Basel II (Pillar 3) Quantitative Disclosures
30th September 2011

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 2011 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	30.09.2011
i	Paid up share capital	481.71
ii	Reserves(excluding revaluation reserves)	2457.67
iii	Innovative Perpetual Bonds	295.00
iv	Other Capital Instruments(PNCPS)	588.00
	sub total	**3822.38**
	Deductions:	
v	Equity Investment in subsidiaries (50%)	26.45
vi	Intangible Assets (Deferred Tax Assets Computer Software)	454.87
	Tier 1 Capital (i+ii+iii+iv-v-vi)	**3341.06**

2. The Amount of Tier 2 Capital is:

(Amount in Rs. Crore)

S. No	Particulars	30.09.2011
i	Revaluation Reserve (45% of 4373411)	196.80
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)	235.36
	sub total	**2637.16**
	Deductions:	
vi	Discount of Tier II Bonds	365.00
vii	Investment in subsidiaries & associates	26.45
	Tier 1 Capital (i+ii+iii+iv+v-vi-vii)	**2245.71**

3. The Total eligible capital comprises:

(Amount in Rs. Crore)

Particulars	30.09.2011
Tier – I capital	3341.06
Tier – II Capital	2245.71
Total Capital	**5586.77**

Table DF-3 Capital Adequacy

(Amount in Rs. Crore)

(A).	**CREDIT RISK**	**30.09.2011**
i	Portfolios subject to standardized approach @ 9%	3731.31
ii	Securitization exposure	0.00
	Total capital charge for credit risks under standardized duration approach (i+ii)	**3731.31**
(B).	**MARKET RISK (Standardized Duration Approach)**	
i	Interest Rate Risk	129.43
ii	Foreign Exchange Risk (including gold)	7.20
iii	Equity Risk	44.44
	Total capital charge for market risks under standardized duration approach (i+ii+iii)	**181.07**
(C).	**OPERATIONAL RISK (Basic Indicator Approach)**	
	Total capital charge for operational risk	**319.29**
(D).	**The Capital ratios of the bank and subsidiaries are:**	
	Bank of Maharashtra	
	CRAR %	**11.88%**
	CRAR – Tier I Capital (%)	**7.11%**
	CRAR – Tier II Capital (%)	**4.77%**

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) 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	30.09.2011
Fund Based	57510.40
Non Fund based	14241.50

2. The Geographic Distribution of exposure is:

(Amount in Rs. Crore)

	30.09.2011	
Category	**Overseas**	**Domestic**
Fund Based	NIL	57510.40
Non Fund based	NIL	14241.50

3. Industry wise distribution of Exposures is as under:

(Amount in Rs. Crore)

Sr. No.	Industry	Gross Advances (Funded)	
1	Mining		118.19
2	Iron & Steel		1900.08
3	Other metal & metal products		612.87
4	All Engineering		1797.46
	of which		
4a	Electronics	445.63	
4b	Other Engineering	1351.83	
5	Textiles		1546.62
	of which		
5a	Cotton Textiles	487.87	
5b	Jute Textiles	4.72	
5c	Other textiles	1054.03	
6	Sugar		29.99
7	Tea		3.28

Sr. No.	Industry	Gross Advances (Funded)	
8	Food Processing		390.43
9	Vegetable Oils & Vanaspati		67.69
10	Tobacco & Tobacco Products		55.55
11	Paper & Paper Products		342.02
12	Rubber & Rubber Products		23.98
13	Chemicals, Dyes, Paints, etc		1821.49
	of which		
13a	Fertilizers	720.17	
13b	Petro chemicals	68.54	
13c	Drugs & Pharmaceuticals	282.06	
13d	Other Chemicals, Dyes, Paints, etc	750.72	
14	Cement		312.23
15	Leather & Leather Products		24.58
16	Gems & Jewellery		193.66
17	Construction		409.10
18	Petroleum		316.03
19	Automobiles incl. Truck		489.49
19	Infrastructure		8772.08
	of which		
19a	Power	6583.47	
19b	Telecom	498.86	
19c	Roads & Ports	505.13	
19d	Other Infrastructure	1184.62	
20	Computer Software		30.09
21	Other Industries		775.45
22	NBFCs & Trading		8091.80
	Total		**28124.16**

4. The Residual Maturity break down of Assets:

(Amount in Rs. Crore)

Maturity Pattern	Advances	Investments	Foreign Currency Assets
1 day	328.20	38.58	111.16
2 to 7 days	664.76	290.61	775.66
8 to 14 days	623.82	33.94	60.09
15 to 28 days	1621.72	59.50	264.49
29 days to 3 months	3671.89	222.42	2259.11
Over 3 months and upto 6 months	2594.27	29.19	560.32
Over 6 months and upto 1 year	4454.35	791.30	1823.50
Over 1 year and upto 3 years	26254.39	2929.70	0.00
Over 3 years and upto 5 years	5890.41	4273.64	0.00
Over 5 years	4801.20	15744.90	0.00
Total	**50905.01**	**24413.78**	**5854.33**

5. Disclosures for NPAs & NPIs :

(Amount in Rs. Crore)

		30.09.2011
(A).	**Gross NPA**	
	Sub-standard	354.73
	Doubtful	496.44
	Loss	243.08
	Total	**1094.25**
(B).	**Net NPA**	**284.27**
(C).	**NPA Ratios**	
	% of Gross NPAs to Gross Advances	2.15%
	% of Net NPAs to Net Advances	0.57%
(D).	**The movement of Gross NPA**	
i	Opening Balance	1173.70
ii	Add-Addition during the period	280.56
iii	Less- Reduction during the period	360.01
	Closing balance as at the end of the half year (i +ii-iii)	**1094.25**
(E).	**The movement of provision for NPAs**	
i	Opening Balance	511.28
ii	Provisions made during the period	122.42
iii	Write-off made during the period	132.40
iv	Write – back of excess provisions	-
	Closing balance (i+ii- iii-iv)	**501.30**
(F).	**Non Performing Investments (NPI)**	**18.64**
(G).	**Provisions for NPI**	**18.64**
(H).	**The movement of provision for depreciation on investments**	
i	Opening balance	18.64
ii	Provisions made during the period	-
iii	Write-off made during the period	-
iv	Write –back of excess provision made during the period	-
	Closing balance (i+ii+-iii-iv)	**18.64**

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), 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	30.09.2011		
		Exposure	**Rated**	**Unrated**
i	Below 100 % risk weight exposure outstanding	69408.03	17194.64	52213.39
ii	100 % risk weight exposure outstanding	32578.84	3207.03	29371.81
iii	More than 100 % risk weight exposure outstanding	3061.88	2723.68	338.20
	sub total	**105048.75**	**23125.35**	**81923.40**
iv	Deducted CRM Value is added	3559.05	1744.29	1814.76
	Total Exposure	**108607.80**	**24869.64**	**83738.16**

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)

	30.09.2011
Eligible financial collateral after the application of haircuts	3559.05

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	**30.09.2011**
i	Interest Rate Risk	129.43
ii	Foreign Exchange Risk (including gold)	7.20
iii	Equity Risk	44.44
	Total capital charge for market risks under standardized duration approach (i+ii+iii)	**181.07**

Table DF-9 Operational Risk

Capital charge for Operational Risk under Basic Indicator approach is **Rs. 319.29 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
	30.09.2011
0.25%	44.83
0.50%	89.65
0.75%	134.48
1.00%	179.30

Economic Value of Equity:

(Amount in Rs. Crore)

For a 200 bps notional rate shock the drop in equity value	15.43%

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