Deutsche Bank AG - India Branches

(Incorporated in Germany with limited liability)

Management disclosures under Pillar 3

1. Scope of application

The BASEL III - Pillar 3 disclosures contained herein relate to Deutsche Bank AG, India Branches (herein also referred to as the 'Bank') for the period ended June 30, 2014. These are compiled in accordance with Reserve Bank of India (the 'RBI') regulation on New Capital Adequacy framework vide circular reference DBOD.No.BP.BC.6/21.06.201/2014-15 dated July 1, 2014.

No entities are required to be consolidated with Deutsche Bank AG, India Branches for the purpose of accounting/disclosure requirements. However as prescribed in the above guidelines, certain prudential guidelines apply on a consolidated basis, including that of capital adequacy computation.

List of group entities considered for consolidation are as below

(INR In '000)

Sr. No.	Name of entity	Principal activity of the entity	Total balance sheet equity*	Total balance sheet assets*
1	Deutsche India Holdings Private Limited	Holding company	2,364,742	2,365,502
2	Deutsche Investments India Private Limited	Lending loans and advances / Portfolio management	9,783,600	16,951,400

* Figures as per audited accounts of March 31, 2013

List of Group entities not considered for consolidation both under accounting and regulatory scope of consolidation :

(INR In '000)

Sr. No.	Name of entity	Principal activity of the entity	Total balance sheet equity*	Total balance sheet assets*
1	Deutsche Asset Management (India) Private Limited	Asset management / Portfolio Management	959,999	1,106,976
2	Deutsche Securities (India) Private Limited	Primary dealership in Government securities	2,303,099	7,778,671
3	Deutsche Equities India Private Limited	Stock broker / Merchant banking and advisory services	7,455,800	19,575,500
4	Deutsche Investor Services Private Limited	Registrar and transfer agent services / Fund accounting	158,015	301,771
5	RREEF India Advisors Private Limited	Sub advisory services	188,179	189,222
6	Deutsche Trustee Services (India) Private Limited	Act as Trustees of all schemes launched by Deutsche Mutual funds	19,192	24,852
7	Deutsche CIB Centre Private Limited	Global processing centre for Back office processing / support services for business lines.	1,982,700	2,971,700
8	DBOI Global Services Private Limited	Global processing centre for back office / IT enabled services	3,006,100	6,545,000

* Figures as per audited accounts of March 31, 2013

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2. Capital Structure

a. Summary information on the terms and conditions of the main features of all capital instruments

Tier I Capital primarily comprises of interest free capital received from the Head Office, balance in statutory reserves, capital reserves and remittable surplus retained for CRAR requirement.

The Tier II Capital mainly comprises of the Provision on Standard Assets, General Loan Loss Provision and NPA provision reversal on sale of NPA which are created in accordance with the extant RBI guidelines.

b. Details of Capital Funds

(In Rs.'000)

Particulars	30 June 2014
Capital - Head Office Account	44,971,087
Statutory Reserve	15,470,522
Capital Reserve	177,207
Remittable Surplus Retained for CRAR requirement	22,806,487
Less: Deferred Tax assets	(1,768,492)
Less: Intangible assets	(38,697)
Less: Defined Benefit Plan	(105,626)
Tier I Capital	**81,512,488**
Investment Reserve	318,944
Provision on Standard Assets & Country Risk	1,910,643
General Loan Loss Provision	712,260
Provision made on Sale of NPA	577,628
Tier II Capital	**3,519,475**
Total (Tier I + Tier II Capital)	**85,031,963**

3. Capital adequacy

a. Approach to assessing capital adequacy for current and future activities

The Bank is committed to maintaining its sound capitalisation. Therefore, overall capital demand and supply are constantly monitored and adjusted as necessary in line with the strategic, business and capital plans drawn up annually by the Bank. It should be noted that Deutsche Bank operates as an integrated Group through its business divisions and infrastructure functions. The local Asset and Liability Committee (ALCO) for the Bank is the primary platform for providing strategic direction and follow through action relating to the management of the entity's financial resources. Specifically, the ALCO ensures adequate capitalisation to meet current and future business and regulatory requirements and sets limits for capital usage by business. If required, capital requests are prepared and presented to Deutsche Bank Group's Investment Committee(GIC) for approval.

Stress testing and sensitivity analysis are used to assess the Bank's ability to sustain operations during periods of stress. They provide an insight into the potential impact of significant adverse events on the Bank's earnings, risk profile and capital position.

b. Capital requirements for credit risk, market risk, operational risk, and Capital ratios per New Capital Adequacy framework

The Bank is subject to the Basel III capital adequacy guidelines stipulated by RBI with effect from April 1, 2013. The guidelines provide a transition schedule for Basel III implementation till March 31, 2019.

The capital ratio as per Basel III is 14.69%

(In Rs.'000)

Particulars	**30 June 2014**
Capital requirement for credit risk - (Standardised Approach)	42,196,936
- Portfolios subject to Standardised Approach - Portfolios subject to securitisation exposures	-
Capital requirement for market risk (Standardised Duration Approach)	
- Interest rate risk	4,353,437
- Foreign exchange risk (including gold)	1,350,000
- Equity risk	47,941
Capital requirement for operational risk (Basic Indicator approach)	4,139,978
Total	**52,088,292**
Deutsche Bank AG, India Branches	
Tier I Capital adequacy ratio	**14.08%**
Total (Tier I + Tier II) Capital adequacy ratio	**14.69%**
Consolidated Bank	
Tier I Capital adequacy ratio	**15.61%**
Total (Tier I + Tier II) Capital adequacy ratio	**16.21%**

4. Risk Exposure & Assessment

Risk Management Framework

The wide variety of the Bank's businesses requires it to identify, measure, aggregate and manage its risks effectively, and to allocate capital among the businesses appropriately. The Bank operates as an integrated group through its divisions, business units and infrastructure functions. Risk and capital are managed via a framework of principles, organizational structures and measurement and monitoring processes that are closely aligned with the activities of the divisions and business units:

The Management Board (MB) provides overall risk and capital management supervision for its consolidated Group.

- The Bank operates a three-line of defence risk management model whereby business management, risk management oversight and assurance roles are played by functions independent of one another.
- Risk strategy and risk appetite are defined based on the Group Strategic & Capital Plan and Group Risk Appetite in order to align risk, capital, and performance targets.

- Cross risk analysis reviews are conducted across the Group to ensure that sound risk management practices and a holistic awareness of risk exists.
- All major risk classes are managed in a coordinated manner via risk management processes, including: credit risk, market risk, operational risk, liquidity risk, business risk and reputational risk. This includes risk concentrations within and across risk types.
- Appropriate monitoring and escalation processes are in place against key capital and liquidity thresholds and metrics. Where applicable, robust modelling and measurement approaches for quantifying risk and capital demand are implemented across the major risk classes.
- Effective systems, processes and procedures are a critical component of the Group's risk management capability.

Risk Management Organisation

The Supervisory Board exercises strategic control and supervision of DB Group. It monitors DB's risk and capital profile regularly via its designated subcommittee, the Risk Committee of the Supervisory Board. The chair of the Risk Committee reports on items discussed during the Risk Committee's meetings to the Supervisory Board.

The MB provides overall risk & capital management supervision for the consolidated Group and is exclusively responsible for day to day management of the company with the objective of creating sustainable value in the interest of its shareholders, employees and other stakeholders. The MB is responsible for defining and implementing comprehensive and aligned business and risk strategies, as well as ensuring well-defined risk management functions and operating processes are in place to ensure that DB's overall performance is aligned to its business and risk strategy.

The MB has delegated certain functions and responsibilities to relevant senior governance committees to support the fulfilment of these responsibilities, in particular the Capital and Risk Committee (CaR) and Risk Executive Committee (Risk ExCo):

i. The Group's CaR oversees and controls integrated planning and monitors Deutsche Bank's risk profile and capital capacity including liquidity and funding profile, ensuring an alignment of risk appetite, capitalisation requirements and funding/liquidity needs with the Group, divisional and sub-divisional business strategies. It is also responsible for monitoring the performance of DB Group's risk profile against the Group Risk Appetite through the oversight of early warning indicators and ensuring escalation or actions are taken including the recommendation, where appropriate, to the MB to mobilize Recovery Management Governance which would result in the engagement of the Global Response Committee (GRC).

ii. The Group's Risk ExCo is responsible for identification, analysis and mitigation of risks, risk policy, organization and governance of risk management and day-to-day risk and capital management. To fulfill this mandate, the Risk ExCo is supported by sub-committees that are responsible for dedicated areas of risk management,
including several policy committees, the Cross Risk Review Committee (CRCC) and the Group Reputational Risk Committee.

An overlap in membership between the CaR and the Risk ExCo facilitates a constant and comprehensive information flow between both committees.

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iii. The Group's CRRC supports the Risk ExCo and the CaR with particular emphasis on the management of Group-wide risk patterns. The CRRC, under a delegation of authority from the CaR and its subcommittee ICAAP SC has responsibility for the day-to-day oversight and control of Deutsche Bank Group's Internal Capital Adequacy Assessment Process ("ICAAP") ensuring compliance with respective regulatory requirements and policy setting for local ICAAPs. The CRRC also oversees the inventory of stress tests used for managing our risk appetite, reviews the results and proposes management action if required. It monitors the effectiveness of the stress test process and drives continuous improvement of our stress testing framework.

Recovery Management Governance has been embedded in the overall risk management framework at DB Group to ensure that DB can proactively identify and respond to severe stress or the threat of a severe stress. The integration of the Recovery Management governance process into the day-to-day risk management framework ensures an effective ongoing oversight of DB's risk profile.

The key elements forming the basis of the Recovery Management governance in DB include:

- Clear roles and responsibilities which include MB oversight;
- A dedicated set of early warning indicators and recovery triggers to monitor potential risks and stimulate management action;
- An enhanced regime of severe stress tests and defined strategic recovery measures to enable proactive management of our risk profile; and
- A dedicated sub-committee of the CaR (the Living Wills Committee) to ensure ongoing monitoring and process readiness.

Key roles and accountabilities include:

- The Living Wills Committee (LWC), a sub-committee of the CaR, ensures standards and on-going process readiness including the updating of tools and methodologies required to ensure effective monitoring. The LWC also ensures that the Recovery Plan complies with regulatory requirements and is responsible for the continuous assessment of the appropriateness of key input factors in the Recovery Plan including, risk factors, scenarios, recovery measures and triggers;

- The CaR is responsible for the oversight and monitoring of the performance of DB's risk profile (under both normal and stressed conditions) against defined qualitative and quantitative recovery triggers approved by the MB. In the case of a breach of the defined triggers or an assessment by the CaR of any other qualitative information that would, in its expert opinion, form the basis of a material risk to DB's risk profile, the CaR would escalate an initial assessment and recommendation of appropriate recovery measures to the MB, and The MB has the ultimate responsibility to approve the movement to Recovery Management Governance. This includes review and approval of the Group Recovery Plan on at least an annual basis, including the menu of recovery measures and the results of the scenario testing to prove the effectiveness of the plan. The MB is responsible for invoking the Recovery Plan which mobilizes the Global Response Committee (GRC) in accordance with the status of the recovery triggers, the mobilization and cessation of recovery governance and decisions on the execution of the strategic recovery measures; and

- The GRC is responsible for the assessment and definition of the required recovery response options and oversees the execution plan. The GRC will continue to evaluate and recommend appropriate actions to the MB until such time as the MB approves the return to the standard risk management governance by exiting the recovery process.

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The Group's Chief Risk Officer (CRO) is a member of the MB and has Group-wide responsibility for the management of all credit, market, and operational risks, and as well for the control of risk (including liquidity risks) and continuing development of methods for the risk measurement. In addition, the CRO is responsible for monitoring, analysing and reporting risk on a comprehensive basis, including liquidity, asset and liability gap, capital, legal, compliance and regulatory risks.

Dedicated Risk units are established with the mandate to:

i. Ensure that the business conducted within each division is consistent with the risk appetite that the CaR has set within a framework established by the MB;
ii. Formulate and implement risk and capital management policies, procedures and methodologies that are appropriate to the businesses within each division;
iii. Approve credit, market and liquidity risk limits;
iv. Conduct periodic portfolio reviews to ensure that the portfolio of risks is within acceptable parameters; and
v. Develop and implement risk and capital management infrastructures and systems that are appropriate for each division.

The heads of the Group's Risk units, who are members of the Group's Risk ExCo, are responsible for the performance of the risk management units and report directly to the Group's Chief Risk Officer.

Risk Analytics & Living Wills (RA&LW) is an integral part of Deutsche Bank's holistic risk management. Our responsibilities not only cover the quantitative aspects of risk management, but also include the design, implementation and operation of key risk management processes for capital adequacy (ICAAP) and recovery & resolution planning.

RA&LW develop, implement, validate and maintain advanced internal and regulatory risk measurement and management models for credit risk, operational risk, business risk and specific market risk. RA&LW is also responsible for the validation of general market risk and derivatives exposure methodologies.

In close cooperation with the businesses, our worldwide legal entities, Risk and Finance, RA&LW actively supports the accurate and efficient management of Deutsche Bank's risk and capital through state-of-the art risk measurement and assessment processes. Prominent examples for this are rating systems, stress testing and capital modeling.

The Audit departments operate independently of both the Group divisions and of the Risk function. The Group's Audit department performs risk-oriented reviews of the design and operating effectiveness of the Group's system of internal controls.

The Group's Treasury function is responsible for the management and monitoring of capital, liquidity, funding and transfer pricing of Deutsche Bank globally, regionally and locally as defined in the liquidity risk strategy. These four focus areas work closely with all business divisions and infrastructure groups to ensure financial resources are available and adequately geared to DB's strategic goals:

- **Capital**: Treasury manages capital adequacy at Group and local levels and allocates capital to the business divisions.
- **Liquidity**: Treasury ensures the bank can fulfil its payment obligation at all times. All relevant and significant drivers of liquidity risk are regularly stress tested and limits are in place to keep the bank's liquidity position within the Board's risk tolerance and to comply with regulatory liquidity requirements at the Group and local levels.
- **Funding**: Treasury manages DB Group's funding base and plans and executes capital market issuances.

- **Transfer pricing**: Treasury allocates funding and liquidity costs to the firm's business units and sets incentives in line with the liquidity risk framework in order to make the economic cost of funds transparent to the business.

The Group's liquidity management approach starts at the intraday level (operational liquidity) managing the daily payments queue, forecasting cash flows and factoring in access to collateral and central banks. It then covers tactical liquidity risk management dealing with access to secured and unsecured funding sources as well as the liquidity characteristics of the asset inventory. The tactical toolbox also includes a detailed liquidity stress test analysis to evaluate the impact of sudden stress events on DB Group's liquidity profile and to ensure that the Group is always equipped to withstand such severe market related, idiosyncratic and combined stress events. Finally, the strategic perspective comprises the maturity profile of all assets and liabilities (Funding Matrix) and the Group's issuance strategy. Fund transfer prices are set to reflect DB Group's cost of funds in the markets, as well as the liquidity risk embedded in the various asset and liability products, and to ensure an efficient allocation of funding to all business portfolios.

The Group's cash-flow based reporting system provides daily liquidity risk information to global and regional management.

Stress testing and scenario analysis plays a central role in our liquidity management framework. This also incorporates an assessment of asset liquidity, i.e. the characteristics of our asset inventory, under various stress scenarios as well as contingent funding requirements from off-balance-sheet commitments. The monthly stress testing results are used in setting our short-term wholesale funding limits (both unsecured and secured) and thereby ensuring we remain within the Group's MB overall liquidity risk tolerance.

Specific Banking Risks

The Group's risk management processes distinguish among four kinds of specific banking risks: credit risk, market risk, operational risk and liquidity risk.

– Credit risk arises from all transactions where actual, contingent or potential claims against any counterparty, borrower or obligor (which we refer to collectively as "counterparties") exist, including those claims that we plan to distribute (see below in the more detailed section Credit Risk). These transactions are typically part of our traditional non-traded lending activities (such as loans and contingent liabilities), or our direct trading activity with clients (such as OTC derivatives, FX forwards and Forward Rate Agreements). We distinguish between three kinds of credit risk:

  Default risk is the risk that counterparties fail to meet contractual payment obligations.

  Country risk is the risk that DB may experience a loss, in any given country, due to a range of macroeconomic or social events primarily affecting counterparties in that jurisdiction including a possible deterioration of economic conditions, political and social upheaval, nationalization and expropriation of assets, government repudiation of indebtedness, or disruptive currency depreciation or devaluation. Country risk includes transfer risk which arises when debtors are unable to meet their obligations owing to an inability to transfer assets to non-residents due to direct sovereign intervention.

  Settlement risk is the risk that the settlement or clearance of transactions will fail. It arises whenever the exchange of cash, securities and/or other assets is not simultaneous.

– Market risk arises from the uncertainty concerning changes in market prices and rates (including interest rates, equity prices, foreign exchange rates and commodity prices), the correlations among them and their levels of volatility.

– Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. Operational risk excludes business and reputational risk.

– Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs.

Other risks such as Reputational Risk, Business Risk including Strategic Risk and Insurance Risk are also monitored by the Group.

Risk Management Tools

The Bank uses a comprehensive range of quantitative and qualitative methodologies for assessing and managing risks. As a matter of policy, the Group continually assesses the appropriateness and the reliability of its quantitative tools and metrics in light of the Group's changing risk environment. Some of these tools are common to a number of risk categories, while others are tailored to the particular features of specific risk categories.

4.1 Credit risk

a. Credit Risk Management Organisation and structure

Considering the different risk drivers involved in Corporate & Investment Bank ('CIB'), as against Retail Banking ('PBC') and Private Wealth Management ('PWM'), Credit Risk Management ('CRM') is functionally split to cater to the businesses. Within the CRM CIB, there are specialized global units with which the local team has the facility of liaising, on transactions involving Real Estate, Securitisation, Leveraged & Structured Finance, etc.

b. CRM CIB

(i) Credit Risk policies and procedures

All business requests that involve credit risk need to be presented to CRM for its approval. Loan policy is updated annually and is also approved by the local Executive Committee. CRM uses its global ratings model for all risks and every counterpart is internally rated. CRM CIB has a policy of annual reviews of all risk limits. This policy is strictly followed and any overdue reviews are regularly monitored and explained. The annual review is a comprehensive exercise which covers the Industry scenario, key business drivers, key risk factors, business and financial risk (including forex risk), management quality and transparency and a peer analysis along with downside scenarios in projections.

CRM CIB in India has significant delegation of approval authorities, to enable timely credit decisions, based on an understanding of local market conditions. In line with the global policy, CRM takes decisions in India on the 4 eyes principle.

In the event the credit authority of the local CRM team is not adequate to take a decision on complex / structured products, large ticket transactions, etc, the local CRM team forwards its recommendation on the request to senior CRM officers in APAC or Globally, for the final decision, depending on the required delegated authority.

CRM globally operates on the "Batch Strategy' concept, where each Industry / sector is reviewed globally in detail for risk drivers, along with an analysis of DB's exposures in that sector globally – exposure amounts, counterparty ratings, products, risk profile, etc. This system enables DB to quantitatively focus on its global exposures in different Industries / sectors, as well as the credit ratings / facility ratings of the exposures within those sectors.

The Bank globally subjects all risk types covered under its Economic Capital (EC) concept and liquidity risk to regular stress tests. The Bank's stress tests consider macroeconomic, business related and quantitative aspects to derive implications for its risk profile.

Risk limits and exposures on lower rated counterparties are intensively monitored. There is a monthly CRM exercise to discuss all watch-list names and criticized credit exposures. Deutsche

Bank in India follows all the exposure norms and provisioning requirements as laid down by the RBI in its master circulars.

Within the CRM CIB portfolio, concentration risk monitoring and mitigation plays an important role. CRM has guidelines in terms of maximum exposures on counterparties at different rating levels, with different levels of market access and in different categories of country risk.

The Bank globally has a separate and independent Asset Quality Review function, which periodically reviews the quality of portfolios globally after intensive review and discussions with the local CRM teams. Based on these reviews, counterparty ratings may be adjusted and inconsistencies resolved, using local / global peer analysis as an effective tool. The timeliness of annual reviews as well as quality of the reviews are also looked into and corrective measures stipulated.

The credit risk assessment of exposures that are off-balance sheet are subject to the same vigorous scrutiny and approval process, as is followed for the balance sheet exposures. There is no differentiation between balance sheet and off-balance sheet exposures in the Bank's risk assessment and monitoring standards.

(ii) Credit risk On Trading Instruments CRM

CRM CIB has global systems in place to monitor the Mark to Market risk on all foreign currency and rates derivative transactions undertaken by the clients. DB uses

the Potential Future Exposure at 95% confidence levels as the basis to determine the limit requirements for such products.

Internally, the Bank manages credit risk on all trading instruments by reference to three measures:

– Current Credit Exposure ("CCE"), which is the current value of any contract, at current market rates, as shown in the Bank's records. CCE will be reported net of enforceable collateral, and may be aggregated to reflect enforceable netting arrangements
– Potential Future Exposure ("PFE"), which is an estimate of the Current Credit Exposure that trading instruments could potentially assume in the future
– Stress Testing, which reflects the short term sensitivity of the portfolio CCE to market parameters

To reduce derivatives-related credit risk, the Bank regularly seeks the execution of master agreements (such as the International Swap Dealers Association contract) with clients. A master agreement allows the offsetting of the obligations arising under all of the derivatives contracts that the agreement covers upon the counterparty's default, resulting in one single net claim against the counterparty (called "close-out netting").

For credit exposure measurement purposes, as the replacement values of the portfolios fluctuate with movements in market rates and with changes in the transactions in the portfolios, the Bank also estimates the potential future replacement costs of the portfolios over their lifetimes. This is based on the Current Exposure method as per RBI master circular on Exposure norms.

(iii) Credit rating policy

The Bank's rating system uses a granular, transparent 26 grade rating scale, which is in compliance with the Internal Ratings Based approach in Basel II. The credit ratings are the core element of the Bank's risk management framework, and determine the –

– Level of authority required for approval
– The calculation of Expected Loss and Economic Profit
– The SEC classification (performing / non performing) and FED classification (Special Mention, Sub standard, Doubtful, Loss)

The accuracy and consistency of ratings are ensured through Front End Management, Portfolio Reviews including independent Asset Quality Reviews and Validation by Risk Analytics and Instruments.
Each and every facility in the banking book is rated based on the internal rating model of DB. For each counterparty, the Credit Risk management assigns a Counterparty Probability of Default ('CPD') and for each facility, a Facility Probability of Default ('FPD') is assigned, along with the Loss Given Default ('LGD') and Country of Risk.
The Bank's ratings scale closely mirrors the scales as used by key global rating agencies such as S & P and Moody's.

(iv) Definition and classification of past due and impaired (NPAs)

Loans and Advances are classified into performing and non-performing loans in accordance with the extant RBI guidelines.

Past due advances understood to mean Non Performing Advances are identified by periodic appraisals of the portfolio by the management and appropriate provisions are made which meets the prudential accounting norms prescribed by the RBI for asset classification, income recognition and provisioning after considering subsequent recoveries.

c. CRM PBC - Credit risk policies and procedures

CRM PBC India manages the credit risk of Retail Banking portfolio in India. All lending product launched within PBC are approved by CRM PBC before the launch. Credit Risk policies are clearly documented through Product Program for each product.

The scope of India Credit Policy covers the credit process for the PBC unit in India and details the following.

– Credit Principles
– Generic Credit Process
– Credit Authority Guidelines
– Loan Loss Allowance / Write off guidelines

The precise nature of the credit assessment, decision and monitoring process depends primarily on the type of product, exposure and the existence and quality of collateral.

The credit decision on a loan request involves rule based risk assessment which takes into account the following:

– Customer information given in the application form (general customer data / financial information)
– Information on the borrower's behaviour (external data/account movements, where available)
– Specific information of the application itself (credit volume / collateral)

When deciding on a loan request, all required information and documents are considered. The credit officer assesses the profile of the applicant and ability to
repay the loan based on various reports available, viz. verification, bureau and policy results etc. as part of the loan file.
The portfolio is reviewed at periodic intervals & analysis is made to understand the behaviour of the portfolio in terms of repayment, delinquency, transactions etc.

d. CRM PWM

CRM PWM adopts similar credit risk and rating policies as CRM CIB.

e. Total Gross Credit exposures

(In Rs.'000)

Category	30 June 2014
Bills purchased and discounted	82,223,342
Cash credits and overdrafts	67,895,588
Term loans	164,750,308
Inter Bank	8,576,610
HTM Investments	5,792,110
Total Fund-based Exposures	**329,237,958**
Guarantees given on behalf of customers	107,342,430
Acceptances, endorsements and other obligations	93,542,998
Derivative exposures	204,650,082
Undrawn Commitment and others	147,206,214
Total Non-fund based Exposures	**552,741,724**

Exposure for the purposes of tables in this section reflect actual notional, except for derivative exposures which is based on the current exposure method prescribed by RBI vide its master circular on Exposure norms.

The Bank renders its services within one geographical segment and has no offices outside India

f. Industry Type distribution of exposures (period ended 30 June 2014)

(In Rs.'000)

Sector ID	Sector Name	Funded	Non Funded	Grand Total	Percentage of Total
1	Mining & Quarrying	1,689,421	1,795,549	3,484,970	0.40%
2	Food Processing	2,077,633	10,833,572	12,911,205	1.46%
3	Beverages	6,196,974	1,262,909	7,459,883	0.85%
4	Textile	2,530,007	4,436,493	6,966,500	0.79%
5	Leather & Leather Products	199,871	38,447	238,318	0.03%
6	Wood and Wood products	124,289	15,094	139,383	0.02%
7	Paper and paper Products	1,344,053	40,308	1,384,361	0.16%
8	Petroleum, Coal Products and Nuclear Fuels	2,175,768	34,999,549	37,175,317	4.21%
9	Chemical and chemical products	22,401,119	17,975,020	40,376,139	4.58%
10	Rubber, Plastic and their products	4,953,482	3,208,834	8,162,316	0.93%
11	Glass & Glassware	703,401	1,299,782	2,003,183	0.23%
12	Cement and Cement Products	640,084	2,866,978	3,507,062	0.40%
13	Basic Metal and Metal Products	24,881,480	19,062,423	43,943,903	4.98%
14	All Engineering	27,948,084	39,360,829	67,308,913	7.63%
15	Vehicles, Vehicle Parts and Transport Equipments	7,383,748	18,778,079	26,161,827	2.97%
16	Gems and Jewellery	171,150	12,035	183,185	0.02%
17	Construction	5,911,349	501,019	6,412,368	0.73%
18	Infrastructure	7,891,193	31,543,797	39,434,990	4.47%
19	Other Industries	8,080,070	11,192,001	19,272,071	2.19%
21	Residuary Other Advances	201,934,782	353,519,006	555,453,788	62.98%
	Grand Total	**329,237,958**	**552,741,724**	**881,979,682**	**100.00%**

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g. Residual contractual maturity breaks down of Total Assets* –

(In Rs'000)

Maturity buckets	30 June 2014
Day 1	75,934,558
2 to 7 days	525,290
8 to 15 days	1,263,911
15 to 28 days	8,882,171
29 days to 3 months	177,717,468
Over 3 months to 6 months	54,599,248
Over 6 months to 12 months	61,396,397
Over 1 Year to 3 Years	27,046,608
Over 3 Years to 5 Years	16,173,341
Over 5 Years	106,194,452
Total	**529,733,444**

*Gross of depreciation on investments

h. Amount of Non Performing Assets

(In Rs'000)

NPA Classification	Gross NPAs	Net NPAs
Substandard	446,979	359,578
Doubtful		
- Doubtful 1	288,100	23,555
- Doubtful 2	-	-
-Doubtful 3	670,372	-
Loss	373,992	-
Total	1,779,443	383,133
NPA Ratio	0.57%	0.12%

i. Movement in NPAs

(In Rs'000)

Movement in NPAs (funded)		30 June 2014
(iii)	Net NPAs to Net Advance (%)	0.1222%
(iv)	Movement of Gross NPAs	
a)	Opening balance	1,673,409
b)	Additions during the year	250,618
c)	Reductions during the year	(144,586)
d)	Closing Balance	1,779,443
(v)	Movement of Net NPAs	
a)	Opening balance	254,434
b)	Additions during the year	214,231
c)	Reductions during the year	(85,533)
d)	Closing Balance	383,131

(vi)	Movement of Provisions for NPAs (excluding provisions on standard assets)	
a)	Opening balance	1,418,975
b)	Provisions made during the year	36,388
c)	Write off/write back of excess provisions during the year	(59,053)
d)	Closing Balance	1,396,310

j. Amount of NPIs

(In Rs'000)

Particulars	**30 June 2014**
Closing balance for the period	3,000
Total provisions held	3,000
Net book Value	-

k. Movement in Provision for Depreciation on Investments

(In Rs'000)

Provisions for depreciation on investments	**30 June 2014**
Opening balance	357,376
Add: Provisions made during the period / year	117,894
Less: Write-off/write back of excess provisions during the period	-
Closing balance	**475,270**

4.2 Credit risk – Portfolios subject to Standardised Approach

a. Credit rating agencies

The Bank uses short-term and long-term instrument/bank facilities' ratings from CARE, CRISIL, ICRA and India Ratings and Research Private Limited (Fitch) to assign Risk weights in terms of RBI guidelines. In respect of claims on non-resident corporate and foreign banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch are used. The Bank uses credit ratings that are publicly available for assigning risk weights.

The Bank assigns Long term credit ratings accorded by the chosen credit rating agencies for assets which have a contractual maturity of more than one year. However, in accordance with the guidelines of RBI the bank classifies all cash credit exposures as long term exposures and accordingly the long term ratings accorded by the chosen credit rating agencies are assigned.

The Bank uses issuer and issue ratings for both fund as well as non fund based exposures. 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 the manner permitted in the RBI guidelines. The Bank does not have an assigned ratings agency for a given type of claim.

Management disclosures under Pillar 3

b. Outstanding amounts

Bucket wise break up of exposure amounts subject to the standardised approach is as under

(In Rs'000)

Exposure Category	30 June 2014
Under 100% risk weight	104,711,704
100% risk weight	206,559,825
Above 100% risk weight	17,966,429
Total Fund-based Exposures	**329,237,958**
Under 100% risk weight	338,285,690
100% risk weight	202,314,898
Above 100% risk weight	12,141,136
Total Non Fund-based Exposures	**552,741,724**