Basel II Requirements

Break up of Capital as on 31st March 2011(audited) as per Basel II

Particulars	in INR crores
Tier I Capital	2,784.02
Tier II Capital	44.05
Total Capital	2,828.07
Total Required Capital	433.80
Tier1 Capital Adequacy Ratio	57.76%
Total Capital Adequacy Ratio	58.67%

ADDITIONAL DISCLOSURES IN TERMS OF COMPLIANCE OF BASEL II REQUIRMENTS AS STIPULATED BY RESERVE BANK OF INDIA

Table-DF-1

Scope Of Application

Qualitative Disclosures

- The Bank of Tokyo Mitsubishi UFJ Ltd., operations in India are being managed by a network of three branches at New Delhi, Mumbai and Chennai and has no other entities in the group.

Quantitative Disclosures

- Not Applicable

Table-DF-2

Capital Disclosure

Quantitative Disclosures

- Tier 1 Capital comprises of capital and reserves comprising of statutory reserves, capital and revenue reserves and excludes deferred tax assets.

  Tier 2 Capital consists of general provisions.

- The Tier 1 capital of the bank comprises:

(Rs in Crores)

i)	Capital	2,391.76
ii)	Reserves (excluding revaluation reserves)	398.77
iii)	Innovative Perpetual Bonds	--
iv)	Other Capital Instruments	--
v)	Less: Deferred Tax Asset	6.51
Tier I Capital (i + ii + iii + iv-v)		2,784.02

- The amount of Tier 2 capital (net of deductions) is Rs.44.04 crores

- The debt capital instruments eligible for inclusion in Upper Tier 2 capital are:

(Rs in Crores)

Total amount outstanding	--
Of which amount raised during the current year	--
Amount eligible to be reckoned as capital funds	--

- The subordinated debts eligible for inclusion in Lower Tier 2 capital is:

(Rs in Crores)

Total amount outstanding	--
Of which amount raised during the current year	--
Amount eligible to be reckoned as capital funds	--

- There are no other deductions from capital.

- The total eligible capital comprises:

(Rs in Crores)

Tier – I Capital	2,784.02
Tier – II Capital	44.04
Total Capital	2,828.06

Table DF-3

Capital Adequacy

Qualitative Disclosures

- Bank maintains a CRAR of more than 9% and a Tier 1 CRAR of more than 6% on a consolidated basis and the current levels of 58.67% and 57.76% respectively being maintained are commensurate with the size of its operations. The bank is well capitalized, given the risk exposure arising from its portfolio of assets. The bank further received additional capital amounting to INR 513 crores in the third quarter of the year ending March, 2011.

- The Asset Liability Committee (ALCO) of the bank is responsible for market risk management of the bank, policies for hedging and /or mitigating risk and strategies for monitoring future funding activities of the bank. A well defined Credit and Investment Policy for the bank is in place and the same is reviewed on an annual basis. Impact of Liquidity Risk is assessed through gap analysis for maturity mismatches based on residual maturity in different time buckets and management of the same is done within the prudential limits fixed thereon.

Quantitative Disclosures

- The capital requirements for credit risk are:
  - for portfolios subject to standardised approach @ 9% Rs 401.59 crores
  - for securitization exposures: NIL

- The capital requirements for market risk (under standardised duration approach) are:

(Rs in Crores)

Risk Category	Amount
i) Interest Rate Risk	-
ii) Foreign Exchange Risk (including Gold)	2.70
iii) Equity Risk	--
iv) Total capital charge for market risks under Standardised duration approach (i + ii + iii)	2.70

- The capital requirement for operational risk under Basic indicator approach is Rs. 29.51 crores as on 31.03.2011.

- The capital ratios of the bank are:

	CRAR – Tier I capital (%)	57.76%
	CRAR – Tier II capital (%)	0.91%

Table DF-4

Credit Risk –General disclosures for all banks

Qualitative Disclosures

- Bank has adopted the definitions of 'past due' and 'impaired' (for accounting purposes) as defined by the regulatory authority for Income Recognition and Asset Classification. An account becomes Non Performing Asset if it remains overdue for a period as defined by the Reserve Bank of India. An impaired asset is an asset which has suffered a provision in accordance with the guidelines defined by the Reserve Bank of India on its becoming a Non Performing Asset.

- Bank has a comprehensive Credit Policy for its Operations, which broadly takes care of RBI guidelines on Risk Management Systems. Bank undertakes the revision of the credit Policy in view of the guidelines issued by the Head Office within the framework provided by RBI from time to time. Prudential exposure norms, industry exposure limits, loan review mechanism are some of the yardsticks used by the bank for overcoming credit risk. Loan loss provision is being monitored and provided for on a half yearly basis

- Though the bank has implemented the Standardized Approach, Bank has an explicit Borrower Rating System. For the corporate portfolio, the bank has borrower rating models and facility rating models. The borrower rating models are based on borrower specific characteristics which can be used to deduce the probability of default of the borrowers. The facility rating models are based on facility and transaction characteristics like collaterals, seniority, etc. These models are reflective of the expected loss given default on a particular facility.

Quantitative Disclosures

- The total gross credit risk exposures are:

(Rs in Crores)

Category	Amount
Fund Based	5267.30
Non Fund Based	2155.43

- The geographic distribution of exposures is:

(Rs in Crores)

Category	Overseas	Domestic
Fund Based	-	5267.30
Non Fund Based	-	2155.43

- Industry type distribution of exposures (Fund Based) is as under:

S.NO.	CODE	INDUSTRY	AMOUNT (Rs. in crore)
1	3	IRON AND STEEL	200.00
2	5	ALL ENGINEERING	319.30
3	12	FOOD PROCESSING	2.00
4	15	PAPER AND PAPER PRODUCTS	30.00
5	16	RUBBER & RUBBER PRODUCTS	.0004
6	17	CHEMICALS, DYES, PAINTS, ETC.	403.86
7	172	-OF WHICH PETRO – CHEMICALS 7.53	
8	173	- OF WHICH DRUGS AND PHARMACEUTICALS --- 196.38	
9	18	CEMENT	243.50
10	22	PETROLEUM	798.25
11	23	AUTOMOBILES INCLUDING TRUCKS	1186.44
12	24	COMPUTER SOFTWARE	321.17
13	26	NBFCs	979.90
14	27	TRADING	381.07
15	28	OTHER INDUSTRIES	396.72
16	29	RESIDUARY OTHER ADVANCES	5.09
		TOTAL	**5,267.30**

- The residual contractual maturity break down of assets is:

(Rs in Crores)

Maturity Pattern	Advances	Investments (gross)	Foreign Currency Assets
1 day	41.04	-	242.47
2-7 days	885.64	-	0.13
8-14 days	162.34	9.72	102.57
15- 28 days	301.21	153.23	23.19
29days - 3months	1793.30	280.54	1290.92
>3months-6months	844.51	193.98	222.98
>6months-1yr	511.92	268.47	-
>1yr-3yrs	429.97	-	-
>3yrs-5yrs	290.06	-	-
>5yrs	7.31	-	-
Total	5,267.30	905.94	1882.26

- The gross NPAs are:

Category	(Rs. in Crores)
Sub Standard	-
Doubtful – 1	-
Doubtful – 2	-
Doubtful – 3	-
Loss	-
Total NPAs (Gross)	-

- The amount of net NPAs is NIL.

- The NPA ratios are as under:
  - Gross NPAs to Gross Advances: NIL
  - Net NPAs to Net Advances: NIL

- The movement of gross NPAs is as under:

(Rs. in Crores)

	Funded Advances	Non-Funded Advances
i) Opening Balance at the beginning of the year	--	7.33
ii) Addition during the year	--	--
iii) Reduction during the year	--	0.04
iv) Closing Balance as at the end of the year (i + ii - iii)	--	7.29

- The movement of provision for NPAs is as under:

(Rs in Crores)

i) Opening Balance at the beginning of the year	6.54
ii) Provisions made during the year	-
iii) Write-off made during the year	0.04
iv) Write –back of excess provisions made during the year	-
v) Closing Balance as at the end of the year (i + ii - iii-iv)	6.50

- The amount of non-performing investment is NIL
- The amount of provisions held for non-performing investment is NIL.
- The movement of provisions for depreciation on investments is NIL.

Table DF-5

Credit Risk –Disclosures for portfolios subject to the standardized approach

Qualitative Disclosures

- Bank has decided to use the ratings of the following domestic /international credit rating agencies for the Credit Exposure of Indian Operations, in line with RBI guidelines:

  Domestic
  (i) Credit Analysis and Research Ltd.
  (ii) CRISIL Ltd.
  (iii)FITCH India
  (iv)ICRA Ltd.

  International
  (i) Fitch
  (ii) Moody's
  (iii)Standard & Poor's

- The bank has not identified Rating Agencies on the basis of credit exposures.

- N/A

Quantitative Disclosures

- The exposure amounts after risk mitigation (subject to the standardised approach) in different risk buckets are as under:

(Rs in Crores)

i) Below 100% risk weight exposure outstanding	3529.31
ii) 100% risk weight exposure outstanding	1737.99
iii) More than 100% risk weight exposure outstanding	-
iv) Deducted	-

Table DF-6

Credit Risk Mitigation: Disclosures for standardized approach

Qualitative Disclosures
• Collection of collateral and valuation of property, is being determined by the policies and procedures laid out by Head Office. • The collaterals commonly used by the bank for risk mitigation are financial collaterals comprising of bank deposits and other categories comprising of movable and immovable assets/landed properties and these serve to minimize the loss resulting from credit default. • The counter party guarantors considered by the bank are generally the parent companies. While taking such corporate guarantees factors like the constitution of the organization, the percentage holding and credit worthiness of the parent company is considered. • The Bank does not take any capital relief on account of credit risk mitigation. However, Banks credit priorities are being determined by Head Office taking Indian market realities and RBI Directives into consideration. Exposure limits to single and group borrowers / various industries are well defined and Industry review is being conducted for management review and risk mitigation. Funding strategies are in alignment with the Asset Liability Management position.
Quantitative Disclosure
• The bank has not applied haircuts to eligible collaterals. Accordingly, the total exposure for disclosed credit risk portfolio (under the standardized approach) is NIL.

Table DF-7

Securitization: disclosure for standardized approach

Qualitative Disclosures
• The Bank has not participated in Securitization related activities. • The Bank does not have any Securitization exposure.
Quantitative Disclosures
• NIL

Table DF-8

Market risk in trading book

Qualitative Disclosures
• Bank has adopted the Standardized Approach for computation of capital charge for market risk. The Forex transactions are being done on a back-to-back basis. The forex position is being managed on a real time basis and the bank has no market risk exposure applicable in the trading book.
Quantitative Disclosure
• Not Applicable

Table DF-9

Operational risk

Qualitative Disclosures
• The bank has in place appropriate polices and procedures to effectively control the operational risk arising on account of inadequate or failure of internal process. Capital charge for Operations Risk is computed as per the Basic Indicator Approach. The average of the gross income, as defined in the New Capital Adequacy Framework guidelines, for the previous 3 years is 2009-10, 2008-09 and 2007-08 is considered for computing the capital charge. The required capital is Rs 29.51 crores.

Table DF-10

Interest rate risk in the banking book

Qualitative Disclosures

- Interest rate risk is managed through gap analysis. Additionally, behavioral study is undertaken on the maturity profile and volatility of deposits and the same is being considered in the management of the Assets and Liabilities of the bank.

Quantitative Disclosure

- The impact on the Bank's financial condition due to the change in the Interest Rate Risk is being monitored on a regular basis. Impact of 2% change upward / downward in interest rate on Net Interest Income ('NII') amounted to an expected loss / gain of Rs 59.12 crores approx. based on the Asset Liability position of March '11 using the traditional gap analysis.