Basel II Requirements

Break up of Capital as on 31st March 2013(Audited) as per Basel II

Particulars	in INR crores
Tier I capital	3,191.77
Tier II capital	1,018.46
Total Capital	4,210.23
Total Required Capital	850.94
Tier1 Capital Adequacy Ratio	33.76%
Total Capital Adequacy Ratio	44.53%

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 is being managed by a network of four branches at New Delhi, Mumbai, Chennai and Neemrana 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 subordinated debt, investment reserve account and general provisions.

- The Tier 1 capital of the bank comprises:

(Rs in Crores)

i)	Capital	2,682.25

ii)	Reserves (excluding revaluation reserves)	518.92
iii)	Innovative Perpetual Bonds	--
iv)	Other Capital Instruments	--
v)	Less: Deferred Tax Asset	9.40
Tier I Capital (i + ii + iii + iv-v)		3,191.77

- The amount of Tier 2 capital (net of deductions) is Rs.1,018.46 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	1357.13
Of which amount raised during the current year	848.38
Amount eligible to be reckoned as capital funds	977.13

- There are no other deductions from capital.

- The total eligible capital comprises:

(Rs in Crores)

Tier – I Capital	3,191.77
Tier – II Capital	1,018.46
Total Capital	4,210.23

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 44.53% and 33.76% 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. During the year under review, the bank has availed the sub-ordinate debt of USD 250 Mio from Head Office and the same is being included in our Tier II capital as per guidelines.

- The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through sound governance and control practices, risk management framework.

- 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 700.88 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	64.27
ii) Foreign Exchange Risk (including Gold)	4.50
iii) Equity Risk	--
iv) Total capital charge for market risks under Standardised duration approach (i + ii + iii)	68.77

- The capital requirement for operational risk under Basic indicator approach is Rs. 81.29 crores as on 31.03.2013.

- The capital ratios of the bank are:

CRAR%	44.53%
CRAR – Tier I capital (%)	33.76%
CRAR – Tier II capital (%)	10.77%

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 revision of the credit Policy from time to time in line with the guidelines issued by the Head Office within the framework provided by RBI. 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 Basel-II 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*	6839.53
Non Fund Based**	1064.22

* Includes outstanding of Gross Advances

** Includes outstanding of Letter of Credit, Acceptance and Bank Guarantees

- The geographic distribution of exposures is:

(Rs in Crores)

Category	Overseas	Domestic
Fund Based	-	6839.53
Non Fund Based	-	1064.22

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

S. NO	INDUSTRY CODE	INDUSTRY NAME	FUND BASED Amount (Rs. in crore)	NON FUND BASED Amount (Rs. in crore)
	1	A. Mining and Quarrying (A.1 + A.2)	0	0
	11	A.1 Coal	0	0
	12	A.2 Others	0	0
	2	Food Processing (sum of B.1 to B.5)	133.78	0
	21	B.1 Sugar	0	0
	22	B.2 Edible Oils and Vanaspati	0	0
	23	B.3 Tea	0	0
	24	B.4 Coffee	0	0
	25	B.5 Others	*133.78*	0
	3	C. Beverages (excluding Tea & Coffee) and Tobacco (sum of c.1 & C.2)	0	0
	31	C.1 Tobacco and Tobacco Products	0	0
	32	C.2 Others	0	0
	4	D. Textiles (sum of D.1 to D.6)	0	0
	41	D.1 Cotton	0	0
	42	D.2 Jute	0	0
	43	D.3 Handicraft/Khadi (Non Priority)	0	0
	44	D.4 Silk	0	0
	45	D.5 Woolen	0	0
	46	D.6 Others	0	0
	5	E. Leather and Leather Products	0	0
	6	F. Wood And Wood Products	0	0
	7	G. Paper and Paper Products	30.00	0
	8	H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	1194.99	0.08
	9	I. CHEMICALS AND CHEMICAL PRODUCTS (DYES, PAINTS, ETC.) (sum of I.1 to I.4)	649.44	27.76

	91	I.1 Fertilizers	0	0	
	92	I.2 Drugs and Pharmaceuticals	361.89	26.22	
	93	I.3 Petro-chemicals (excluding under infrastructure)	22.80	0	
	94	I.4 Others	264.75	1.54	
	10	J. Rubber, Plastic and their Products	1.55	0	
	11	K. Glass & Glassware	0	0	
	12	L. Cement and Cement Products	170.45	0	
	13	M. Basic Metal and Metal Products (sum of M.1 and M.2)	273.49	16.64	
	131	M.1 Iron and Steel	273.49	16.64	
	132	M.2 Other Metal and Metal Products	0	0	
	14	N. ALL ENGINEERING (sum of N.1 & N.2)	593.47	51.25	
	141	N.1 Electronics	0	0	
	142	N.2 Others	593.47	51.25	
	15	O. Vehicles, Vehicle Parts and Transport Equipments	1565.45	101.82	
	16	P. Gems and Jewellery	0	0.16	
	17	Q. Construction	0	0	
	18	R. Infrastructure (sum of R.1 to R.4)	0	0	
	181	R.1 Transport (sum of R.1.1 to R.1.5)	0	0	
	1811	R.1.1 Railways	0	0	
	1812	R.1.2 Roadways	0	0	
	1813	R.1.3 Airport	0	0	
	1814	R.1.4 Waterways	0	0	
	1815	R.1.5 Others	0	0	
	182	R.2 Energy (sum of R.2.1 to R.2.4)	0	0	
	1821	R.2.1 Electricity (generation-transportation and distribution)	0	0	
	18211	R.2.1.1 State Electricity Boards	0	0	
	18212	R.2.1.2 Others	0	0	
	1822	R.2.2 Oil (storage and pipeline)	0	0	
	1823	R.2.3 Gas/LNG (storage and pipeline)	0	0	
	1824	R.2.4 Others	0	0	
	183	R.3 Telecommunication	0	0	
	184	R.4 Others (sum of R.4.1 to R.4.3)	0	0	
	1841	R.4.1 Water Sanitation	0	0	
	1842	R.4.2 Social & Commercial Infrastructure	0	0	

	1843	R.4.3 Others	0	0
	19	Other Industries	2219.17	866.51
	20	All Industries (sum of A to S)	**6831.79**	**1064.22**
	21	Residuary Other Advances (to tally with gross advances) (a+b+c)	7.74	0
	211	a.Education Loans	0	0
	212	b. Aviation sectors	0	0
	213	c. Other Residuary Advances	7.74	0
	22	**Total Loans and Advances**	**6,839.53**	**1064.22**

- The residual contractual maturity break down of assets is:

(Rs in Crores)

Maturity Pattern	Advances	Investments (gross)	Foreign Currency Assets
1 day	526.21	--	191.00
2-7 days	1713.69	--	244.28
8-14 days	263.61	49.88	5.43
15- 28 days	520.91	33.48	98.98
29days - 3months	1270.49	507.85	975.71
>3months-6months	1062.26	850.01	739.72
>6months-1yr	941.14	1301.42	407.14
>1yr-3yrs	487.01	364.58	--
>3yrs-5yrs	52.40	832.98	--
>5yrs	1.81	520.63	61.07
Total	6839.53	4460.83	2723.33

- 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	--	8.18
ii) Addition during the year	--	0.48
iii) Reduction during the year	--	--
iv) Closing Balance as at the end of the year (i + ii - iii)	--	8.66

- The movement of provision for NPAs is as under:

(Rs. in Crores)

	Funded Advances	Non-Funded Advances
i) Opening Balance at the beginning of the year	--	7.38
ii) Provisions made during the year	--	0.48
iii) Write-off made during the year	--	--
iv) Write –back of excess provisions made during the year	--	--
v) Closing Balance as at the end of the year (i + ii - iii-iv)	--	7.86

- 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 as under:

	(Rs. in Crores)
i) Opening Balance at the beginning of the year	8.56
ii) Provisions made during the year	-
iii) Write-off made during the year	8.56
iv) Write –back of excess provisions made during the year	-
v) Closing Balance as at the end of the year (i + ii - iii-iv)	-

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 credit rating agencies for Credit Exposure of Indian Operations, in line with RBI guidelines:

  (i) Credit Analysis and Research Ltd.
  (ii) CRISIL Ltd.
  (iii) India Ratings and Research Pvt Ltd
  (iv) ICRA Ltd.
  (v) Brickworks
  (vi) SMERA

  We have added SMERA Credit Rating Agency name as per RBI circular reference no. DBOD.No.BP.BC.41/21.06.009/2012-13 dated 13th September, 2012.

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

- For exposure with a contractual maturity of less than or equal to one year (except cash credit, overdraft and other revolving credits), short term ratings given by approved rating agencies to be used.

- For domestic cash credit, overdraft and other revolving credits (irrespective of the period) and for Term Loan exposures of over one year, long term ratings to be used.

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	3,318.01
ii) 100% risk weight exposure outstanding	3,412.57
iii) More than 100% risk weight exposure outstanding	108.95
iv) Deducted	-
Total	6,839.53

Table DF-6

Credit Risk Mitigation: Disclosures for standardized approach

Qualitative Disclosures • Process for collateral valuation is being determined by the policies and procedures laid out by Head Office. • The collaterals commonly taken 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 parent companies of our Borrower. While taking such corporate guarantees, factors like the constitution of the Guarantors, the percentage of shareholding in the Borrower and credit worthiness of the Guarantor is considered. • The Bank does not take any capital relief on account of credit risk mitigation. Exposure limits to single and group borrowers, various industries are well defined in our credit policy and adherence to the same is monitored regularly. Funding strategies are in alignment with the Asset Liability Management position.
Quantitative Disclosure • The Bank has not considered any eligible financial collateral for on or off balance sheet netting. • The Bank has not considered any disclosed portfolio covered by guarantees/credit derivatives (whenever specifically permitted by RBI) for on or off balance sheet netting.

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

- The Bank has market risk management process, which consists of risk identification, limits setting and risk monitoring. The process ensures that the market risk assumed by bank are within the stipulated risk appetite of the Bank.
- This risk appetite is handed down through different types of limits such as position, gap, VaR, liquidity etc.
- The market risk management department (MRMD), an independent unit, monitors and reports the limit utilizations to internal management / regulator / HO as per laid down guidelines
- The bank has in place the risk monitoring system which is capable of computing and monitoring various market risk limits.
- The Bank has adopted the Current Exposure Method prescribed by RBI for measuring the credit risk on derivative products.

Quantitative Disclosure

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

(Rs in Crores)

Risk Category	Amount
i) Interest Rate Risk	64.27
ii) Foreign Exchange Risk (including Gold)	4.50
iii) Equity Risk	-
iv) Total capital charge for market risks under Standardized duration approach (i + ii + iii)	68.77

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 i.e. 2012-13, 2011-12 and 2010-11 is considered for computing the capital charge. The required capital is Rs 81.29 crores.

Table DF-10

Interest rate risk in the banking book

Qualitative Disclosures

- The bank manages Interest rate risk through traditional gap analysis, and duration based gap analysis. The Interest Rate duration gap and traditional gap analysis is supported by behavioral analysis of the maturity profile and volatility of the deposits. The objective of measuring and monitoring of Interest rate risk is to maximizing the Net Interest Income within the overall risk appetite of the Bank. The Bank also conducts stress tests to determine resilience and countermeasures to be taken. The impact on Market Value of Equity due to adverse movement of interest rate is determined by using modified duration approach.

Quantitative Disclosure

- The impact on the Bank's Interest Income due to 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 expected loss/gain of Rs 53.08 Crores approx, based on the Asset Liability position of 31-March'13 using traditional gap analysis.