Basel II (Pillar 3) Quantitative Disclosures
30th September 2012

Table DF-1 Scope of Application

Bank of Maharashtra is the top bank in the group to which the new capital adequacy frame works applies. The bank has only one subsidiary as under:

Name	Country of Incorporation	Proportion of Ownership
Maharashtra Executor and Trustee Company Pvt. Ltd. (METCO)	India	100%

The above subsidiary is consolidated as per "Accounting Standard 21" issued by the Institute of Chartered Accountants of India (ICAI). However for computing CRAR under Basel-II, the investment in above subsidiary is given deduction treatment and is not consolidated as the subsidiary is not a financial services entity.

Bank has one Associate as:

Name	Country of Incorporation	Proportion of Ownership
Maharashtra Gramin Bank	India	35%

The above entity is consolidated as per "Accounting Standard 23" issued by ICAI. For computing CRAR under Basel-II, the investment in above entity is given deduction treatment

The Basel II (Pillar 3) disclosures for Bank of Maharashtra as on 30th September 2012 have been presented at the standalone level.

a) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and the name(s) of such subsidiaries.	**NIL**
b) The aggregate amounts (e.g. current book value) of the banks total interest in insurance entities, which are risk-weighted as well as their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deductions.	**NIL**

There is no entity in the group which is consolidated on pro-rata basis or neither consolidated nor deducted (e.g. where the investment is risk-weighted).

Table DF-2 **Capital Structure**

The Capital Structure of the Bank comprises Equity, Preference shares, Reserves & Surplus and Innovative Perpetual Bonds.

1. The Amount of Tier 1 Capital is:

(Amount in Rs. Crore)

S. No	Particulars	30.09.2012
i	Paid up share capital	589.59
ii	Reserves(excluding revaluation reserves)	3170.04
iii	Innovative Perpetual Bonds	295.00
iv	Other Capital Instruments(PNCPS)	588.00
	sub total	**4642.63**
	Deductions:	
v	Equity Investment in subsidiaries	36.71
vi	Intangible Assets (Deferred Tax Assets Computer Software)	418.92
	Tier 1 Capital (i+ii+iii+iv-v-vi)	**4187.00**

2. The Amount of Tier 2 Capital is:

(Amount in Rs. Crore)

S. No	Particulars	30.09.2012
i	Revaluation Reserve	165.21
ii	Hybrid Capital (Upper Tier II Bonds)	1250.00
iii	Subordinated Term Debts	955.00
iv	Investment Reserve Account	0.00
v	Provision for Standard Advances (Not to exceed 1.25% of Risk Weighted Assets)	319.02
	sub total	**2689.23**
	Deductions:	
vi	Discount of Tier II Bonds	490.00
vii	Investment in subsidiaries & associates	36.71
	Tier 1 Capital (i+ii+iii+iv+v-vi-vii)	**2162.52**

3. The Total eligible capital comprises:

(Amount in Rs. Crore)

Particulars	30.09.2012
Tier – I Capital	4187.00
Tier – II Capital	2162.52
Total Capital	**6349.52**

Table DF-3 **Capital Adequacy**

(Amount in Rs. Crore)

(A).	**CREDIT RISK**	**30.09.2012**
i	Portfolios subject to standardized approach @ 9%	4681.60
ii	Securitization exposure	0.00
	Total capital charge for credit risks under standardized duration approach (i+ii)	**4681.60**
(B).	**MARKET RISK (Standardized Duration Approach)**	
i	Interest Rate Risk	188.32
ii	Foreign Exchange Risk (including gold)	4.50
iii	Equity Risk	38.92
	Total capital charge for market risks under standardized duration approach (i+ii+iii)	**231.74**
(C).	**OPERATIONAL RISK (Basic Indicator Approach)**	
	Total capital charge for operational risk	**401.97**
(D).	**The Capital ratios of the bank and subsidiaries are:**	
	Bank of Maharashtra	
	CRAR %	**10.75**
	CRAR – Tier I Capital (%)	**7.09**
	CRAR – Tier II Capital (%)	**3.66**

Table DF-4 **General Disclosures for Credit Risk**

Credit Risk is related to the losses associated with diminution in the credit quality of borrowers or counterparties in a bank's portfolio. Credit risk arises mostly from lending activities of the bank and it emanates from changes in the credit quality / worthiness of the borrowers or counterparties. Credit Risk is an aggregation of Transaction Risk (risk in various credit propositions), Industry and Business line risk wherein advances are lent, Geographic Concentration Risk and types of credit (such as loans, Cash credit, overdrafts etc.).

Policy & Strategy: The Bank has been following a conservative risk philosophy. The business objectives and the strategy of the bank is decided taking into account the profit considerations, the level of various risks faced, level of capital, market scenario and competition. The Bank is conscious of its asset quality and earnings and judiciously matches profit maximization with risk control.

The Bank has put in place the following policies approved by the Board.

i) Lending & Loan Review Policy
ii) Credit Risk Management Policy
iii) Credit Risk Mitigation Techniques & Collateral Management
iv) Investment Management Policy & Investment Risk Management Policy

Organizational Structure for Credit Risk Management: The organizational structure of the Bank for Credit Risk Management function has the Board of Directors at the apex level that has the overall oversight of management of risks.

Various Systems / Process / Tools for Credit Risk Management in place are:

- Credit Appraisal standards
- Exposure Limits
- Credit Approval Grids
- Sanctioning Power
- Credit Risk Rating and Appraisal Process
- Loan review Mechanism
- Loans past due and Impaired
- 'Out of Order' status

1. The Total Gross Credit Risk exposures are:

(Amount in Rs. Crore)

Category	30.09.2012
Fund Based	70766.13
Non Fund based	12350.46

2. The Geographic Distribution of exposure is:

(Amount in Rs. Crore)

	30.09.2012	
Category	Overseas	Domestic
Fund Based	NIL	70766.13
Non Fund based	NIL	12350.46

3. Industry wise distribution :

(Amount in Rs. Crore)

Sr. No.	Industry	Gross Advances (Funded)	
1	Coal & Mining		189.87
2	Iron & Steel		1724.92
3	Other metal & metal products		1400.04
4	All Engineering		2340.68
	of which		
4a	Electronics	530.03	
4b	Other Engineering	1810.65	
5	Textiles		1463.91
	of which		
5a	Cotton Textiles	487.77	
5b	Jute Textiles	5.13	
5c	Other textiles	971.01	
6	Sugar		299.84
7	Food Processing		124.81

Sr. No.	Industry	Gross Advances (Funded)	
8	Vegetable Oils		9.84
9	Tobacco & Tobacco Products		254.13
10	Paper & Paper Products		271.82
11	Rubber & Rubber Products		372.53
12	Chemicals, Dyes, Paints, etc		1070.95
	of which		
12a	Fertilizers	35.00	
12b	Petro chemicals	445.35	
12c	Drugs & Pharmaceuticals	522.58	
12d	Other Chemicals, Dyes, Paints, etc	68.02	
13	Cement		406.30
14	Leather & Leather Products		42.37
15	Gems & Jewelry		341.88
16	Construction		227.86
17	Petroleum		714.59
18	Automobiles		495.23
19	Infrastructure		9485.60
	of which		
19a	Power	6739.15	
19b	Telecom	437.19	
19c	Roads & Ports	1199.85	
19d	Other Infrastructure	1109.40	
20	Computer Software		53.16
21	Other Industries		435.05
22	NBFCs & Trading		14288.17
	Total Industries		**36013.53**
	Residuary other Advances		**28764.91**
	Total Gross Advances		**64778.44**

4. The Residual Maturity break down of Assets:

(Amount in Rs. Crore)

Maturity Pattern	Advances	Investments	Foreign Currency Assets
1 day	367.87	19.76	1426.08
2 to 7 days	765.03	196.78	73.85
8 to 14 days	736.57	13.18	96.77
15 to 28 days	1244.83	0.00	374.58
29 days to 3 months	4476.31	107.14	1962.12
Over 3 months and upto 6 months	2818.67	93.43	1249.22
Over 6 months and upto 1 year	5243.85	2326.89	1724.03
Over 1 year and upto 3 years	34631.35	4766.37	0.00
Over 3 years and upto 5 years	8036.52	5166.07	0.00
Over 5 years	6457.44	18006.17	0.00
Total	**64778.44**	**30695.79**	**6906.65**

5. Disclosures for NPAs & NPIs :

(Amount in Rs. Crore)

		30.09.2012
(A).	**Gross NPA**	
	Sub-standard	853.31
	Doubtful	354.02
	Loss	85.12
	Total	**1292.45**
(B).	**Net NPA**	**558.90**
(C).	**NPA Ratios**	
	% of Gross NPAs to Gross Advances	2.00
	% of Net NPAs to Net Advances	0.88
(D).	**The movement of Gross NPA**	
i	Opening Balance	1297.03
ii	Add-Addition during the period	651.62
iii	Less- Reduction during the period	656.20
	Closing balance as at the end of the half year (i +ii-iii)	**1292.45**
(E).	**The movement of provision for NPAs**	
i	Opening Balance (including countercyclical provisioning buffer)	790.10
ii	Provisions made during the period	370.09
iii	Write-off made during the period	463.82
iv	Write – back of excess provisions	0.00
	Closing balance (i+ii- iii-iv)	**696.37**
(F).	**Non Performing Investments (NPI)**	**0.00**
(G).	**Provisions for NPI**	**0.00**
(H).	**The movement of provision for depreciation on investments**	
i	Opening balance	166.91
ii	Provisions made during the period	0.00
iii	Write-off made during the period	82.29
iv	Write –back of excess provision made during the period	0.00
	Closing balance (i+ii-iii-iv)	**84.62**

Table DF-5 Credit Risk: Portfolios Subject to the Standardized Approach

The Bank uses the Credit Rating assigned by External Credit Rating agencies (CARE, ICRA, FITCH, CRISIL, Brickwork & SMERA), approved by RBI, for risk weighting claims on entities for portfolios under the Standardized Approach. The Credit Rating assigned are solicited and accepted by the borrowers.

The exposure amounts after risk mitigation (subject to the Standardized Approach) in different risk buckets are as under:

(Amount in Rs. Crore)

Sr. No.	Particulars	30.09.2012		
		Exposure	**Rated**	**Unrated**
i	Below 100 % risk weight exposure outstanding	97097.12	21020.10	76077.02
ii	100 % risk weight exposure outstanding	31801.91	5041.16	26760.75
iii	More than 100 % risk weight exposure outstanding	7887.69	4534.38	3353.31
	sub total	**136786.71**	**30595.64**	**106191.07**
iv	Deducted CRM Value is added	3153.76	--	--
	Total Exposure	**139940.47**	**30595.64**	**106191.07**

Table DF-6 Credit Risk Mitigation

In line with RBI guidelines, the Bank has put in place a Board approved Policy on Credit Risk Mitigation Techniques & Collateral Management. The collaterals used by the Bank as the risk mitigants comprise of the financial collaterals (i.e. bank deposits, Govt. / Postal securities, Life policies with declared surrender value, gold jewellery etc. where Bank has legally enforceable netting arrangements, involving specific lien. Software is in place for calculation of correct valuation and application of haircut.

The total exposure for disclosed credit risk portfolio (under the standardized approach) is covered by:

(Amount in Rs. Crore)

	30.09.2012
Eligible financial collateral after the application of haircuts	3153.76

Table DF-7 Securitization

Quantitative Disclosure for Standardized Approaches is **Not Applicable**

Table DF-8 Market Risk in Trading Book

The Capital requirements for Market Risk are as under:

(Amount in Rs. Crore)

	Risk Category	**30.09.2012**
i	Interest Rate Risk	188.32
ii	Foreign Exchange Risk (including gold)	4.50
iii	Equity Risk	38.92
	Total capital charge for market risks under standardized duration approach (i+ii+iii)	**231.74**

Table DF-9 Operational Risk

Capital charge for Operational Risk under Basic Indicator approach is **Rs. 401.97 Crore.**

Table DF-10 Interest Rate Risk in the Banking Book (IRRBB)

Earning at Risk:

(Amount in Rs. Crore)

Change in Interest rate	Reprising at 1 Year 30.09.2012
0.25%	-12.44
0.50%	-24.88
0.75%	-37.32
1.00%	-49.76

Economic Value of Equity:

(Amount in Rs. Crore)

For a 200 bps notional rate shock the drop in equity value	**4.58%**

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