ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

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
Tier – I	Tier I Capital includes Equity Share Capital and Reserves and surplus comprising of Statutory Reserve, Capital Reserve, Share Premium, Special Reserve, and Balance in Profit & Loss A/c.
Tier – II	Tier II Capital includes Revaluation Reserve, Tier II Bonds – Subordinated Debt and General Provisions

QUANTITATIVE DISCLOSURES [₹ in Crore]

(b) Tier - I Capital		2774.13
• Paid up Capital	133.85	
• Reserves	2729.03	
• Innovative Instruments	0.00	
• Other Capital Instruments	0.00	
• Amount deducted from Tier - I Capital	(88.75)	
(c) Total Eligible Tier - II Capital (Net of Deductions)		428.52
(d) Debt Instruments eligible for inclusion in Upper Tier-II Capital		
• Total amount outstanding	0.00	
• Of which amount raised during current year	0.00	
• Amount eligible to be reckoned as capital	0.00	
(e) Subordinated Debt eligible for inclusion in Lower Tier-II Capital		
• Total amount outstanding	265.00	
• Of which amount raised during current year	0.00	
• Amount eligible to be reckoned as capital	200.00	
(f) Other deductions from Capital, if any	0.00	
(g) Total Eligible Capital		3202.65

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

TABLE DF – 3
CAPITAL ADEQUACY

Qualitative Disclosures

(a) Summary

- ICAAP Policy has been put in place.
- Capital requirement for current business levels and framework for assessing capital requirement for estimated future business levels are assessed on a periodic basis.
- Capital Adequacy Ratio has been worked out based on Basel I and Basel II Guidelines and Capital Adequacy Ratio is above the regulatory minimum level of 9%.

Quantitative Disclosures

	₹ in Crore
(b) Capital requirements for Credit Risk:	
• Portfolios subject to Standardised Approach	1,855.14
• Securitisation Exposure	0.00
(c) Capital requirements for Market Risk	
• Standardised Duration Approach	63.75
(d) Capital requirements for Operational Risk	
• Basic indicator approach	154.01
Total capital requirement under regulatory minimum of 9%	2,072.91
(e) Total, Tier-I & Tier-II Capital Adequacy Ratio	
CRAR -Total	13.91%
CRAR Tier-I	12.05%
CRAR Tier-II	1.86%

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

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

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	32,014.03	
	Others (Fixed Assets, Other Assets etc.)	5,456.03	37,470.06
Non-Fund Based	LC/BG etc.	3,287.85	
	Forward Contracts	7,302.41	
	Others	532.19	11,122.45
Investments (Banking Book only)		9,912.33	9,912.33
Grand total of Credit Risk Exposure			**58,504.84**

c) Geographic Distribution of Credit Risk Exposure (₹ in Crore)

Domestic	58,504.84
Overseas	Nil

d) Industry-type distribution of funded exposures (₹ in Crore)

	Industry Name	Gross Advance	Gross NPA
1	Mining and Quarrying	22.91	0.09
2	Food Processing	529.09	3.93
3	Beverages (Excluding Tea & Coffee) and Tobacco	40.80	0.91
4	Textiles	976.74	30.02
5	Leather and Leather products	66.77	-
6	Wood and Wood Products	95.79	1.00
7	Paper and Paper Products	241.14	2.32
8	Petroleum(non-infra),Coal Products (non-mining) and Nuclear Fuels	402.08	14.99
9	Chemicals and Chemical Products (Dyes, Paints, etc.)	382.82	8.83
10	Rubber, Plastic and their Products	578.09	0.26
11	Glass and Glassware	3.15	-
12	Cement and Cement Products	315.16	0.08
13	Basic Metal and Metal products	1,613.91	50.83
14	All Engineering	154.91	2.17
15	Vehicles, Vehicle Parts and Transport Equipments	450.70	0.14
16	Gems and Jewellery	297.23	0.03
17	Construction	522.78	0.85
18	Infrastructure	5,363.88	64.36
19	Other Industries	601.51	7.67
20	Residuary Other Advances (totally with gross advances)	19,354.58	245.40
	Total	**32,014.04**	**433.87**

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

e) Maturity Pattern of Key Assets (₹ in Crore)

Particulars	Loans and Advances	Foreign Currency Assets	Investments
1 day	1,009.88	309.90	101.93
2 to 7 days	240.66	-	312.61
8 to 14 days	389.47	14.57	163.14
15 to 28 days	785.76	21.40	100.84
29 days to 3 months	4,114.14	-	900.01
Over 3 months to 6 months	4,449.64	138.01	613.33
Over 6 months to 1 year	9,301.82	23.35	674.39
Over 1 year to 3 years	4,580.83	-	1,894.05
Over 3 years to 5 years	3,198.00	-	2,310.72
Over 5 years	3,745.35	-	5,452.45
TOTAL	**31,815.53**	**507.23**	**12,523.47**

(₹ in Crore)

f) Amount of Gross NPAs **433.87**

• *Substandard*	231.92
• *Doubtful-I*	157.69
• *Doubtful-2*	6.93
• *Doubtful-3*	-0.17
• *Loss*	37.5

g) Net NPA **249.53**

h) NPA Ratios

• *Gross NPA to Gross Advance:*	1.36%
• *Net NPA to Net Advance:*	0.78%

i) Movement of NPA (Gross)

• *Opening Gross NPA*	267.16
• *Additions to Gross NPA*	530.06
• *Reductions to Gross NPA*	363.35
• *Closing Balance of Gross NPA*	433.87

j) Movement of NPA Provisions

• *Opening balance of NPA Provisions held*	176.81
• *Provisions made during the period*	206.91
• *Deductions during the period*	219.50
• *Closing Balance of NPA Provisions*	164.22

k) Amount of Non-Performing Investments (Gross) **5.03**

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

l) Amount of Provisions held Non-Performing Investments 5.03

m) Movement of Provisions for Depreciation on Investments

• *Opening Balance of Provisions for Depreciation*	24.37
• *Provisions made during the period*	11.23
• *Write-offs / Write-back of excess provisions during the period*	-
• *Closing Balance of Provisions for Depreciation*	35.60

TABLE DF – 5

CREDIT RISK : DISCLOSURE FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

Qualitative Disclosures

State whether External Credit Rating Agencies (ECRA) 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 India Ratings (erstwhile FITCH)
4 ICRA Limited
5 Brickwork

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 India Ratings (erstwhile FITCH)
  4 ICRA Limited
  5 Brickwork
- 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	31,611.38
Risk Weight at 100%	15,118.50
More than 100% Risk Weight	919.16
Amount deducted if any	Nil

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

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	Corporate-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	Outstanding amount of Risk Mitigants (₹ in Crore)	Risk Concentration%
1	Gold	6,898.71	86.66
2	Cash & Bank Deposits	1,058.56	13.30
3	KVP/IVP/NSC/LIC	3.15	0.04
	Total	**7,960.42**	**100.00**

Note: (1) Loans and Advances to staff members are excluded.
(2) If more than one mitigant is taken for one exposure, the outstanding divided equally amongst the mitigant.

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

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)	7,960.42
ii)	Other eligible Collateral (after Haircuts)	Nil

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/overnight), 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) 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) Values 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 Crore)
1	Interest Rate Risk	39.92
2	Equity Position Risk	22.93
3	Forex Risk	0.90

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

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

Board
- Governance
- Policy Direction

Risk Management Committee of the Board
- Capital Allocation
- Risk Management Strategy – Strategic Decisions
- Risk Limit Framework
- Policy Setting

Risk Limits Setting

Investment Committee
- Exposure Monitoring
- Investment policy
- Monitoring adherence to investment policy

Market Risk Management Committee (MRMC)
- Risk Management Systems/ Policy Implementation
- Risk Management Strategy – Tactical Decisions
- Exceptions Handling

Asset Liability Management Committee (ALCO)
- Decision on product pricing
- Approval and Review of behavioral study of deposits and advances
- Transfer pricing framework

MRM CELL (IRMD)
(Incl. Mid Office Treasury and IBD)
- Exposure Monitoring
- MIS & Reporting
- Risk Assessment
- Risk Modeling
- Hedging Strategies

ALM Desk
(Bank wide ALM)
- GAP Monitoring
- NII/MV Sensitivities
- ALM Scenario Analysis
- Stress Testing

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

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 : ₹ 154.01 Crore

TABLE DF – 10

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.

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

Quantitative Disclosures

Particulars	As on 31.03.13
Change in NII Probable impact on Net Interest income for 100 Bps upward movement in interest rate	₹ 95.15 Crore
Change in MVE Probable impact on Market Value of equity (MVE) for a 200 Bps downward movement in interest rates.	0.51 % of Net-worth

Annexure to 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 / 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/ 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.

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

(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 Mitigation and Collateral Management Policy	Yes
(iii) Stress Testing Policy	Yes
List any other relevant policies	Nil

Annexure to 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, India Ratings (erstwhile FITCH) and Brickwork. 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 Agencies 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.

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

(IV)	Description of the process used to map publicly available 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.

Annexure to 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.

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

(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 lock-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.

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIREMENTS AS ON 31.03.2013

(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.