



स्टेट बैंक ऑफ त्रावन्कोर
State Bank of Travancore

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

Disclosure as on 30/06/2008 under Pillar-III of Basel-II Framework

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	
Equity (Tier-I)	Shares issued to:	
	1. State Bank of India	75.00%
	2. Government of Kerala	1.05%
	3. Banks	0.14%
	4. Body Corporates	3.72%
	5. State Financial Corporations	0.09%
	6. Foreign Institutional Investors	2.77%
	7. Insurance Companies	0.87%
	8. Public- Resident Indians	12.66%
	9. Public- Non Resident Indians	3.70%
Innovative Instruments (Tier-I)	Innovative Perpetual Debt Instruments (IPDI)	
Tier-II Capital Instruments	1) Subordinated Debt Instruments- (Unsecured, redeemable, Non-convertible Bonds)	

	Unconditional Put/Call Option embedded: Yes /No Period ranges from 63 months to 120 months
	2) Upper Tier-II Bonds (Unsecured, redeemable, Non-convertible Bonds) Unconditional Put/Call Option embedded: Yes /No Period range - 180 months

Quantitative Disclosures:

		(Rupees in crore)
(b) Tier-I Capital		Rs.1900.24
• Paid up Share Capital	Rs 50.00	
• Reserves/Retained Profit	Rs. 1706.45	
• Innovative Instruments	Rs 279.00	
• Other Capital Instruments	Rs 0..00	
• Amount deducted from Tier-I Capital	Rs. 135.21	
(c) Total Eligible Tier-2 Capital (Net of deductions)		Rs. 1529.39
(refer (d) and (e) below)		
(c.i) Total Tier-3 Capital (if any)		Rs. Nil
(d) Debt Instruments eligible for inclusion in Upper Tier-2 Capital		
• Total amount outstanding	Rs. 500.00	
• Of which amount raised during current year	Rs. 0.00	
• Amount eligible to be reckoned as capital	Rs. 500.00	
(e) Subordinated Debt eligible for inclusion in Lower Tier-2 Capital		
• Total amount outstanding	Rs. 940.00	
• Of which amount raised during current year	Rs. 0.00	
• Amount eligible to be reckoned as capital	Rs. 838.00	
(f) Other Deductions from Capital, if any.	Rs. Nil	
(g) Total Eligible Capital	Rs.3429.63	
(excluding what is deducted from Tier-1 Capital)		
(should equal Total of (b),(c), and (c.i) minus (f))		

TABLE DF-3

CAPITAL ADEQUACY

Qualitative Disclosures

(a) Summary

Indicate:

- ICAAP Policy has been put in place : YES/~~NO~~
- Capital requirement for current business levels and Estimated future business levels has been made : YES/~~NO~~
- CAR has been worked out based on Basel-I & Basel-II Guidelines and CAR is estimated to be above the Regulatory Minimum level of 9% : YES/~~NO~~

Quantitative Disclosures

(Rupees in crore)

- (b) Capital requirements for Credit Risk:
- Portfolios subject to Standardised Approach : Rs.2057.87
 - Securitisation Exposure : Rs. 0.00
- (c) Capital requirements for Market Risk
- Standardised Duration Approach : Rs. 84.88
- (d) Capital requirements for Operational Risk
- Basic Indicator Approach : Rs. 200.79
- Total Capital Requirement at Regulatory minimum of 9% : Rs.2339.04
- (e) Total and Tier-1 Capital Adequacy Ratio : Total CAR : 12.91%
CAR(Tier-1) : 7.15%

(estimated at Capital level of Rs.3429.63 cr and Tier-1 Capital of Rs. 1900.24 crore as per Table-2 above)

TABLE DF-4

CREDIT RISK : GENERAL DISCLOSURES(INCLUDING EQUITIES)

Qualitative Disclosures:

(a) General Qualitative Disclosures

- Definitions of “Past Due” and “Impaired Assets” (whether the extant RBI instructions for definitions of these categories for accounting purposes is being followed or not) : YES/~~NO~~

The definition used are given in Annexure-I

Discussion of Bank's Credit Risk Management Policy

- Bank has a proper Credit Risk Management Policy : YES/~~NO~~
- Bank has a Loan/Credit Policy which is periodically reviewed : YES/~~NO~~
- The above policies take into account the need for better Credit Risk Management and avoidance of Risk Concentration : YES/~~NO~~
- Exposure limits for Single Borrower, Group Entities, Categories of Borrowers, Specific Industry/Sector etc have been stipulated : YES/~~NO~~
- 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, deviations, flexibility with proper authority. : YES/~~NO~~

Quantitative Disclosures:

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

(Rupees in crore)

Exposure		Amount	Total
Fund Based	Loans & Advances	29286.12	35560.72
	Others (Fixed Assets, Other Assets etc)	6274.60	
Non Fund Based	LC/BG etc	4648.77	23529.37
	Forward Contracts	15061.22	
	Others	3819.38	
Investments (Banking Book only)		8490.78	8490.78
Grand Total of Credit Risk Exposure			67580.87

c) Geographic Distribution of Credit Risk Exposure :

- Domestic : Rs. **67580.87**
- Overseas : Rs. 0.00

d) Industry Type Distribution of Exposures

i) Industry-type distribution - Fund Based Exposures				
Code	Industry	Standard Asset	NPA	Total
1	Coal	42.30	0.00	42.30
2	Mining	33.01	3.02	36.03
3	Iron & Steel	1178.22	23.91	1202.13
4	Other Metal & Metal products	134.47	0.21	134.68
5	All Engineering	311.20	20.63	331.83
51	Of which Electronics	32.25	0.75	33.00
6	Electricity	324.61	1.40	326.01
7	Cotton Textiles	371.16	1.41	372.57
8	Jute Textiles	12.22	0.06	12.28
9	Other textiles	676.80	4.29	681.09
10	Sugar	133.11	0.00	133.11
11	Tea	14.09	1.31	15.40
12	Food Processing	359.64	66.68	426.32
13	Vegetable Oil & Vanaspati	107.43	5.77	113.20
14	Tobacco & Tobacco products	5.86	0.01	5.87
15	Paper & Paper products	145.51	3.89	149.40
16	Rubber & Rubber products	130.50	10.98	141.48
17	Chemicals, Dyes, Paints, etc	530.85	26.50	557.35
171	Of which Fertilisers	114.33	16.70	131.03
172	Petro-Chemicals	13.79	0.21	14.00
173	Drugs & Pharmaceuticals	194.37	2.84	197.21
18	Cement	59.89	3.69	63.58
19	Leather & Leather products	47.70	3.20	50.90
20	Gems & Jewellery	548.48	7.46	555.94
21	Construction	488.10	1.28	489.38
22	Petroleum	815.96	0.00	815.96
23	Automobiles including trucks	88.80	0.46	89.26
24	Computer Software	84.32	0.00	84.32
25	Infrastructure	1468.42	14.15	1482.57
251	Of which Power	420.98	12.78	433.76
252	Telecommunication	409.92	0.00	409.92
253	Roads & Ports	197.52	0.00	197.52
26	Other industries	3030.19	22.38	3052.57
27	NBFCs & Trading	5085.65	153.71	5239.36
28	Residual advances to balance Gross Adv	12417.18	264.05	12681.23
Total		28645.67	640.45	29286.12

(ii) Industry-type distribution - Non Fund Based Exposures (LC & BG)				
Code	Industry	Standard Asset	NPA	Total
1	Coal	12.85	0.00	12.85
2	Mining	0.42	0.00	0.42
3	Iron & Steel	302.34	0.00	302.34
4	Other Metal & Metal products	353.22	0.00	353.22
5	All Engineering	1089.49	0.00	1089.49
51	Of which Electronics	33.06	0.00	33.06
6	Electricity	63.33	0.00	63.33
7	Cotton Textiles	60.93	0.00	60.93
8	Jute Textiles	6.47	0.00	6.47
9	Other textiles	63.47	0.00	63.47
10	Sugar	1.35	0.00	1.35
11	Tea	0.00	0.00	0.00
12	Food Processing	25.07	0.00	25.07
13	Vegetable Oil & Vanaspati	382.18	0.00	382.18
14	Tobacco & Tobacco products	0.06	0.00	0.06
15	Paper & Paper products	69.15	0.00	69.15
16	Rubber & Rubber products	22.73	0.00	22.73
17	Chemicals, Dyes, Paints, etc	147.13	0.00	147.13
171	Of which Fertilisers	7.54	0.00	7.54
172	Petro-Chemicals	94.99	0.00	94.99
173	Drugs & Pharmaceuticals	9.59	0.00	9.59
18	Cement	7.91	0.00	7.91
19	Leather & Leather products	25.16	0.00	25.16
20	Gems & Jewellery	105.20	0.00	105.20
21	Construction	198.22	0.00	198.22
22	Petroleum	5.41	0.00	5.41
23	Automobiles including trucks	19.96	0.00	19.96
24	Computer Software	16.35	0.00	16.35
25	Infrastructure	527.90	0.00	527.90
251	Of which Power	25.76	0.00	25.76
252	Telecommunication	104.82	0.00	104.82
253	Roads & Ports	120.73	0.00	120.73
26	Other industries	512.69	0.00	512.69
27	NBFCs & Trading	371.08	0.00	371.08
28	Residual advances to balance Gross Adv	258.70	0.00	258.70
Total		4648.77	0.00	4648.77

(e) Residual Contractual Maturity Break Down of Assets

	1-14 Days	15-28 Days	29 days & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
1. Cash	215.91								215.91
2. Balance with RBI	3154.34								3154.34
3. Balance with other Banks	1296.10								1296.1
4. Investments		5.17	81.29	530.68	775.55	2118.85	2940.98	4811.09	11263.61
5. Advances	794.89	418.61	5659.94	2827.31	5905.99	5079.92	2524.45	6075.01	29286.12
6. Fixed Assets								170.67	170.67
7. Other Assets	258.13							1125.05	1383.18
Total	5719.37	423.78	5741.23	3357.99	6681.54	7198.77	5465.43	12181.82	46769.93

(Rupees in crore)

(f) Amount of Gross NPAs

• Substandard	Rs.294.00
• Doubtful-1	Rs.143.97
• Doubtful-2	Rs.114.09
• Doubtful-3	Rs. 83.98
• Loss	Rs. 4.41
Total	Rs.640.45

(g) Net NPA

Rs.335.65

(h) Net NPA ratios

• Gross NPA to Gross Advance	: 2.19%
• Net NPA to Net Advance	: 1.16%

(i) Movement of NPA (Gross)

• Opening Gross NPA	Rs.570.83
• Additions to Gross NPA	Rs.128.97
• Reductions to Gross NPA	Rs. 59.35
• Closing Balance of Gross NPA	Rs.640.45

(j) Movement of NPA Provisions

• Opening Balance of NPA Provisions held	Rs.264.43
• Provisions made during the period	Rs. 25.24
• Write-offs during the period	Rs. 6.39
• Write-back of excess provisions during the period	Rs.
• Closing Balance of NPA Provisions	Rs. 283.28

(k) Amount of Non Performing Investments (Gross)

Rs. 5.97

(l) Amount of Provisions held NP Investments

Rs. 5.97

(m) Movement of Provisions for Depreciation on Investments	
• Opening Balance of Provisions for Depreciation	Rs. 66.40
• Provisions made during the period	Rs. 81.28
• Write-offs during the period	Rs. 27.89
• Write-back of excess provisions during the period	Rs.
• Closing Balance of Provisions for Depreciation	Rs. 119.79

TABLE – DF5

CREDIT RISK : DISCLOSURES FOR PORTFOLIOS SUBJECT TO STANDARDISED APPROACH

Qualitative Disclosures

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

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

The following are the approved ECRAs:

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

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

(a) For portfolios under Standardised Approach:

- Names of ECRAs used:
 1. Credit Analysis and Research Limited (CARE)
 2. CRISIL Limited
 3. Fitch India
 4. ICRA Limited
- Reasons for changes
No changes
- Types of exposures for which each agency has been used:
Both, Fund Based and Non Fund Based credit exposures.

- Brief descriptions of the process used / proposed to be used for converting Public Issue ratings into comparable Assets in the Banking Book.

(Additional qualitative disclosures are given in Annexure-II)

Quantitative Disclosures

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

- Below 100% Risk Weight : Rs. 50937.17
- Risk Weight at 100% : Rs. 11019.58
- More than 100% Risk Weight : Rs. 5624.12
- 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/~~NO~~
- Whether the policy provides for policies and procedures for Collaterals that can be accepted, method and frequency of Their valuation and management : YES/~~NO~~

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

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

Financial Collaterals

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

8. Equity and Convertible Bonds those are listed.

Guarantor & Counter Parties

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

Other Non-Financial Collateral

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

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

Financial Risk Mitigants	Outstanding amount of Risk Mitigants (Rs. in Crore)	Risk Concentration %
1.Gold	1660.84	75.81%
2.Cash & Bank Deposits	524.41	23.94%
3.KVP/IVP/NSC	4.19	0.19%
4.LIC Policy	1.28	0.06%
Total #	2190.72	100.00%

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

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

Quantitative Disclosures

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

- (i) Eligible Financial Collateral (excluding Staff Loan) : Rs.2190.72
- (ii) Other eligible Collateral (after Hair Cuts) : Rs. 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

<p>Qualitative Disclosures</p> <p>(a) The general qualitative disclosure requirement with respect to Securitisation, including a discussion of:</p> <ul style="list-style-type: none">• the Bank's objectives in relation to Securitisation activity, including the extent to which these activities transfer credit risk of the underlying Securitised exposures away from the Bank to other entities;• the roles played by the Bank in the Securitisation process and an indication of the extent of the Bank's involvement in each of them; and• the regulatory capital approach that the Bank follows for its Securitisation activities.	<p>At present, Bank's Securitisation process is restricted to the sale of impaired and past due assets to Securitisation Companies (SC), Reconstruction Companies (RC) and Banks.</p> <p>The transfer of credit risk by way of Securitisation process is to the extent of net impaired/past due assets transferred to SC/RC/Banks.</p> <p>The Bank acts as a seller of impaired / past due assets as its part of NPA recovery.</p> <p>The impaired / past due assets would be sold to SC/RC/Banks at the approved price in such a way that the assets are taken off the books of the Bank and after the sale there would not be any known liability devolving on the Bank. As such, the regulatory capital required to be maintained for such assets will be reduced.</p> <p>However, in cases where proceeds are received through investment instruments or any other form of assets, the regulatory capital due on those instruments / assets shall be maintained.</p>
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Table DF-7 (contd)

<p>(b) Summary of the Bank's accounting policies for Securitisation activities, including</p> <ul style="list-style-type: none"> • whether the transactions are treated as sales or financings; 	<p>When the Bank sells its impaired past due assets to SC / RC/ and Banks, on transfer the same will be removed from Bank's books.</p>
<ul style="list-style-type: none"> • recognition of gain on sale: and • key assumptions for valuing retained interests, including any significant changes since the last reporting period and the impact of such changes: <p>(c) Names of ECAI's used for securitisations and the types of Securitisation exposure for which each agency is used.</p>	<p>If the sale to SC / RC/Banks is at a price below the net book value (NBV), the shortfall will be debited to the profit and loss account for that year. If the sale is for a value higher than the NBV, the excess provision will not be reversed but will be utilized to meet the shortfall/loss on account of sale of other assets to SC / RC/Banks.</p> <p>No changes</p> <p>NA</p>

Quantitative Disclosures	(Amount - Rs. in Crore)		
(d) The total outstanding exposures Securitised by the Bank and subject to the Securitisation framework by exposure type.	Nil		
(e) For exposures Securitised by the Bank and subject to the Securitisation framework	Nil		
<ul style="list-style-type: none"> • amount of impaired/past due assets Securitised: and • losses recognized by the Bank during the current period broken down by exposure type. 	Nil		
(f) Aggregate amount of Securitisation exposures retained or purchased broken down by exposure type.	Nil		
(g) Aggregate amount of Securitisation exposures retained or purchased broken down by exposure type into a meaningful number of risk weight bands. Exposures that have been deducted entirely from Tier-1 capital, credit enhancing I/Os deducted from Total Capital, and other exposures deducted from total capital should be disclosed separately by type of underlying exposure type.	Nil		
(h) Summary of Securitisation activity presenting a comparative position for two years, as a part of the Notes on Accounts to the balance sheet:			
<ul style="list-style-type: none"> • total number and book value of loan assets Securitised - by type of underlying assets; • sale consideration received for the Securitised assets and gain / loss on sale on account of Securitisation; and • form and quantum (outstanding value) of services provided by way of credit enhancement, liquidity support, post Securitisation asset servicing etc. 			
	2006-07	2007-08	2008-09
No. of a/cs	2	1	Nil
Aggregate Value (net of provision)	Nil	Nil	Nil
Aggregate Consideration	5.49	0.70	Nil
Additional Consideration realized in respect of previous years	Nil	Nil	Nil
Aggregate gain / loss over Net Book Value	5.49	0.70	Nil

TABLE DF-8

MARKET RISK IN TRADING BOOK

Qualitative Disclosures

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

Quantitative Disclosures

The Capital requirement for:

(Rupees in crore)

- Interest Rate Risk : Rs.43.46
- Equity Position Risk : Rs.36.92
- Forex Risk : Rs. 4.50

TABLE DF-9

OPERATIONAL RISK

Qualitative Disclosures:

Operational Risk Policy is in place : YES/~~NO~~

RCSA has been/is being rolled out to Zones/Branches/
Other relevant offices. : YES/~~NO~~

ORMC has been constituted : YES/~~NO~~

Disaster Recovery Policy & Business Continuity Plan have been put in place. : YES/~~NO~~

Risk reporting Design and Framework for Operational Risk has been finalized : ~~YES~~/NO

Operational Risk Capital Assessment has been worked out on the basis of: : Basic Indicator Approach

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

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

Quantitative Disclosures

Capital Charge on Operational Risk : Rs.200. 79 crore.

TABLE DF-10

INTEREST RATE RISK IN BANKING BOOK (IRRBB)

Qualitative Disclosure

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

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

Bank is calculating NII using Traditional Gap Analysis method.

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

- Change in Bank's Market Value of Equity (MVE):

(Indicate whether the impact of change in Interest Rates on MVE is measured using Duration Gap Analysis method as per RBI guidelines)

Bank has not yet started the application of Duration Gap Analysis.

Quantitative Disclosures

(i) Change in NII:

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

NII is likely to increase/ decrease by Rs.18.28 crore, in case of 1% movement in Interest Rate.

(ii) Change in MVE:

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

Bank has not started computing of MVE based on Duration Gap Analysis.

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

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

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

		(ii) In cases where the borrower-constituent/counter-party has issued a debt (which is not a borrowing from our Bank), the rating given to that debt may be applied to Bank's unrated exposures if the Bank's exposure ranks pari-passu or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than maturity of rated debt.
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Table DF – 6		Annexure - III
Credit Risk Mitigation : Disclosures for Standardised Approach		
6(a)	Qualitative Disclosures	Remarks
(i)	Policy for collateral valuation and management is in place	Yes / No
(ii)	Main types of credit risk management techniques:	
(iii)	Eligible financial collaterals	<p>(i) Cash (as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the lending bank) on deposit with the bank is incurring the counter-party.</p> <p>(ii) Gold : Gold would include both bullion and jewellery. However, the value of the collateralized jewellery should be arrived at after notionally converting these to 99.99 purity.</p> <p>(iii) Securities issued by the Central and State Governments</p> <p>(iv) Kisan Vikas Patra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.</p> <p>(v) Life Insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.</p> <p>(vi) Debt securities rated by a chosen Credit Rating Agency in respect of which the banks should be sufficiently confident about the market liquidity where these are either : 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.</p> <p>(vii) 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 : a) Issued by the 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.</p> <p>(viii) Equities (including convertible bonds) that are listed on a recognized stock exchange and not included in the following indices : 'BSE SENSEX' and 'BSE-200' of the Bombay Stock Exchange' ; 'S&P CNX NIFTY and 'Junior NIFTY' of the National Stock Exchange</p>

		(ix) 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 .
6(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 and satisfy the operation requirements detailed in
(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 those MBDs referred to in paragraph 5.5, 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.