

Below 100% Risk Weight	24826.88
Risk Weight at 100%	4788.61
More than 100% Risk Weight	2119.99
Amount deducted if any	Nil

TABLE -DF 6

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH

Qualitative Disclosures

(i) Policies and Processes for Collateral Valuation and Management

- Has Credit Risk Mitigation and Collateral Management Policy been put in place — YES
- Whether the policy provides for policies and procedures for collaterals that can be accepted, method and frequency of their valuation and management — YES

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

(ii) List of main type of Collateral taken by the Bank

Financial Collaterals

1	Cash, Bank deposits, CDs.
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	Unrated Debt Securities issued by banks, listed in Stock Exchange.
8	Units of Mutual Funds regulated by securities regulator.

Guarantor

1	Individual 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	Inventory of goods.
3	Landed Residential & Commercial Properties.

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

	Financial Risk Mitigants	Out standing amount of Risk Mitigants (₹. Crore)	Risk Concentration %
1	Gold	5185.48	83.92
2	Cash & Bank Deposits	989.64	16.02
3	KVP/IVP/NSC/LIC	3.88	0.06
	Total #	6179.00	100.00

This has to agree with item (i) under quantitative disclosures below.
Note: (1) Loans and Advances to staff members may be excluded, if needed.
(2) If more than one mitigant is taken for one exposure, the outstanding may be divided equally amongst the mitigant.

Quantitative Disclosure

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

	(₹ in Crore)
i) Eligible Financial Collateral (Excluding Staff Loan)	6179.00
ii) Other eligible Collateral (after Hair cuts)	Nil

[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

Not Applicable since bank does not undertake securitisation activity.

TABLE DF -8

MARKET RISK IN THE TRADING BOOK

Strategies and processes

1) The Bank has put in place a comprehensive Market risk management Framework to address the Market risks (bank wide) including that of the Trading Book.
2) Within the above Framework, various policies of the Bank prescribes Limits like Value at Risk (VaR) for Central Government securities & Currencies, maximum holding period, duration , holding of liquid assets, defeasance period , exposure limits , Forex open position limits (day light/over night), Stop loss limits etc .
3) Risk profiles are analyzed and the effectiveness of risk mitigants are regularly monitored.
4) The Bank’s Board/ Market Risk Management Committee (MRMC)/ Investment Management Committee (IMC)/ IMC sub committee approves the volume composition holding/ defeasance period etc of the Trading book.

The Scope and nature of Risk reporting and /or measurement system
Risk Reporting

Adherence to limits are being monitored by dedicated mid office, reporting exceptions to chief risk officer (CRO),independent of Treasury /IBD operational units.

Risk Measurement

1) Value at Risk (VaR) numbers are arrived for Trading book Central Government securities, T Bills and Currencies.
2) The positions are marked to market at stipulated intervals. The Duration/Modified Duration are computed and its adherence to the prescribed duration limits are ensured.
3) The Bank is computing capital charge on “Held for Trading” and “Available for Sale” categories using Standardized Duration approach as required under RBI guidelines for Basel II.
4) Stress testing analyses are done by applying rate shocks for parallel shift in the yield curve under current economic and political scenario.

Quantitative Disclosures

Sl No	Capital Requirements	Capital Charge (₹ in lacs)
1	Interest rate risk	1353.81
2	Equity Position Risk	1569.58
3	Forex Risk	90.00

The Structure and organisation of relevant Risk Management Functions
Market Risk Management Cell Organization
(Composition, Roles & Responsibility)

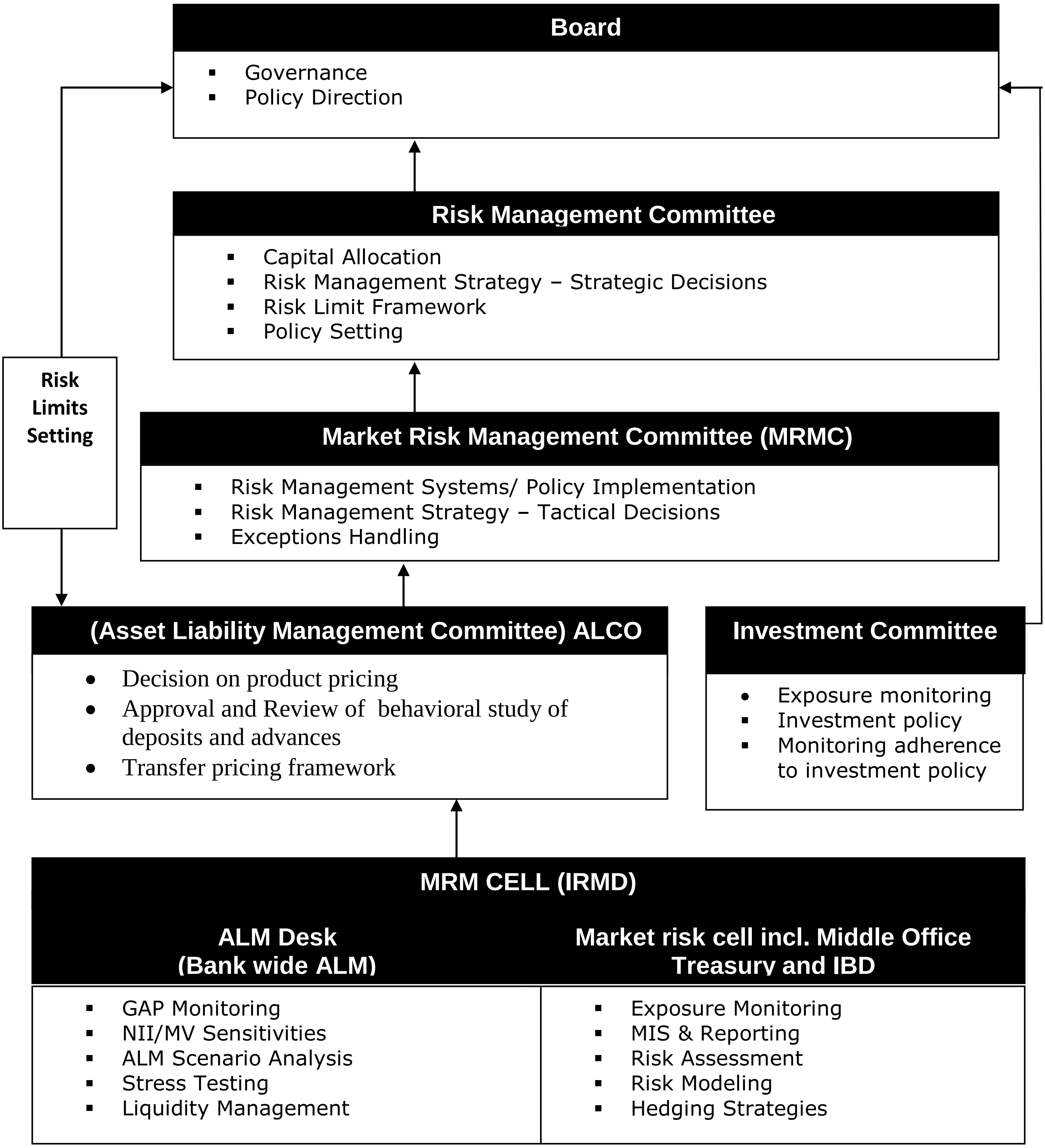

TABLE -DF 9

OPERATIONAL RISK

Qualitative Disclosure:

• Operational Risk Policy is in place	**YES**
• RCSA has been/is being rolled out to Zones/Branches	**YES**
• ORMC has been constituted	**YES**
• Disaster Recovery Policy & Business Continuity Plan has been put in place	**YES**
• Risk Reporting Design and Framework for Operational Risk has been Finalised	**YES**
• 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; it establishes an explicit Operational risk management process of identification, analysis, monitoring and mitigation of operational risk at the business level and also establishes a reporting line to the senior management to ensure their knowledge as to the current operational risk profile. The Bank has started the Risk Control and Self Assessment (RCSA) and loss data collection, and at the same time identified the data gaps to be filled, to facilitate a step by step migration into the Advanced approaches.

Quantitative Disclosure

Capital Charge on Operational Risk : ₹ 125.14 Crore

<u>TABLE DF -10</u>

INTEREST RATE RISK IN THE BANKING BOOK

Strategies and processes-

1) The Bank has put in place a comprehensive Market risk management Framework to address Market risks including that of the Banking Book. The above Framework, prescribes various methodologies like Earning at Risk and Duration Gap model to assess the impact on Market Value of Equity (MVE).
2) The framework for managing Interest rate risk in the Banking Book under pillar II of Basel II is also put in place by the Internal Capital Adequacy Assessment Process Policy (ICAAP).

The scope and nature of Risk reporting and /or Measurement systems.
The assessment of interest rate risk in the Banking Book takes into account, the earnings perspective and economic value perspective of interest rate risk.

a) The bank calculates the impact on the earnings by gap analysis with the assumed change in yield over one year. Bank has put in place prudential limits for probable reduction in Net interest income (NII) for buckets below one year due to adverse change in interest rates. Earnings at risk is being calculated using Traditional Gap analysis as per ALM guidelines of RBI.

b) The bank calculates the impact on the Market value of equity by duration gap method and the impact is calculated by applying a notional interest rate shock of 200 basis points as per ALM guidelines of RBI.

Risk evaluation and adherence to Risk limits are reported to Market Risk Management Committee/ALCO through chief risk officer.

Quantitative disclosures

Particulars	As on 30/09/11
Change in NII Probable impact on Net Interest income for 100 Bps upward movement in interest rate	₹.37.75 Crore will decrease from Net Interest income.
Change in MVE Probable impact on Market Value of equity (MVE) for a 200 Bps upward movement in interest rates.	Market Value of equity will decrease by 15.87%

TABLE DF-4 **ANNEXURE I**

CREDIT RISK: GENERAL DISCLOSURES

Qualitative Disclosures		Remarks
(I) Definition of past due impaired	2.1	Non Performing Assets
	2.1.1	An asset including a leased asset, becomes non-performing when it ceases to generate income for the bank.
	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 *I* 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.
	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.
	2.2	'Out of Order' status 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 *I* 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 should be treated as out of order.
	2.3	'Overdue'

		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) Definition of Credit Risk	(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.
	(ii)	Downgrading of counter parties whose credit instruments the Bank may be holding, causing the value of those assets to fall.
	(iii)	Settlement risk (possibility that the Bank may pay a counter party and fail to receive the corresponding settlement in return).
(III) Risk Governance Structure is in place	Yes	
(IV) Principal Committees that review credit risk management	Credit Risk Management Committee (CRMC) is in place.	
(V) Changes in the credit risk management structure since prior period disclosure.	No	
(VI)Approved policies with regard to credit risk		
(i) Credit Risk Management Policy	Yes	
(ii) Credit Risk Migration and Collateral Management Policy	Yes	
(iii) Stress Testing Policy	Yes	
List any other relevant policies	Nil	

TABLE DF-5 **ANNEXURE II**

CREDIT RISK: DISCLOSURE FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

	Qualitative Disclosures	Remarks
(I)	Names of credit rating agencies used	Domestic Credit Rating Agencies (DCRA): CRISIL Ltd., ICRA Ltd., CARE and FITCH India. International Credit Rating Agencies: Fitch, Moodys and Standard & Poor's.
(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	Ratings of all the above identified Rating Agency rating 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 DCRA 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 International Credit Rating Agency 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.	(i)If an issuer has a long- term exposure with an external long term rating that warrants a risk weight of 150 percent, all unrated claims on the same counter-party, whether short term or long-term, should also receive a 150 percent risk weight, unless the bank uses recognized credit risk mitigation techniques for such claims. (ii)If an issuer has a short-term exposure with an external short term rating that warrants a risk weight of 150 per cent, all unrated claims on the same counter-party, whether long-term

	or short-term, should also receive a 150 per cent risk weight, unless the bank uses recognized credit risk mitigation techniques for such claims. (iii)The unrated short term claim of counterparty will attract a risk weight of at least one level higher than the risk weight applicable to the rated short term claim on that counter-party. If a short-term rated facility to counterparty attracts a 20 per cent or a 50 per cent risk weight, unrated short-term claims to the same counter-party cannot attract a risk weight lower than 30 per cent or 100 per cent respectively. (iv) In circumstances where the borrower has a specific assessment for an issued debt - but the bank's claim is not an investment in this particular debt - the rating applicable to the specific debt (where the rating maps into a risk weight lower than that which applies to an unrated claim) may be applied to the bank's unassessed claim only if this claim ranks pari passu or senior to the specific rated debt in all respects and the maturity of the unassessed claim is not later than the maturity of the rated claim, except where the rated claim is a short term obligation. If not, the rating applicable to the specific debt cannot be used and the unassessed claim will receive the risk weight for unrated claims. (v) If either the issuer or single issue has been assigned a rating which maps into a risk weight equal to or higher than that which applies to unrated claims, a claim on the same counterparty, which is unrated by any chosen credit rating agency, will be assigned the same risk weight as is applicable to the rated exposure, if this claim ranks pari passu or junior to the rated exposure in all respects.

TABLE DF-6 **ANNEXURE III**

CREDIT RISK MITIGATION: DISCLOSURES FOR STANDARDISED APPROACH

(a) Qualitative Disclosures	**Remarks**
(i) Policy for collateral valuation and management is in place	Yes
(ii) Main types of credit risk mitigation techniques:	Credit risk mitigation by way of collateralized transaction, on balance sheet netting and guarantees.
(iii) Eligible financial collaterals	(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. (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. (iii) Securities issued by the Central and State Governments. (iv) Kisan Vikas Patra and National Savings Certificates provided no Iock-in period is operational and if they can be encashed within the holding period. (v) Life Insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator. (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: 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** b) Attracting 100% or lesser risk weight i.e. rated at least PR3/P3/F3/A3 for short term debt instruments. (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: a) Issued by a bank; and b) listed on a recognized exchange; and c) Classified as senior debt; and 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 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; f) Banks should be sufficiently confident about the market liquidity of the security. (viii) Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the Bank's operation mutual funds where a) a price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain, and b) Mutual fund is limited to investing in the instruments listed in this paragraph.
(b) Qualitative Disclosures	**Remarks**
(i) On-balance sheet netting	Where the Bank (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, (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 (c) Monitors and controls the relevant exposures on a net basis.
(ii) Guarantees	Where guarantees are direct, explicit, irrevocable and unconditional.
(iii) Main types of guarantor counter- party and their creditworthiness	Range of recognized Guarantors (Counter guarantors) (a) sovereigns, sovereign entities (including BIS, IMF, European Central Bank and European Community as well as the eligible MBDs, ECGC and CGTSI), banks and primary dealers with a lower risk weight than the counter-party; (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.