

SYNDICATE BANK
BASEL II DISCLOSURES – 30TH SEPTEMBER 2009

Capital structure

Quantitative Disclosures

a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier I or in Upper Tier 2.

The Tier I capital of the Bank mainly consists of Share capital, free Reserves and certain specific reserves appropriated from the net profit earned by the bank. Innovative Perpetual Debt Instrument (IPDI) is also reckoned as Tier I Capital as per the RBI norms. During the FY 2009-10 Bank has raised IPDI of Rs.194 Crores at a coupon rate of 8.90% p.a.

Tier II Capital consists of certain percentage of revaluation reserves, risk provision which are not netted off, Tier II and Upper Tier II Bonds. The terms and conditions of these bonds and the principles of reckoning them as capital funds are guided by RBI regulation. During the FY 2009-10 Bank has raised Tier II bonds of Rs.200 Crores at a coupon rate of 8.49% p.a.

Rs. in Crs

b) The amount of Tier 1 capital, with separate disclosure of	
• Paid-up share capital	521.97
• Reserves	4509.04
• Innovative instruments	773.00
• Other capital instruments	NIL
• Amounts deducted from Tier 1 capital, Equity investments in Associates (50%)	16.68
(c) The total amount of Tier 2 capital (net of deductions from Tier 2 capital)	3286.64
(d) Debt capital instruments eligible for inclusion in Upper Tier 2 capital	
Total amount outstanding	819.70
Of which amount raised during the current year	NIL
Amount eligible to be reckoned as capital funds	819.70
(e) Subordinated debt eligible for inclusion in Lower Tier 2 capital	
Total amount outstanding	2025.00
Of which amount raised during the current year	200.00
Amount eligible to be reckoned as capital funds	1860.00

(f) Other deductions from capital :	
(g) Total eligible capital.	9073.97

Capital Adequacy

Quantitative Disclosures:

(a) Capital Requirements for Credit Risk

Rs. in crores

Portfolios subjected to standardized approach	5398.10
Securitization Exposures	NIL

(b) Capital requirements for Market Risk:

Standardised Duration Approach:

Interest rate Risk	304.22
Foreign Exchange Risk	10.26
Equity Risk	64.09

(c) Capital Requirement for Operational Risk

Basic Indicator Approach

Rs. in crores

Capital Requirement as per Basic Indicator Approach	383.22
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(d) Total Capital Ratio for the Bank

Total Capital to Risk Weighted Assets Ratio as per New Capital Adequacy Framework	13.26%
Tier I Capital to Risk Weighted Assets Ratio as per Basel -II	8.46%
Total Capital to Risk Weighted Assets Ratio - as per Basel I norms	12.02%
Tier I Capital to Risk Weighted Assets Ratio as per Basel -I	7.66%

Prudential floor on capital required

Rs. in crores

Minimum capital required as per the revised framework	6159.95
Minimum capital required as per Basel I framework for credit and market risk. (80% of Basel I)	5457.28
Prudential floor- Higher of the above	6159.95

Credit Risk – General Disclosures

Quantitative Disclosures:

(a) Total Gross Credit Exposures: (Rs in crs)

Fund based credit exposures	82359
Non-fund based credit exposures	9044

(b) Geographic distribution of credit exposures: (Rs in crs)

Overseas:	
Fund based credit exposures	6698
Non-fund based credit exposures	8
Domestic:	
Fund based credit exposures	75661
Non-fund based credit exposures	9036

(c) Industry-wise distribution of exposures (Both fund based and non-fund based) (Rs in crs)

	Credit		Investment	Total
	Fund Based	Non Fund Based		
Industry				Exposure
Infrastructure	9008	1200	120	10328
All Engineering	683	1953	10	2646
Iron and Steel	2528	375	9	2912
Chemicals and Chemical products	840	864	0	1704
Construction	276	923	76	1275
Textiles	1165	59	13	1237
Petroleum, coal products and Nuclear Fuels	919	230	33	1182
Gems and Jewellery	615	154	2	771
Cement and Cement products	601	13	15	629
Paper & Paper products	378	18	0	396

(d) Residual contractual maturity breakdown of assets										
Residual Maturity (Rs. in crores)	1 day	2-7 days	8-14 days	15-28 days	29days - 3months	over 3 months upto 6 months	over 6 months upto 1 year	over 1 year upto 3 years	over 3 years upto 5 years	over 5 years
Advances (Performing)	2324.50	1500.07	1451.33	2096.97	6473.07	3090.73	7290.68	29275.85	7755.21	12179.59
Investments(incl REPOs)	70.19	0	0	1.71	1349.37	1172.35	606.87	1662.58	602.48	28064.55

(e) Amount of NPAs (Gross)	1851.54
• Substandard	747.50
• Doubtful 1	568.92
• Doubtful 2	492.77
• Doubtful 3	21.02
• Loss	21.33
(f) Net NPAs	735.32
(g) NPA Ratios	
• Gross NPAs to gross advances	2.25
• Net NPAs to net advances	0.91
(h) Movement of NPAs (Gross)	
• Opening balance	1594.54
• Additions	599.77
• Reductions	342.77
• Closing balance	1851.54
(i) Movement of provisions for NPAs	
• Opening balance	926.04
• Provisions made during the period	259.82
• Write-off	100.31
• Write-back of excess provisions	0
• Closing balance	1085.55
(j) Amount of Non-Performing Investments	66.42
(k) Amount of provisions held for non-performing investments	22.53
(l) Movement of provisions for depreciation on investments	
• Opening balance	94.65
• Provisions made during the period	0.00
• Write-off	0
• Write-back of excess provisions	80.83
• Closing balance	13.82

Exposure amounts after risk mitigation subject to standardized approach:

(Rs in crs)

Risk weight category	Exposure after Credit Risk Mitigation	Externally Rated Exposure after Credit Risk Mitigation	Unrated
Advances			
Below 100% Risk Weight	51116	23396	27720
100% Risk Weight	23555	8019	15536
More than 100% Risk Weight	8815	1540	7275
Deducted			

Securitisation : Disclosure for Standardised Approach	
Quantitative Disclosures	
(a) The total outstanding exposures securitised by the bank and subject to the securitisation framework by exposure type.	NIL
(b) For exposures securitised by the bank and subject to the securitisation framework:	
• amount of impaired/past due assets securitised; and	NIL
• losses recognised by the bank during the current period broken down by exposure type	NIL
(c) Aggregate amount of securitisation exposures retained or purchased broken down by exposure type.	NIL
(d) Aggregate amount of securitisation exposures retained or purchased broken down into a meaningful number of risk weight bands. Exposures that have been deducted entirely from Tier 1 capital, credit enhancing I/Os deducted from Total Capital, and other exposures deducted from total capital should be disclosed separately by type of underlying exposure type.	NIL
(e) Summary of securitisation activity presenting a comparative position for two years, as apart of the Notes on Accounts to the balance sheet:	
• total number and book value of loan assets securitised – by type of underlying assets;	NIL
• sale consideration received for the securitised assets and gain/loss on sale on account of securitisation; and	NIL
• form and quantum (outstanding value) of services provided by way of credit enhancement, liquidity support, post-securitisation asset servicing, etc	NIL

Market Risk in Trading Book:

Quantitative Disclosure

The capital requirements for:	Rs. In cr.
Interest rate Risk	304.22
Foreign Exchange Risk	10.26
Equity Risk	64.09

Interest Rate Risk in the Banking Book (IRRBB)	
Quantitative Disclosures	
The increase (decline) in earnings and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (where the turnover is more than 5% of the total	As per EAR arrived for the earlier Balance Sheet, EAR is at Rs.49.90 Cr for one year with an expected change in interest rate by 1%. This is within the tolerance of Rs.125 cr fixed by the bank.