The Hongkong and Shanghai Banking Corporation Limited

(Incorporated in Hong Kong SAR with limited liability)

Basel III – Pillar 3 disclosures of India Branches

For the period ended 30 June 2016

1 Scope of Application

The capital adequacy framework applies to The Hongkong and Shanghai Banking Corporation Limited – India Branches ('the Bank') as per RBI Basel III guidelines. The Bank has a subsidiary, HSBC Agency (India) Private Limited, which is consolidated in line with AS 21 and full capital deduction is taken for stand-alone financials. The Bank does not have any other Group company where a pro-rata consolidation is done or any deduction is taken. The Bank holds minority interests (2.07% shareholding) in a Group entity HSBC Professional Services (India) Private Limited which is neither consolidated nor is capital deducted. The investment in this company is appropriately risk weighted.

(i) Capital in all subsidiaries not included in the consolidation

The aggregate amount of capital held by the Bank in HSBC Agency (India) Private Limited of Rs. 0.1 million is not included in the consolidation and is deducted from capital.

(ii) Bank's total interest in insurance entities

The Bank has no interest in any of the insurance entities of the Group.

(iii) List of Group entities in India not considered for consolidation both under the accounting and regulatory scope of consolidation :

(Rs '000)

Name of Entity /Country of Incorporation	Principle activity of the entity	Total balance sheet equity*	Total balance sheet assets*
HSBC Asset Management (India) Private Limited	Asset management/portfolio management	615,909	964,768
HSBC Electronic Data Processing India Private Limited	Back office / data processing / call centre activities	3,554,678	24,659,528
HSBC Global Shared Services (India) Private Limited	Non-operating company	25,000	47,287
HSBC InvestDirect (India) Limited	Holding company for HSBC InvestDirect Group	712,713	4,908,045
HSBC InvestDirect Employees' Welfare Trust	Non-operating company	15	18,548
HSBC InvestDirect Financial Services (India) Limited	Non-banking Finance company	1,462,847	4,289,412
HSBC InvestDirect Sales & Marketing (India) Limited	Non-operating company	1000	36,796
HSBC InvestDirect Securities (India) Private Limited.	Retail securities broking and related activities (Discontinued)	Equity - 875,112 0.001% Compulsory Convertible Preference shares - 870,000	198,077
HSBC Professional Services (India) Private Limited	Providing internal audit services to Group companies	4,838	168,671
HSBC Securities and Capital Markets (India) Private Limited	Stock broking and corporate finance & advisory	Equity - 4,701,139 Preference – 250,000	6,655,670
HSBC Software Development (India) Private Limited	Software design, development and maintenance	327,264	21,578,616

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited	Life insurance	9,500,000	103,017,014

* As stated in the accounting balance sheet of the legal entity as at 31 March 2015
Note 1: The Bank does not hold any stake in the total equity of the entities mentioned above with the exception of HSBC Professional Services (India) Private Limited.
Note 2: Since the Bank does not hold any stake in the total equity of the entities, the same have not been considered for any regulatory treatment.

2 Capital Adequacy & Structure

a. Capital Adequacy

The Bank's capital management framework is shaped by its structure, business model and strategic direction. The Bank carefully assesses its growth opportunities relative to the capital available to support them, particularly in light of the economic environment and tightening of regulations around capital requirements. The Bank's EXCO, Risk management Meeting and ALCO maintains an active oversight over the Capital and Risk Management framework.

Under Pillar 1 of the RBI guidelines on Basel III, the Bank currently follows Standardised Approach for Credit Risk, Standardised Duration Approach for Market Risk and Basic Indicator Approach for Operational risk capital charge for computation and reporting capital adequacy locally to RBI. Further, the Bank has a comprehensive Internal Capital Adequacy Assessment Process ('ICAAP'), which covers the capital management policy of the Bank, sets the process for assessment of the adequacy of capital to meet regulatory requirements, supports current and future activities and meet the Pillar I and material Pillar II risks to which the bank is exposed to. The ICAAP also involves stress testing of extreme but plausible scenarios to assess the Bank's resilience to adverse economic or political developments and resultant impact on the Bank's risk profile and capital position for current and future periods. This ensures that the bank has robust, forward looking capital planning processes that account for unique and systemic risks. In addition to the above, the Bank is also subject to Capital Buffers as prescribed by RBI from time to time.

As per the transitional arrangement, at June 30, 2016, the Bank is required to maintain minimum capital requirement including capital buffers as mentioned below:

2 Capital Adequacy & Structure *(Continued)*

a. Capital Adequacy

Regulatory Minimum in % as per RBI guidelines	**As at June 2016**
Common Equity Tier I (CET1)(i)	**5.5%**
Capital Conservation Buffer (CCB) (ii) – (Refer note I)	0.625%
Counter-cyclical Buffer (CCCB) (iii) -(Refer note II)	NA
Domestically Systemically Important Bank (D-SIB) (iv) (Refer note III)	0.661%
Minimum Common Equity Tier I (i+ii+iii+iv)	**6.78%**
Minimum Tier I Capital	**8.28%**
Total Capital Adequacy Ratio	**10.28%**

Notes:

I. The CCB is designed to ensure that banks build up capital buffers during normal times, which can be drawn down during a stressed period. Banks in India are required to maintain a capital conservation buffer of 2.5%, comprised of CET1 capital, over and above the regulatory minimum capital requirement. The CCB has been implemented w.e.f 31 March 2016 starting with 0.625% in 2016, increasing in a phased-in manner and reaching 2.5% by March 2019.

II. RBI issued guidelines on CCCB framework for banks in India in February 2015. The CCCB may vary from 0 to 2.5% of total RWA and the decision would normally be pre-announced with a lead time of 4 quarters. The activation of CCCB will depend upon Credit to GDP gap in India (difference between Credit to GDP ratio and the long-term trend value of such ratio of any point in time) along with supplementary indicators such as Credit-Deposit ratio for a moving period of 3 years, industry outlook assessment index and interest coverage ratio. As stated by RBI in **First Bi-monthly Monetary Policy Statement, 2016-17 issued on 05April2016,** a review of CCCB indicators was carried out by the RBI and it has been decided that it is not necessary to activate CCCB in India at this point in time.

III. The Reserve Bank of India (RBI) released the framework on D-SIB requirements for banks operating in India in July 2014. Banks may become systemically important due to their size, cross-jurisdictional activity, complexity, interconnectedness and lack of substitutability. As per the RBI guidelines, for a foreign bank having branch presence in India (such as the Bank) which is classified as Globally Systemically Important Bank (G-SIB) by Financial Stability Board (FSB), it has to maintain additional CET1 capital surcharge in India as applicable to it as a G-SIB, proportionate to its Risk Weighted Assets (RWAs) in India. This requirement has been implemented from 31 March 2016 in phased-in manner, to become fully effective from 31 March 19.

The Bank continues to monitor developments and believe that current robust capital adequacy position means the bank is well placed for continuing compliance with the Basel III framework.

2 Capital Adequacy & Structure *(Continued)*

b. Capital Structure

(i) Composition of Tier 1 capital

(Rs '000)

	At 30 June 2016	At 31 March 2016
Capital	**44,991,660**	44,991,660
Eligible Reserves	**123,423,391**	123,423,391
Less: Deductions from Tier I Capital	**(912,384)**	(1,021,393)
- Intangible Assets (Deferred Tax Asset - DTA)(Note 1)	**-**	-
- Investment in subsidiaries in India	**(111)**	(111)
- Debit Value Adjustments (DVA)	**(912,272)**	(1,021,282)
- Defined Benefit Pension Fund Asset	**-**	-
Tier I Capital	**167,502,666**	167,393,657
Of Which Common Equity Tier I Capital	**167,502,666**	167,393,657
Additional Tier I Capital	**-**	-
Total Tier I Capital	**167,502,666**	167,393,657

Note1: As per RBI guidelines as on 01 March 2016, DTA which was deducted from CET1 capital, can be recognised in the CET1 with a limit of 10% of net CET1 (after deducting DTA). Currently DTA is 4.16% of net CET1 capital. Further, property revaluation reserve which was included in Tier II Capital is now part of Tier I Capital

(ii) Tier 2 capital

(Rs '000)

	At 30 June 2016	At 31 March 2016
General Loss Provisions / Other Eligible Reserves	**7,541,766**	7,438,746
Total Tier II Capital (Note 2)	**7,541,766**	7,438,746

Note 2: There is no debt capital instrument and subordinated debt outstanding as at 30 June 2016 included in Tier II Capital.

2 Capital Adequacy & Structure *(Continued)*

b. Capital Adequacy *(Continued)*

(iii) Capital requirements for Credit Risk, Market Risk and Operational Risk

(Rs '000)

	At 30 June 2016	At 31 March 2016
I. Capital required for Credit Risk	**84,571,404**	83,028,461
- For portfolios subject to Standardised approach	84,571,404	83,028,461
II. Capital required for Market Risk (Standard Duration Approach)	**16,479,059**	18,477,060
- Interest rate risk	**14,309,695**	16,305,104
- Foreign exchange risk	**925,749**	926,855
- Equity risk	**140,470**	140,638
- Securitisation exposure	**1,103,145**	1,104,463
III. Capital required for Operational Risk (Basic Indicator Approach)	**11,262,581**	11,084,606
Total capital requirement (I + II + III)	**112,313,044**	112,590,127
Total capital funds of the Bank	**175,044,432**	174,832,403
Total risk weighted assets	**1,091,892,412**	1,093,279,199
Consolidated total capital ratio	**16.03%**	15.99%
Consolidated Common Equity Tier I Capital Ratio	**15.34%**	15.31%
Consolidated Tier I capital ratio	**15.34%**	15.31%

There is no significant subsidiary for which the above disclosure is required.

3 Credit risk

a. General

Credit Risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from direct lending, trade finance, marked-to-market exposure from derivative contracts and certain off-balance sheet products such as guarantees and from the Bank's holdings of assets in the form of debt securities.

The principal objectives of our credit risk management function are:

- to maintain a strong culture of responsible lending, and a robust credit risk policy and control framework;

- to both partner and challenge our businesses in defining, implementing and continually re-evaluating our credit risk appetite under actual and stress scenario conditions; and

- to ensure there is independent, expert scrutiny of credit risks, their costs and their mitigation.

Strategy and Processes

HSBC Holdings plc (HSBC Group Head Office) formulates high-level risk management policies for the HSBC Group entities worldwide. The Bank has also formulated local credit guidelines consistent with HSBC policy and RBI guidelines. The Bank's risk management policies and procedures are subject to a high degree of oversight and guidance to ensure that all types of risk are systematically identified, measured, analyzed and actively managed. The Bank remains a full service bank, servicing all major business groups- Global Banking and Markets (GBM), Commercial Banking (CMB), Retail Banking and Wealth Management (RBWM), and Global Private Banking (GPB).

The Bank has standards, policies and procedures dedicated to the sanctioning, monitoring and management of various risks, which include the following:

- The Board of The Hongkong and Shanghai Banking Corporation Limited in Hongkong SAR (HBAP) has established the India Executive Committee (EXCO) to assist the Board in the running of the Bank. The EXCO is authorized to exercise all the powers, authorities and discretions of the HBAP on the management and day to day running of the Bank, in accordance with the policies and directions set by the Board from time to time. EXCO approves all the policies including credit policies. A Risk Management Meeting (RMM) consisting of senior executives, reviews overall portfolio risks and key risks faced by the bank in India on a monthly basis.

- A Wholesale Credit and Market Risk Management (WMR) unit independent of business with a matrix of delegated approval authorities, undertaking independent reviews and objective assessment of the credit risk for all customers. The WMR function has the responsibility of setting and managing strategy, policy, appetite, expectations and standards for wholesale credit and market risk.

3 Credit risk *(Continued)*

a. General *(Continued)*

Strategy and Processes ***(Continued)***

- The RBWM Risk function is responsible for monitoring the quality of the Retail Banking and Wealth Management (RBWM) lending portfolio. For retail lending, INM has developed credit application scorecards, which make use of statistical models & historical data to scientifically assess the borrowers. This may also be supplemented with judgmental lending as appropriate. Policy rules are built into the system to enable online checks. The Bank also deploys other tools like external verifications, negative customer database search & most importantly credit bureau checks through the Credit Information Bureau (India) Limited (CIBIL). The judgmental aspect also tries to identify the financial strength, ability and intentions of borrowers for repayment.
- For retail risk, the INM RBWM risk and Acquisition and Account Risk Management Team reviews and communicates the various internal risk policies. The RRPs (Risk reward program) defines the product parameters for RBWM.
- A robust framework for Risk Appetite Statements (RAS) and Risk Tolerance triggers for all material risks. The Risk Management committee reviews and regularly monitors the compliance with RAS. The Bank has stipulated Credit Risk Appetite and tolerance triggers for asset quality, impairments, risk weighted assets, risk adjusted returns and concentration risks.
- Designing of comprehensive credit risk policies for management of Exposure norms and Country Risk Plan. These policies delineates the Bank's risk appetite and maximum permissible exposures to individual customers, customer groups, industries, sensitive sectors and other forms of credit risk concentrations.
- The bank also has comprehensive policies for valuation, end use monitoring, real estate exposures, management of intra-group exposures, provisioning, distressed assets and recovery and sale of NPA.
- Sustainability risk policies to ensure sustainable financing in accordance with the group guidelines.
- Stress Testing Policy & Framework for rigorous risk specific and Enterprise-wide stress testing and reporting.
- Managing exposures to debt securities by establishing controls in respect of the liquidity of securities held for trading and setting issuer limits for financial investments. Separate portfolio limits are established for asset-backed securities and similar instruments.
- Controlling of cross-border exposures to manage country and cross-border risk through the imposition of country limits with sub-limits by maturity and type of business.

3 Credit risk *(Continued)*

a. General *(Continued)*

Strategy and Processes ***(Continued)***

- Maintaining and developing HSBC's risk rating framework and systems to classify exposures meaningfully and facilitate focused management of the risks involved. Rating methodologies are based upon a wide range of financial analytics together with market data-based tools, which are core inputs to the assessment of customer risk. For larger facilities, while full use is made of automated risk rating processes, the ultimate responsibility for setting risk ratings rests with the final approving executive. Risk grades are reviewed frequently and amendments, where necessary, are implemented promptly.

Structure and Organisation

The Risk function is responsible for the quality and performance of its credit portfolios and for monitoring and controlling all credit risks in its portfolios.

Credit underwriting is processed at different levels (country, region, Group) depending on size and complexity of proposals and by different teams (F.Is / Corporate / Trade / Cross-Border Approvals). Credit approval authorities are delegated from the Chief Risk Officer at the Regional Head Office in Hong Kong to the CEO, India and the CRO, India. The CRO in India maintains a functional reporting line to the CRO in Hong Kong. The CRO of India further delegates lending authorities to WMR and RBWM Risk executives. For certain customer types, the approval is granted either ASP Risk/ Group Risk basis the recommendation of India WMR. Relationship management of problem accounts or downgrades in certain internal ratings are transferred to LMU (Loan Management Unit) within Risk.

Scope and nature of risk reporting, measurement, monitoring and mitigation

The Bank manages and directs credit risk management systems initiatives. HSBC has constructed a centralised database covering substantially all of the Group's direct lending exposures, to deliver an increasingly granular level of management reporting.

The Bank performs regular reporting on its credit risk portfolio (wholesale & retail), to include information on large credit exposures, concentrations, industry exposures, levels of impairment provisioning, delinquencies, LTVs and country exposures to various internal governance forums. The analysis of the portfolio is also presented to the RMM monthly.

3 Credit risk *(Continued)*

a. General *(Continued)*

Non-performing advances *(Continued)*

Non-performing advances are identified by periodic appraisals of the portfolio by management or in accordance with RBI guidelines, whichever is earlier.

Specific provisions are made on a case by case basis based on management's assessment of the degree of impairment of the advances (including mortgage loans but excluding other homogeneous retail loans), subject to the minimum provisioning levels prescribed by the RBI. Where there is no longer any realistic prospect of recovery, the outstanding advance is written off.

Special attention is paid to high risk exposures, which are subject to more frequent and intensive review and reporting, in order to accelerate remedial action. The bank engages with customers closely to work out of distress situations.

Subject to the minimum provisioning levels prescribed by the RBI, the provision on homogeneous unsecured loans relating to retail business is assessed on a portfolio basis using the historical loss and/or net flow rate method.

b. Quantitative disclosures for portfolios under the standardised approach

(i) Total gross credit risk exposures by geography

(Rs '000)

	Fund based Note 1	**Non fund based** Note 2	**At 30 June 2016 Total**
Overseas	-	-	-
Domestic	**767,372,888**	**441,572,516**	**1,208,945,404**
Total	**767,372,888**	**441,572,516**	**1,208,945,404**

(Rs '000)

	Fund based Note 1	Non fund based Note 2	At 31 March 2016 Total
Overseas	-	-	-
Domestic	795,500,976	446,638,086	1,242,139,062
Total	795,500,976	446,638,086	1,242,139,062

Note 1: Amount represents funded exposure before credit risk mitigants.

Note 2: Amount represents non-funded exposure after applying credit conversion factor and before credit risk mitigants.

3 Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the standardized approach *(Continued)*

(ii) Industry type distribution of exposures as at 30 June 2016

(Rs '000)

Industry	Fund based	Non Fund based	Total
Mining and Quarrying	**178,971**	**10,794**	**189,765**
Food Processing	**6,846,005**	**1.385,269**	**8,231,274**
Beverages and Tobacco	**12,336,056**	**2,307,364**	**14,643,420**
Textiles	**4,876,354**	**3,506,965**	**8,383,319**
Leather and Leather products	**8,368**	**32**	**8,400**
Wood and Wood Products	**365,579**	**565**	**366,144**
Paper and Paper Products	**3,910,923**	**306,279**	**4,217,202**
Petroleum	**34,019**	**4,571,100**	**4,605,119**
Chemicals and Chemical Products	**77,141,721**	**29,062,835**	**106,204,556**
Rubber, Plastic and their Products	**7,189,145**	**2,553,894**	**9,743,039**
Glass & Glassware	**2,479,023**	**257,376**	**2,736,399**
Cement and Cement Products	**420,029**	**1,716,513**	**2,136,542**
Basic Metal and Metal Products	**14,101,931**	**12,737,317**	**26,839,248**
All Engineering	**32,010,001**	**38,750,163**	**70,760,164**
Vehicles and Transport Equipments	**19,907,558**	**16,397,267**	**36,304,825**
Gems and Jewellery	**75,080**	**1,148**	**76,228**
Construction	**15,956,343**	**1,045,303**	**17,001,646**
Infrastructure	**70,585,066**	**56,372,750**	**126,957,816**
NBFCs and trading	**59,087,521**	**17,728,459**	**76,815,980**
Banking and finance	**116,253,061**	**96,240,658**	**212,493,719**
Computer Software	**1,678,556**	**40,864,787**	**42,543,343**
Professional Services	**29,265,568**	**62,050,586**	**91,316,154**
Other Industries	**180,506,958**	**42,326,384**	**222,833,342**
Retail	**112,159,052**	**11,378,708**	**123,537,760**
Total	**767,372,888**	**441,572,516**	**1,208,945,404**

3 Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the standardized approach *(Continued)*

Industry type distribution of exposures as at 31 March 2016

(Rs '000)

Industry	Fund based	Non Fund based	Total
Mining and Quarrying	185,547	49,560	235,107
Food Processing	10,811,609	2,419,630	13,231,239
Beverages and Tobacco	11,974,377	2,221,228	14,195,605
Textiles	5,470,786	5,451,995	10,922,781
Leather and Leather products	32,001	32	32,033
Wood and Wood Products	225,406	565	225,971
Paper and Paper Products	3,668,791	293,317	3,962,108
Petroleum	123,908	7,720,136	7,844,044
Chemicals and Chemical Products	74,664,832	27,541,696	102,206,528
Rubber, Plastic and their Products	7,859,341	1,498,459	9,357,800
Glass & Glassware	2,681,077	256,475	2,937,552
Cement and Cement Products	1,134,793	1,624,935	2,759,728
Basic Metal and Metal Products	11,965,606	14,358,506	26,324,112
All Engineering	34,170,977	39,749,616	73,920,593
Vehicles and Transport Equipments	19,813,316	17,375,569	37,188,885
Gems and Jewellery	205,150	1,391	206,541
Construction	14,772,689	547,627	15,320,316
Infrastructure	74,197,448	57,024,517	131,221,965
NBFCs and trading	51,955,256	19,792,743	71,747,999
Banking and finance	152,005,200	94,604,954	246,610,154
Computer Software	1,894,350	40,567,424	42,461,774
Professional Services	30,629,887	59,630,782	90,260,669
Other Industries	173,903,510	42,528,221	216,431,731
Retail	111,155,119	11,378,708	122,533,827
Total	795,500,976	446,638,086	1,242,139,062

3 Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the standardised approach *(Continued)*

(iii) Residual contractual maturity breakdown of total assets

(Rs'000)

	At 30 June 2016	At 31 March 2016
1 day	**298,637,484**	208,146,711
2 to 7 days	**52,278,739**	174,547,354
8 to 14 days	**39,944,280**	84,779,999
15 to 28 days	**132,093,461**	134,754,893
29 days & up to 3 months	**124,375,456**	135,842,120
Over 3 months and up to 6 months	**65,763,635**	107,026,679
Over 6 months and up to 1 year	**93,402,534**	147,988,870
Over 1 year and up to 3 years	**150,113,702**	112,308,089
Over 3 years and up to 5 years	**123,537,006**	87,237,238
Over 5 years	**239,393,382**	216,944,594
Total	**1,319,539,679**	1,409,576,548

(iv) Amount of Non-Performing Assets (NPAs) (Gross)

(Rs'000)

	At 30 June 2016	At 31 March 2016
Substandard	**1,611,132**	1,869,059
Doubtful 1	**2,505,999**	2,375,865
Doubtful 2	**1,921,328**	1,885,410
Doubtful 3	**1,225,470**	1,232,100
Loss	**997,337**	995,426
Total	**8,261,266**	8,357,860

(v) Net NPAs

The net NPAs are Rs.2,076 million (as at 31 March 2016- Rs. 2,113 million). Please see table (vii) below.

(vi) NPA ratios

	At 30 June 2016	At 31 March 2016
Gross NPAs to gross advances	**1.47%**	**1.50%**
Net NPAs to net advances	**0.37%**	**0.38%**

3 Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the standardised approach *(Continued)*

(vii) Movement of NPAs

(Rs'000)

	At 30 June 2016		
	Gross NPA's	**Provision**	**Net NPA**
Opening balance as at 1 April 2016	**8,357,860**	**6,244,737**	**2,113,123**
Additions during the period	**721,144**	**23,900**	**697,244**
Reductions during the period	**(817,738)**	**(83,350)**	**(734,388)**
Closing balance as at 30 June 2016	**8,261,266**	**6,185,287**	**2,075,979**

(Rs'000)

	At 31 March 2016		
	Gross NPA's	Provision	Net NPA
Opening balance as at 1 April 2015	7,914,574	5,533,401	2,381,173
Additions during the period	3,383,758	1,448,979	1,934,779
Reductions during the period	(2,940,472)	(737,643)	(2,202,829)
Closing balance as at 31 March 2016	8,357,860	6,244,737	2,113,123

(viii) General Provisions

General provisions comprises of provision towards standard assets and Unhedged Foreign Currency Exposure (UFCE) in accordance with RBI Master Circular DBR No. BP.BC.2/21.04.048/2015-16 dated 01 July 2015.

(ix) Non-performing investments

Non-performing investments as at 30 June 2016 are Rs. 3 (as at 31 March 2016 Rs. 3).This represents 3 preference share investments which have each been written down to Re.1.

(x) Movement of provisions for depreciation on investments

(Rs'000)

	At 30 June 2016	**At 31 March 2016**
Opening balance	**389**	**300**
Provisions during the year	**15,753**	**89**
Write offs during the year	**-**	**-**
Write back of excess provisions during the year	**-**	**-**
Closing balance	**16,142**	**389**

3 Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the standardised approach *(Continued)*

(xi) Classification (by major industry) of NPA, Provision, past due loans as at 30 June 2016 and Specific Provision and Write off during the quarter.

(Rs '000)

	NPA	Past Due Loans	Provision	Specific Provision during the quarter	Write off during the quarter
1.Agriculture	-	-	-	-	-
1.1 Direct Agriculture	-	-	-	-	-
1.2 Indirect Agriculture	-	-	-	-	-
2. Advances to Industries sector of which:	**3,233,788**	**3,693,346**	**2,756,096**	**58,595**	-
2.1 Glass & Glassware	**2,078,006**	-	**1,593,826**	**54,300**	-
2.2 Infrastructure	**433,947**	-	**436,755**	-	-
2.3 Textiles	**420,610**	**116,422**	**421,004**	**2,952**	-
3. Services of which:	**2,387,944**	**233,969**	**2,396,724**	**36,740**	-
3.1 Trade	**1,813,126**	**74,624**	**1,822,165**	**26,696**	-
3.2 Computer Software	**230,640**	-	**230,638**	**4,338**	-
3.2 NBFC	**217,779**	-	**218,801**	**397**	-
4. Retail	**2,639,534**	**2,717,918**	**1,032,467**	**149**	**98,499**
Total	**8,261,266**	**6,645,233**	**6,185,287**	**95,484**	**98,499**

3 Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the standardised approach *(Continued)*

Classification (by major industry) of NPA, Provision, past due loans as at 31 March 2016 and Specific Provision and Write off during the year

(Rs '000)

	NPA	Past Due Loans	Provision	Specific Provision during the year	Write off during the year
1.Agriculture	-	-	-	-	-
1.1 Direct Agriculture	-	-	-	-	-
1.2 Indirect Agriculture	-	-	-	-	-
2. Advances to Industries sector of which:	3,233,947	1,219,547	2,715,013	790,626	13,579
2.1 Glass & Glassware	2,078,006	-	1,556,968	746,743	-
2.2 Infrastructure	433,947	-	436,755	-	-
2.3 Textiles	417,616	121,102	418,052	9,053	-
3. Services of which:	2,352,361	175,498	2,359,922	132,692	158,553
3.1 Trade	1,788,255	64,324	1,795,469	78,957	-
3.2 Computer Software	226,302	-	226,300	17,954	-
3.2 NBFC	219,738	-	218,494	7,634	158,553
4. Retail	2,771,553	2,184,000	1,169,802	525,661	452,119
Total	8,357,860	3,579,044	6,244,737	1,448,979	624,251

Basel III – Pillar 3 disclosures of India Branches *(Continued)*
For the period ended 30 June 2016

3 Credit risk *(Continued)*

b. Quantitative disclosures for portfolios under the standardised approach *(Continued)*

(xii) *Write offs and recoveries directly booked to income statement.*

(Rs '000)

	At 30 June 2016	At 31 March 2016
Write offs	**124,337**	475,507
Recoveries	**41,503**	172,762

(xiii) *Ageing of past due loans*

(Rs '000)

	At 30 June 2016	At 31 March 2016
Overdue less than 30 days	**4,978,614**	3,111,246
Overdue for 30 to 60 days	**1,214,945**	379,632
Overdue for 60 to 90 days	**451,674**	88,166
Total	**6,645,233**	3,579,044

(xiv) *Amount of NPAs and past due loans by significant geographic areas as at 30 June 2016*

(Rs '000)

	NPA	**Past Due Loans**
Overseas	-	-
Domestic	**8,261,266**	**6,645,233**
Total	**8,261,266**	**6,645,233**

Amount of NPAs and past due loans by significant geographic areas as at 31 March 2016

(Rs '000)

	NPA	Past Due Loans
Overseas	-	-
Domestic	8,357,860	3,579,044
Total	8,357,860	3,579,044

4. Disclosures for portfolios under the standardised approach

The Bank uses the following External Credit Assessment Institutions (ECAIs) approved by RBI to calculate its capital adequacy requirements under the standardised approach to credit risk for Corporate, Bank and Sovereign counterparties.

Domestic ECAIs for external ratings of Indian Corporates:

a) Credit Analysis and Research Limited (CARE)

b) CRISIL Limited

c) India Ratings and Research Private Limited (FITCH)

d) ICRA Limited

e) Brickwork Ratings India Pvt Limited

f) SMERA Ratings Limited (SMERA)

The Bank used the ratings issued by the ECAIs (for both long term and short term facilities) to risk weight both funded as well as non-funded exposures to corporate customers.

The process used by the Bank to transfer public issue ratings onto comparable assets in the banking book is in line with RBI Master Circular on Basel-III Capital Regulations dated 01 July 2015.

The mapping of external credit ratings and risk weights for corporate exposures is provided in the grids below:

Risk weight mapping of Long term and short term corporate ratings

Long Term Ratings of all ECAIs	**Risk weights**
AAA	20%
AA	30%
A	50%
BBB	100%
BB & Below	150%
Unrated	100%

			Short Term Ratings			**Risk weights**
CARE	**CRISIL**	**FITCH**	**ICRA**	**BRICKWORK**	**SMERA**	
CARE A1 +	CRISIL A1 +	FITCH A1 +	ICRA A1 +	BRICKWORK A1+	SMERA A1+	20%
CARE A1	CRISIL A1	FITCH A1	ICRA A1	BRICKWORK A1	SMERA A1	30%
CARE A2	CRISIL A2	FITCH A2	ICRA A2	BRICKWORK A2	SMERA A2	50%
CARE A3	CRISIL A3	FITCH A3	ICRA A3	BRICKWORK A3	SMERA A3	100%
CARE A4	CRISIL A4	FITCH A4	ICRA A4	BRICKWORK A4	SMERA A4	150%
CARE D	CRISIL D	FITCH D	ICRA D	BRICKWORK D	SMERA D	150%
Unrated	Unrated	Unrated	Unrated	Unrated	Unrated	100%

4 Disclosures for portfolios under the standardised approach *(Continued)*

The claims on banks incorporated in India and foreign banks branches in India, excluding investment in equity shares and other instruments eligible for capital status *(Investments referred to in paragraph 5.6.1 (i) & (ii) of RBI Master circular on Basel-III Capital Regulations dated 01 July 2015)*, are risk weighted as shown below:

Claims on Banks Incorporated in India and Foreign Bank Branches in India	**Risk Weights%**	
Level of Common Equity Tier 1 capital (CET1) including applicable capital conservation buffer (CCB) (%) of the investee bank (where applicable)	**Scheduled Banks**	**Other Banks**
Applicable Minimum CET1 + Applicable CCB and above	20%	100%
Applicable Minimum CET1 + CCB = 75% and <100% of applicable CCB	50%	150%
Applicable Minimum CET1 + CCB = 50% and <75% of applicable CCB	100%	250%
Applicable Minimum CET1 + CCB = 0% and <50% of applicable CCB	150%	350%
Minimum CET1 less than applicable minimum	625%	625%

International ECAIs for external ratings of Foreign Banks, Foreign Sovereigns, Foreign Public Sector Entities and Non-Resident Corporates:

a) Fitch Ratings;

b) Moodys; and

c) Standard & Poor's Ratings Services (S&P)

The process used by the Bank to transfer public issue ratings onto comparable assets in the banking book is in line with RBI Guidelines. The mapping of external credit ratings and risk weights for the above entities are provided in the grids below:

Risk weight mapping of foreign banks

S&P and Fitch ratings	AAA to AA	A	BBB	BB to B	Below B	Unrated
Moody's rating	Aaa to Aa	A	Baa	Ba to B	Below B	Unrated
Risk weight	20%	50%	50%	100%	150%	50%

Risk weight mapping of foreign sovereigns

S&P and Fitch ratings	AAA to AA	A	BBB	BB to B	Below B	Unrated
Moody's rating	Aaa to Aa	A	Baa	Ba to B	Below B	Unrated
Risk weight	0%	20%	50%	100%	150%	100%

Risk weight mapping of foreign public sector entities

S&P and Fitch ratings	AAA to AA	A	BBB	Below BB	Unrated
Moody's rating	Aaa to Aa	A	Baa to Ba	Below Ba	Unrated
Risk weight	20%	50%	100%	150%	100%

4 Disclosures for portfolios under the standardised approach *(Continued)*

Risk weight mapping of non resident corporates

S&P and Fitch ratings	AAA to AA	A	BBB	Below BB	Unrated
Moody's rating	Aaa to Aa	A	Baa to Ba	Below Ba	Unrated
Risk weight	20%	50%	100%	150%	100%

Exposure under various risk buckets (post Credit Risk Mitigants)

(Rs'000)

	At 30 June 2016	At 31 March 2016
Below 100% risk weight	**673,314,101**	726,180,194
100% risk weight	**424,354,099**	404,365,425
Above 100% risk weight	**53,163,144**	51,476,734
Deductions*	**(912,273)**	(1,021,282)
Total	**1,149,919,071**	1,181,001,070
*Deduction represents amounts deducted from Tier I Capital		

Note: As per RBI guidelines as on 01 March 2016, DTA which was deducted from CET1 capital, can be recognised in the CET1 with a limit of 10% of net CET1 (after deducting DTA). Currently DTA is 4.16% of net CET1 capital. Accordingly, there is no deduction as on 30 June 2016.

5. Leverage Ratio

(Rs '000)

Particulars	**At 30 September 2015**	**At 31 December 2015**	**At 31 March 2016**	**At 30 June 2016**
Tier 1 Capital	151,693,191	150,310,995	167,393,650	167,502,666
Exposure Measure	1,712,809,735	1,663,504,724	1,872,382,327	1,823,718,279
Leverage Ratio*	**8.86%**	**9.04%**	**8.94%**	**9.18%**

*As per RBI Master circular no. DBR.No.BP.BC.1/21.06.201/2015-16 dated 01 July 2015.